



**MAS P.L.C.**

**GREEN PROPERTY INVESTOR  
IN CENTRAL AND EASTERN EUROPE**

# ANNUAL REPORT 2022



# Contents

<b>AT A GLANCE</b>	<b>3</b>
Highlights	3
Directors' Commentary	4
Company Overview	12
Income Property Overview	14
Development Joint Venture Overview	32
Funding and liquidity	34
Shareholding Structure	38
<b>GOVERNANCE</b>	<b>40</b>
Board of Directors	40
Audit and Risk Committee	48
Committee's report	48
Key risks, opportunities and uncertainties	52
Environmental, Social and Ethics Committee	56
Committee's report	56
Sustainability report	58
Remuneration and Nomination Committee	74
Committee's report	74
Compensation policy	77
Compensation implementation report	80
<b>CONSOLIDATED ANNUAL FINANCIAL STATEMENTS</b>	<b>86</b>
Statement of Directors' responsibilities	87
Independent auditor's report to the shareholders of MAS P.L.C.	88
Consolidated statement of profit or loss	94
Consolidated statement of other comprehensive income	95
Consolidated statement of financial position	96
Consolidated statement of changes in equity	98
Consolidated statement of cash flows	99
Notes to the consolidated annual financial statements	100
Company information, advisors and property valuers	164
<b>ANNEX</b>	<b>165</b>
Income Property Schedule	165
Development Property Schedule	167
Income Property Held for Sale Schedule	169
GRI Index	171
Glossary	173

## 2022 Highlights



### TANGIBLE NAV PER SHARE

**140** eurocents

2021: 124 eurocents

### ADJUSTED DISTRIBUTABLE EARNINGS PER SHARE

**6.83** eurocents

2021: 5.93 eurocents

### DISTRIBUTION PER SHARE

**6.78** eurocents

2021: 5.93 eurocents

### TOTAL ASSETS

(adjusted proportionate basis)

**€1.47bn**

2021: €1.33bn

### CEE OCCUPANCY

**96.3%**

2021: 93.2%

- ✓ Adjusted distributable EPS ▲ **15.2%**
- ✓ CEE asset valuation ▲ **19.3% (€107.0m)**
- ✓ 99% pro forma CEE collection rate
- ✓ LFL CEE Passing NRI ▲ **13.6%**
- ✓ LFL CEE Occupancy ▲ **3.0% to 96.5%**
- ✓ Strong balance sheet and liquidity profile with LTV of **28.4%\***
- ✓ **16.6m** shares repurchased (€20.0m)
- ✓ Completed acquisition of six Romanian retail centres from the DJV for **€319.7m**
- ✓ DJV relationship extension and increase in MAS' investment commitments to the DJV
- ✓ €3.0m net profit on first residential sales at Marmura Residence (on a proportionate consolidation basis)
- ✓ Barlad Value Centre opening (Nov 2021)
- ✓ Prahova Value Centre opening (Dec 2021)
- ✓ Redomiciliation of MAS P.L.C. to Malta
- ↻ **€167.6m** of WE property disposals contracted and completed
- ↻ **€311.4m** ▲ in DJV's commercial development pipeline
- ↻ **€724.9m** ▲ in DJV's residential development pipeline

\* When adjusting for the cash settlement with respect to the acquisition of six assets from the DJV.

# Directors’ Commentary

### Introduction and background

MAS (hereafter referred to as the Group or Company) performed very well during the financial year to 30 June 2022, and achieved adjusted total earnings of €168.1million. The Group achieved 6.83eurocents per share adjusted distributable earnings per share for the year (15.2% above adjusted distributable earnings per share for the previous financial year) and is on track to achieve its strategic objectives set to end of the 2026 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, which assists the interpretation of the former rather than replacing it. Detailed financial results and Company Profile, updated on 30 June 2022, including highlights and supplemental operational information, are available on MAS’ corporate website. Unless otherwise stated, all amounts are presented on an adjusted proportionate consolidated basis.

MAS’ primary business is the investment in, and operation of, retail assets in Central and Eastern Europe (CEE). The Group, with its approximately 230 real estate professionals, is well positioned to leverage the region’s continual high consumption growth and generate strong like-for-like (LFL) net rental income (NRI) growth from retail holdings by increasing tenants’ sales and implementing asset management initiatives.

MAS benefits from downside-protected exposure to retail and residential developments via the development joint venture (DJV) with developer Prime Kapital.

On 30 June 2022, MAS’ shareholders approved two transactions between MAS and the DJV, namely (i) to acquire 100% of the share capital and shareholder loans for six subsidiaries of PKM Development Limited (the DJV), owning six Romanian commercial centres (the Acquisition), and (ii) to extend the duration of the relationship with Prime Kapital via the DJV and to increase MAS’ funding commitment to the DJV (the Extension, and collectively, the Transactions). The Transactions are effective on 30 June 2022, and, as such, relevant outcomes are included in MAS’ year-end financial results.

### 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 earnings from a proportion of completed DJV-owned income properties, net results on residential sales and development activities); (iii) remaining operations in Western Europe (WE), in respect of directly-owned income properties held for sale, and (iv) investments in listed securities (including other elements disclosed as Corporate).

Adjusted total earnings for the year to 30 June 2022 were €168.1million and consist of adjusted distributable earnings of €46.1million and adjusted non-distributable earnings of €122.0million.

Tangible net asset value (NAV) is €1.40 per share on 30 June 2022, an increase of 12.9% compared to the end of the previous financial year. Adjusted distributable earnings for the financial year is 6.83eurocents per share which comprises 3.87eurocents per share for

the six months to 30 June 2022, (4.6% above the guidance provided March 2022), and 2.96eurocents per share for the preceding six months.

Variance in MAS’ adjusted total earnings compared to the financial year to 30 June 2021, is mostly due to positive outcomes generated by:

- (i) improvements in Central and Eastern European asset valuations due to exceptional operational performance (detailed in (ii) below) and valuation discount rates reverting to pre-Covid-19 levels;
- (ii) persistent exceptional performance of, and increase in, NRI from retail properties in CEE, high rental and service charge collections and excellent trading achieved at commercial developments completed by the DJV during the financial year (Barlad Value Centre and Prahova Value Centre);
- (iii) income increases from the Group’s preferred equity investments and dividends from listed securities, and
- (iv) completed first deliveries of finalised residential units at Marmura Residence.

These positives have been partially offset by unfavourable variances in earnings, mainly due to (i) unrealised decrease in value of the Group’s listed securities, which was caused by macroeconomic uncertainty affecting European markets and listed real estate share prices, and (ii) negative impact in NRI from disposal of Western European assets, partly offset by a reduction in management’s estimate for disposal realisation costs and losses, following outcome of transactions completed during the financial year and external valuation of Western European properties decreasing to levels closer to management’s disposal estimates.

### Operations

Covid-19 impacted MAS’ operations for several months during the year to 30 June 2022, due to social distancing and other restrictive measures imposed by authorities. Information regarding MAS’ Central and Eastern European gross leasable area (GLA) affected by restrictions, LFL footfall (compared to 2019), LFL tenants’ sales (compared to 2019), income entitlements (including invoicing, waivers and deferrals), collection rates (collections compared to invoicing) and pro forma collection rates (compared to the total expected income disregarding Covid-19’s impact) for the financial year to 30 June 2022, is detailed in Table 1.

Table 1		Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Total
Open GLA <sup>2</sup>	%	97	97	96	71	9	8	9	24	85	100	100	100	66
Restricted GLA <sup>3</sup>	%	3	3	4	29	91	92	91	76	15	-	-	-	34
Closed GLA <sup>4</sup>	%	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Footfall (2022 compared to 2019)</b>	<b>%</b>	<b>96</b>	<b>94</b>	<b>93</b>	<b>86</b>	<b>60</b>	<b>71</b>	<b>78</b>	<b>82</b>	<b>95</b>	<b>104</b>	<b>105</b>	<b>97</b>	<b>88</b>
Open-air malls	%	108	102	101	92	64	73	89	91	97	110	109	102	95
Enclosed malls	%	84	86	84	78	55	67	68	72	92	98	100	91	81
<b>Tenants’ sales per m² (2022 compared to 2019)</b>	<b>%</b>	<b>107</b>	<b>107</b>	<b>105</b>	<b>102</b>	<b>74</b>	<b>89</b>	<b>103</b>	<b>107</b>	<b>111</b>	<b>125</b>	<b>129</b>	<b>113</b>	<b>106</b>
Open-air malls	%	118	113	115	111	78	92	109	113	113	126	125	115	111
Enclosed malls	%	96	99	93	90	69	84	93	97	108	123	133	110	100
<b>Total pre-pandemic income expectation</b>	<b>€m</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>52.4</b>
Income waived, deferred or suspended	€m	-	-	-	-	0.1	0.2	0.1	0.1	-	-	-	-	0.5
Due income (invoiced)	€m	4.1	4.1	4.1	4.1	4	4.3	4.4	4.4	4.6	4.6	4.6	4.6	51.9
<b>Collection rate</b>	<b>%</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>99</b>	<b>100</b>
<b>Pro forma collection rate</b>	<b>%</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>99</b>	<b>99</b>

Footfall in CEE was satisfactory for the financial year, especially in periods unaffected by restrictions, with open-air malls consistently performing better than the same period in 2019. Access restrictions, introduced in October 2021, significantly affected footfall in the Group’s retail centres starting November 2021 and up to February 2022. Open-air malls were substantially less affected (5% decrease) than enclosed malls (19% decrease) compared to pre-pandemic levels (the same period in 2019).

Tenants’ sales on a LFL basis have continued to comfortably exceed pre-pandemic levels, excepting November and December 2021. In April and May, once restrictions were lifted, LFL sales in both open-air and enclosed malls substantially accelerated, with strong performance continuing in June 2022. Overall, tenants’ sales in open-air malls outperformed prepandemic levels by 11% and in enclosed malls were on par.

Most categories performed admirably, reflecting overall growth trend, with some tenants achieving all-time record sales at stores within assets the Group operates once restrictions were lifted. Food service, health and beauty, complements, DIY, pet shops and toys have had a notable outperformance. Leisure and specialist tenants’ sales have still not returned to pre-pandemic levels, continued to be negatively affected by restrictions, despite improving sales after restrictions were lifted in March 2022.

Pro forma collection rates were excellent throughout the financial year, achieving pre-pandemic levels of 99% despite restrictions.

Occupancy cost ratios (excluding certain tenant categories: supermarkets, DIY stores, entertainment and services) on 30 June 2022 remained healthy, at 11.1% (11.5% on 30 June 2021), despite higher absolute occupancy costs due to rentals and service charges, increasing mostly during the second half of the financial year.

Leasing and ongoing asset management initiatives are progressing well, aimed at achieving MAS’ strategic asset management targets by the end of the 2026 financial year. Consequently, occupancy of Central and Eastern European assets increased to 96.3% on 30 June 2022 (93.2% on 30 June 2021). Passing NRI increased by 13.6% on a year-on-year basis. This is partly attributable to higher rent indexation due to Euro inflation, as well as rental from overage. MAS’ properties benefit from Euro-based, triple-net leases, with full Euro indexation to base (minimum) rents and turnover clauses. As a result, MAS can fully pass indexation to tenants.

In WE, operations, including collections were consistent throughout the financial year.

<sup>1</sup> DJV is an abbreviation for a separate corporate entity named PKM Development Limited (PKM Development), an associate of MAS since 2016 with independent governance. DJV’s Tangible NAV on 30 June 2022 is €337million, significantly above the €50million invested in ordinary share capital, in cash, by the joint venture partners in 2016. MAS owns 40% of the ordinary share capital of PKM Development, an investment conditional on it irrevocably undertaking to provide preferred equity 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 have been modified, with MAS’ shareholders’ approval, via the Extension. On 30 June 2022, MAS had invested €236.1million in preferred equity and had an obligation of €233.9million outstanding, as well as an undrawn revolving credit facility of €30million (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, Prime Kapital:

- (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 2030 (end of exclusivity period);
- (ii) contributes 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.

<sup>2</sup> GLA open for trade without restriction.  
<sup>3</sup> GLA open for trade subject to restrictions (pro-rated to reflect days with restrictions).  
<sup>4</sup> GLA closed for trade (pro-rated to reflect days closed).



Property valuations

Valuation of MAS’ and the DJV’s properties is determined biannually by external, independent professional valuers, with appropriate, recognised qualifications and recent experience in the relevant location and category of property. Valuations are primarily based on discounted forecast cash flows and are therefore forward-looking.

The income property fair value uplift of €99.3million was due to positive fair value adjustments to income property in CEE of €107.0million (an improvement of 19.3% compared to June 2021) and a decrease of €7.6million in WE (a decrease of 5.2% compared to valuations on June 2021, which was mainly driven by an increase in the valuation discount rate used for Flensburg Galerie, as well as the negative impact of foreign exchange rates regarding UK assets held for sale).

Valuation uplift of assets in CEE was primarily the result of (i) LFL passing NRI increases of 13.6% since 30 June 2021 due to strong operational metrics following the lifting of all Covid-19 restrictions in March 2022, and (ii) valuation discount rates reverting to pre-pandemic levels. Valuation discount rates had been subject to a risk premium of approximately 75 basis points at the pandemic’s onset, which was partly eliminated by external valuers in the second half of the 2021 calendar year. For most properties, the remaining pandemic-related risk premium was eliminated once all restrictions had been lifted, based on evidence that footfall was returning to pre-pandemic levels and tenants’ turnovers were reverting to pre-pandemic growth trends. The weighted average unlevered discount rate for income property in CEE decreased from 10.17% to 9.71% compared to valuations for the year to 30 June 2021. Indicators regarding property valuations for the six assets acquired by MAS from the DJV are presented on a comparable basis.

Asset sales in WE

MAS’ remaining Western European assets held for sale are Flensburg Galerie (Germany), Arches street retail units and Langley Park (UK). These assets had a combined book value of €78.5million with €34.1million secured bank debt outstanding on 30 June 2022.

By 30 June 2022, sales of assets in WE with an aggregate value of €167.6million have been contracted, compared to book values of €146.2million on 30 June 2021. This includes the completed disposals of Adagio Hotel (UK), Mallng Brooks land holding (UK), Gotha retail asset (Germany), and New Uberior House office (UK), which was contracted prior to 30 June 2021 (completed 26 August 2021), and the contracted disposal of the development land at Langley Park for £20.2million to a local property developer, Vistry Partnerships Limited. The Langley Park land is subject to the receipt of planning consent for the developer’s envisaged project. This is expected to be received by 31 December 2022, with proceeds payable in two instalments (approximately half on receipt of the planning consent, with the balance payable on the first anniversary of the transaction’s closing date). Flensburg Galerie, where asset management initiatives are progressing well, and the Arches street retail units are planned to be disposed of in competitive sales processes commencing September 2022.

Valuations of income properties held for sale in WE on 30 June 2022 have further decreased, as has management’s estimate of expected sales proceeds. Management’s estimation for Western European disposal realisation costs and losses of €4.2million on 30 June 2022 has been re-assessed from €27.1million on 30 June 2021, following the successful results of sales completed and contracted in the financial year, as well as progress with asset management initiatives implemented at Flensburg Galerie (aimed at protecting shareholder value and preparing the asset for disposal), and expecting that remaining assets will be disposed of at book value. Management’s current estimation accounts for the expected result on sales, punitive fixed-interest arrangements on secured debt, early bank debt repayment penalties, agency fees and other related costs to be incurred in completing the sales processes for the remaining assets held for sale.

Residential sales

By 30 June 2022, the DJV handed over to clients 308 units at Marmura Residence, resulting in €3million net profits on residential sales included in MAS’ adjusted distributable earnings. This represents 93% of units sold in the project’s first four buildings.

Listed securities and MAS share repurchases

On 30 June 2022, MAS held listed securities, shares in NEPI Rockcastle N.V. (NRP), to the value of €97.7million. MAS holds 19,078,242 shares in NRP, of which 13,207,375 were acquired during the six months to 31 December 2021. Total adjusted returns during the year to 30 June 2022 on this investment, of which €6.1million represent accrued dividend returns for the period and €15.9million unrealised fair value losses, have been negatively impacted by macroeconomic uncertainty affecting European listed real estate companies’ share prices. MAS continues to expect its investment, at the average price of €5.58 per share, to generate total annual returns ranging between 10% and 12% by 2026.

In May and June 2022, MAS repurchased 16,586,906 of its issued shares via one of its subsidiaries, at a weighted average share price of €1.21 per share, pursuant to the Company’s general authority to repurchase shares.

Developments, extensions and refurbishments in the DJV

Two commercial developments were completed and opened during the year to 30 June 2022, and substantial new development projects, with an estimated total cost of €1,036.2million, have been secured in Romania, increasing the DJV’s secured estimated commercial and residential development pipelines to €776million and €1,194.3million, respectively, at cost (figures not proportionally consolidated). Progress with developments and additions to secured pipeline are detailed below.

Commercial developments

The DJV completed two projects in Romania during the financial year, its third (Barlad Value Centre) and fourth (Prahova Value Centre) commercial developments since the pandemic started. The high proportion of anchor tenants (90% of GLA), high occupancy levels on opening and impressive NRI yields on cost achieved (9.8% and 9.9%, respectively) illustrate the developments’ success.

Barlad Value Centre opened on 30 November 2021 with an exceptional occupancy of 99%. The 16,400m² GLA open-air mall is located in Barlad, Vaslui county’s second largest city, with a population of 68,300. The centre is part of a 40,600m² GLA retail destination which is set to become the dominant commercial node in the wider region, totalling approximately 158,000 inhabitants. The centre includes the region’s first Carrefour hypermarket, as well as a service area, fashion tenants, cafes with outdoor terraces and small food court.

The first phase of Prahova Value Centre opened on 3 December 2021, with 96% of the 21,700m² GLA occupied. The centre is located in one of Ploiesti’s densely populated residential areas, and has exceptional visibility from, and access to, the city’s main transport nodes. The city has 220,000 inhabitants, while the catchment area consists of 759,000 inhabitants. The centre is anchored by a Carrefour hypermarket, hosts a mix of international and national tenants and includes a modern food court. The project’s planned second phase encompasses a large-scale entertainment and leisure amenity which will position Prahova Value Centre as the city’s major entertainment and leisure hub. The development will be integrated into the city’s best (and greenest) residential development, Pleiades Residence (detailed under ‘Residential developments’).

Construction of Alba Iulia Mall continues. As a consequence of delays caused by third parties in relocation of high voltage electricity lines passing over the property, the project’s planned opening, previously scheduled in December 2022, is estimated for September 2023. Leasing is progressing well, with over 80% of the project’s total 28,900m² GLA currently leased to national and international tenants.

Construction of Mall Moldova, extending and redeveloping Era Shopping Centre (29,600m² GLA) into a super-regional enclosed mall and retail node incorporating approximately 101,300m² of destination GLA, is scheduled to begin in November 2022. This development is located in a densely populated residential and industrial area of Iasi, Romania’s second largest city, with an approximate population of 391,000 inhabitants.

Mall Moldova is well connected and will serve eastern Romania and neighbouring Republic of Moldova, an estimated catchment area with approximately 644,000 inhabitants within a 60-minute drive. The centre will include the region’s largest hypermarket, over 200 stores including a selection of fashion anchors, a large entertainment and leisure facility, and a dedicated home furnishing hub. Leasing is ongoing with outstanding interest from national and international tenants.

Construction and leasing for the first phase of the Silk District office and permitting for the following two phases are progressing well.

Construction and leasing are on track at Baia Mare Value Centre and Roman Value Centre extensions, which are scheduled to become operational in October and December 2022, respectively. Permitting and leasing for the extension to Slobozia Strip Mall is ongoing.

Permitting of Arges Mall and related bridge access infrastructure is complete and, after finalising relocation and demolition works, construction is scheduled to start February 2023. Leasing continues with national and international tenants showing significant interest.

Zoning is progressing for the DJV’s commercial projects in Bucharest (28,000m² GLA open-air mall component on a 54ha of a former industrial platform, where a mixed-use urban regeneration project is planned), Brasov (19,800m² GLA open-air mall) and Cluj (73,300m² GLA enclosed mall and 49,200m² GLA office components on a 17ha land plot where the DJV plans a large-scale mixed-use urban regeneration project).

Residential developments

At Marmura Residence, the DJV’s first completed residential project, handover was performed for 308 units (67%) in the first four buildings of the project’s total five buildings comprising 458 units, by 30 June 2022. Construction on the fifth building is substantially complete and handover will commence soon.

Construction and sales continue for approximately half of the development comprising 746 dwellings on the Avalon Estate residential project. To date, 70% of the 352 residential units currently released for sale have been sold.

Construction and finishing works on the first buildings are complete, the sales office has been operational in the project’s gatehouse since March 2022 and fit-out commenced on four show units.

Construction of the first phase of Silk District’s residential component (315 units; 71% sold) is progressing well. Permitting for the second phase (346 units; 48% sold) has been obtained and it is ongoing in respect of the third phase (312 units; 25% reserved).

Permitting for the first phase of Pleiades Residence (142 units in two of the seven buildings planned in the residential component of the 10.1ha mixed use urban regeneration in downtown Ploiesti) has completed and construction works have commenced.

Rezoning of the remaining land for the following stages of development is ongoing in parallel with permitting for the planned extension on Prahova Value Centre, the open-air mall component of the project. Sales (launched in December 2021) are progressing well with 22.5% of the apartments in the first phase contracted to date.

Zoning is progressing for Roman Residential (2,137 apartments in Brasov) and Elba Residential (1,251 apartments in Timisoara) as well as for the residential components of the large-scale mixed-use projects mentioned above in Bucharest (3,149 apartments) and Cluj (1,461 apartments).

New pipeline

A large 17.1ha industrial site has been secured for a large-scale mixed-use development near the Cluj-Napoca city centre, Romania’s third largest city with over 328,000 inhabitants, the country’s second-largest economic centre and a major IT hub in CEE. The planned development consists of a super-regional mall with approximately 73,300m² GLA, a residential complex of approximately 1,460 apartments and 49,200m² GLA of offices, with flexibility to re-allocate built areas between the project’s components. In addition to the strong purchasing power offered by its unique location, the retail component will benefit from a catchment area of 651,000 inhabitants within a 60-minute drive. The residential component will benefit from access to the office and retail developments through an integrated masterplan providing significant car-free, green and leisure areas.

In Bucharest, Romania’s capital and largest city (population approximately 2.2million), the country’s economic centre and seat of its major universities, the 17.8ha former IMGB industrial site was secured for an approximately 28,000m<sup>2</sup> GLA open-air mall and a residential project of approximately 3,150 apartments. The project will benefit from southern Bucharest’s growing demand for modern retail and quality residential projects. This large-scale, mixed-use development optimises the substantial land plot, integrating green and leisure facilities with new and existing infrastructure. The residences will have pedestrian and vehicular access to the open-air mall which benefits from a large catchment area of 383,000 inhabitants within a 45-minute drive.

A 9ha site in a former industrial zone was secured in south-eastern Brasov, Romania, southern Transylvania’s major city with 287,000 inhabitants, for an approximately 2,140 apartments residential development. Brasov’s wider metropolitan area outperforms other Romanian regions in terms of employment and GDP, which, consequently, creates increasing purchasing power. This economic advantage, coupled with favourable demographics, produces a strong demand for residential properties.

In addition to the residential development, the DJV has secured a 6.6ha site north-west of Brasov, where it plans to develop a 19,800m<sup>2</sup> GLA open-air mall. The catchment area is estimated to include approximately 504,000 residents within a 60-minute drive as well as benefit from a regular influx of a large number of tourists (approximately 725,000 people visit the city and its environs annually).

A 6.9ha site, to be converted from industrial to retail and residential, was secured in Timisoara, Romania’s fourth largest city, for the DJV’s second large-scale residential development in the city consisting of approximately 2,300 apartments and support functions. The project is well positioned, between two main boulevards, with excellent public transport connectivity to the city centre, and within a 15-minute drive of the city’s office hubs, historical centre and main shopping destinations.

The DJV has secured land and is currently undergoing due diligence for a large-scale enclosed residential estate of approximately 920 apartments in a major secondary city in Romania. Further details will be provided in due course.

In addition to the above, the DJV has secured an approximately 5.9ha site in Giurgiu, Romania, on the European Route E85 to Bucharest, a major freight and leisure road transport artery, connecting Romania to Bulgaria, Greece and Turkey. The site has an excellent location adjacent to Giurgiu’s border with Bulgaria and good visibility. It is earmarked for an approximately 14,200m<sup>2</sup> GLA open-air shopping centre, with potential for an additional 4,300m<sup>2</sup> GLA extension. The project’s catchment area includes approximately 110,000 residents within a 30-minute drive.

Extensions and refurbishments to directly-owned assets

In the first half of the financial year, Atrium Mall’s refurbishment and reconfiguration was finalised, including upgraded facades, a food court reconfiguration, refurbished bathrooms and improved tenant mix.

Twenty-five new retail concepts have opened either new brands (not previously present in the city) or updated configurations and offerings from existing tenants. Occupancy increased to 93.8% on 30 June 2022 (83.7% on 30 June 2021 due to ongoing refurbishment works).

The extension to Galleria Burgas was reconsidered and the centre will undergo a major refurbishment instead, including a reconfiguration of the food court, to improve the leisure and entertainment facilities and triple the existing food court’s seating capacity. This will rejuvenate the centre and enhance its attractivity to the 479,000 residents within a 60-minute drive, as well as position it as one of the main entertainment attractions for Burgas’ 3million annual tourists.

Further updates regarding the leisure and entertainment extensions at Prahova Value Centre (5,700 m<sup>2</sup>) and Barlad Value Centre (1,300 m<sup>2</sup> GLA), both centres recently acquired by MAS (with the Acquisition), as well as

re-assessed, previously planned, extension projects at Nova Park and Militari Shopping will be provided in due course.

Debt, cost of debt and liquidity

On 30 June 2022, MAS had €202million in cash, listed securities and undrawn credit facilities (figure not proportionally consolidated), net of its €89.8million cash payment obligation to be settled after the financial year end in respect of the Acquisition. Further to the Acquisition’s completion, on 30 June 2022, the Group has an ongoing undrawn preferred equity investment commitment of €233.9million, as well as a €30million undrawn committed revolving facility to the DJV (figures not proportionally consolidated).

Interest rates on MAS’ debt are hedged, except for its undrawn revolving credit facility. MAS’ secured debt (in respect of Flensburg Galerie) carries a fixed interest rate, and the bond carries a 4.25% fixed coupon, therefore neither would be impacted by rising variable rates. Secured debt on properties acquired from the DJV effective 30 June 2022 carries an attractive weighted average annual interest of 3-month EURIBOR plus a margin of approximately 3.3% and is fully hedged via interest rate caps until end of 2028 financial year.

On 30 June 2022, 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 2022, the Group had €463.5million of outstanding debt (bonds and bank loans) and the LTV ratio was 21.5%. The effective LTV ratio, taking account of the cash settlement with respect to the Acquisition, is 28.4%. The weighted average cost of debt was 4.41% per annum for the financial year to 30 June 2022.



Rendering: Cluj Urban Regeneration Project

Changes to the Board of Directors and Company Secretary

Since the transaction with Prime Kapital in November 2019 and the appointment of Prime Kapital founders Martin Slabbert and Victor Semionov as Executive Directors, MAS has achieved excellent progress in its transition towards becoming a fully focused Central and Eastern European property investor and operator. The terms of the transaction included a mandate of up to three years for the appointed executives to oversee the re-positioning and transitioning of the business before returning full-time to Prime Kapital. With the transition substantially completed, Martin and Victor stepped down during the financial year. Martin remains a member of MAS’ Board of Directors as a Non-Executive Director. MAS’ pre-existing and ongoing business relationship with Prime Kapital via the DJV was extended, after Martin stepped down as CEO, via the Extension approved by an overwhelming majority of MAS’ independent shareholders (96.69%).

This is expected to continue having a major positive impact on the Group’s future financial performance.

With MAS’ Executive Director roles assigned to individuals with no affiliation to, or interest in, Prime Kapital, allowing the two groups to remain closely connected for the foreseeable future with independent executives, MAS’ Board re-assessed its size, composition, as well as the appropriate skills and experience required to guide and oversee MAS’ business in its next phase.

The Group is pleased to announce the appointment of Nadine Bird as Chief Financial Officer (CFO) with effect from 1 February 2023, taking over Raluca Buzuleac’s financial responsibilities. Nadine is a highly experienced finance professional, with approximately 17 years of relevant experience, including a strong background in financial reporting, stock exchange listings and crisis management for complex, multi-jurisdictional public companies. She previously worked in audit, at Deloitte in South Africa, before acting as CFO for Steinhoff Africa, and being promoted to Deputy CFO for Steinhoff International after eruption of the group’s crisis in 2017.

At Steinhoff International, among many other responsibilities, she assisted external forensic teams with investigations and ensured accurate financial information restatement and subsequent re-publication, while also maintaining her responsibilities for Steinhoff Africa. Nadine will be based in MAS’ Bucharest office.

MAS is pleased to announce the appointment of Roxana Bordeanu as Company Secretary, replacing Nathalie Vella, with effect from 25 August 2022. Roxana, who will also be part of MAS’ Capital Management team, is based in Malta. She has extensive experience with financing and capital markets, mergers and acquisitions, litigation and arbitration management, corporate governance, compliance and policy development in respect of public companies. The Board thanks the outgoing Company Secretary for her dedicated service to the Company during her tenure.

Given the size of the Group and its strategic plans, the Board concluded that it can be reduced in size, while maintaining on the balance of skills and experience required to oversee the business. As a result, Melt Hamman stepped down from the Board effective 25 August 2022. The Board thanked Melt for his loyal service to the Group.

Malcolm Levy, MAS’ co-founder, stepped down as Non-Executive Director effective 25 August 2022. Malcolm served as CFO for over 9 years following the Group’s foundation, becoming a Non-Executive Director June 2019, and providing valuable guidance to management throughout MAS’ re-positioning from a Western European business, which is substantially complete. The Board expressed its gratitude and thanked Malcolm for his long-tenured service to the Group.

Following and considering directorship changes mentioned, the Board has restructured its committees as follows:

- Audit and Risk Committee Chair: Vasile Iuga; Members: Brett Nagle, Martin Slabbert
- Remuneration and Nomination Committee Chair: Dan Pascariu; Members: Martin Slabbert, Werner Alberts
- Environmental, Social and Ethics Committee Chair: Pierre Goosen; Members: Claudia Pendred, Irina Grigore

All changes to committee membership came to effect 25 August 2022. The Board remains compliant with the King IV Code on Corporate Governance following these changes to its composition and committee memberships.

	Tolerance	Actual IFRS	Actual proportionate consolidation basis
Solvency ratio	Shall not exceed 0.6	0.30	0.29
Consolidated coverage ratio	At least 2.5:1	3.46	3.70
Unencumbered consolidated total assets/ unsecured consolidated total debt	Minimum 180%	379%	407%



Listing on A2X

MAS aims to identify opportunities providing its shareholders with optimal returns. Therefore, in addition to being traded on the Johannesburg Stock Exchange, its ordinary shares are traded on the A2X market, a licensed stock exchange authorised to provide a secondary listing venue for companies and regulated by the Financial Sector Conduct Authority in South Africa in terms of the Financial Markets Act 19 of 2012.

Long-term strategy update

MAS is committed to maximising total long-term returns from property investments on a per share basis. The Group aims to achieve this by concentrating on capital allocation, operational excellence, sensible leveraging, and cost efficiency, thereby sustainably growing distributable earnings per share. Benefiting from the continual high growth in Central and Eastern European consumption, the Group operates directly-owned income property and employs capital in commercial and residential developments owned indirectly via the DJV with co-investor and developer Prime Kapital.

In the absence of unforeseen circumstances, MAS intends to maintain a full pay-out of distributable earnings and provided that the Company’s long-term objectives, including self-imposed gearing limitations, are not considered at any point during this period to be at undue risk. However, if this is the case, or if attractive investment opportunities expected to substantially enhance total returns per share which cannot be otherwise more efficiently funded (for instance by selling assets, taking on additional gearing or issuing new share capital) become available, then dividends relative to distributable earnings will be reduced.

With the release of the Group’s 30 June 2021 financial statements, MAS published four quantified strategic objectives set to be achieved over five years (by the end of the 2026 financial year), using its existing capital base (at the time) and maintaining a full payout of distributable earnings to shareholders without breaching self-imposed gearing limitations, and is committed to periodic reporting on these. Achieving these targets is expected to lead to substantial improvements in total returns per share, and implies an increase in scale, positioning the Company well for an investment-grade credit rating, which will enable further flexible access to debt finance at optimal cost. Current progress is detailed below.

Asset management

MAS aims to maximise property values through sustainable asset management initiatives. The Group plans to achieve this through specific asset management initiatives to improve occupancy rates for current Central and Eastern European retail assets to 99% by 30 June 2026 and achieving LFL NRI growth of at least 4% per annum (from a normalised post Covid-19 base).

Progress continues to be excellent. On 30 June 2022, occupancy for Central and Eastern European assets increased to 96.3% (93.2% on 30 June 2021) and annualised LFL passing NRI in CEE is 13.6% higher than on 30 June 2021.

Commercial developments

The Group expects to enlarge its investment in newly developed, high quality, income properties rolled-out by joint venture partner Prime Kapital, and the DJV aims to complete commercial developments to the cost of approximately €600million at a weighted initial yield of more than 9% over the relevant five years (figure not proportionally consolidated).

The DJV is well positioned to achieve these targets. Secured commercial projects to the value of €517.1million are currently estimated to be completed by 30 June 2026 at a weighted average initial yield of 9.3%. During the first six months of the 2022 financial year, the DJV completed projects worth €50.8million at cost, in Barlad and Ploiesti, with initial yields of 9.8% and 9.9%, respectively.

Residential developments

MAS aims to benefit from a sustainable and growing distributable income stream, through 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%.

A significant residential pipeline of approximately €1.2billion has been secured for the DJV, which is expected to achieve in excess of the DJV’s target of €200million in annual sales by 2026.

Direct acquisitions

MAS aimed to complete direct acquisitions of high-quality, Central and Eastern European 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. To this end, by completing the Acquisition, as well as via its investment in NRP during the current and previous six months, MAS has exceeded the targets previously set for acquisitions of direct property.

MAS continues to be focused on considering appropriate direct acquisition opportunities in the CEE.

The Company is well positioned to execute on the ambitious but achievable strategic targets adopted, which are expected to generate best-in-class long-term total shareholder returns. It is expected that real GDP and consumption growth in Romania will endure during this period, and that long-term growth in Romania and other CEE countries will continue to remain robust and significantly surpass growth in Western European countries for the foreseeable future. The transactions approved by MAS’ shareholders will continue to add scale to the Group’s CEE operations via increasing MAS’ investment commitments to the DJV. Management expects the higher inflationary impact on rentals and service charges through to 2023 to be easily absorbed by tenants.

Long-term earnings targets

MAS expects delivery on its strategic objectives to result in significant per share distributable earnings (and dividend) growth. Targeted distributable earnings ranging between 14.5eurocents and 15eurocents per share for the 2026 financial year should comfortably be achieved.

To achieve these results, it is assumed that, amongst others,

- the remaining Western European assets are sold as per management’s estimates;
- stated asset management targets are achieved;
- secured commercial and residential development pipeline is permitted and rolled out as planned;
- NRP performs as expected and that its shares trade at the projected Tangible NAV per share;
- no further MAS shares are issued, during this period, and
- no major economic disruptions occur before 30 June 2026.

Earnings guidance and prospects

Distributable earnings per share for the 2023 financial year have been revised upward in light of the completed Acquisition on 30 June 2022, and it is now expected to range from 9.40eurocents to 10.10eurocents per share (of which 0.65 to 1.10eurocents per share is expected to be from residential sales).

This guidance is based on the assumptions that no additional material macroeconomic disruption occurs, a stable political environment prevails in the Groups’ markets, developments continue as scheduled, and no major corporate failures ensure.

Irina Grigore  
Chief Executive Officer

MAS’ tenants are expected to comfortably absorb higher rents due to passing on inflation through rent indexation, as occupancy cost ratios are expected to remain healthy due to continued robust sales.

Shareholders should note that the Company’s estimates and distributable earnings per share targets have not been audited and are subject to change. Inevitably, some assumptions will not materialise, plans will change, and unanticipated events and circumstances may affect the ultimate financial results.

The Company will not hesitate to adopt changes in strategy, or to take action that will impact negatively on distributable income per share, if this is considered appropriate from a long-term, risk-adjusted, total return perspective.

This forecast has not been audited or reviewed by MAS’ auditors and is the responsibility of the Board of Directors.

Dividend declaration

The Company achieved 3.87eurocents adjusted distributable earnings per share, and 3.82eurocents diluted adjusted distributable earnings per share (taking account of share purchase plan issued shares) in respect of the six-month period to 30 June 2022. The Board has consequently declared a cash dividend of 3.82eurocents per share for the six months ending then. The Board had previously declared a cash dividend of 2.96eurocents for the first half of 2022 financial year.

Raluca Buzuleac  
Chief Financial and Operational Officer

The names of the persons who, at any time during the financial year, were Directors of the Company, are disclosed in note 27. The financial risks and the risk management policies applied by the Group are included in note 26. The nominal value of the shares repurchased are referred to in note 21. The Directors propose to carry the retained earnings remaining after dividend declaration, to the next financial year.

# Company Overview

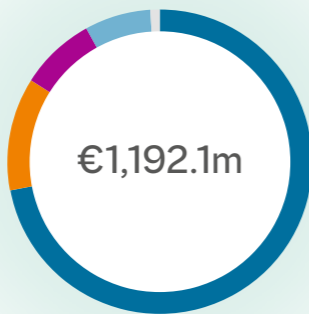
MAS is an internally managed **green property investor and operator** focused on retail properties in CEE

## Annual passing net rental and dividend income



73%	CEE direct assets	€61.0m
13%	Preferred equity	€10.6m
10%	Listed securities	€8.8m
3%	WE direct assets	€2.5m
1%	CEE DJV	€1.2m

## Income property and other income-producing investments



72%	CEE direct assets	€859.8m
12%	Preferred equity	€141.6m
8%	Listed securities	€97.7m
7%	WE direct assets	€78.5m
1%	CEE DJV	€14.5m

## Green certification



94%	Green certified assets (CEE)	404,700m²
6%	Non-certified assets (WE)	24,700m²

### 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, and 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 for MAS to transition towards a fully focused CEE-based property investor and operator. This transition has substantially completed by 30 June 2022.

### Business and Strategy

Capital previously invested in WE, and capital raised via a €300million bond issue, has substantially been directly reinvested in income property and other income-producing investments in CEE and indirectly, on a downside protected basis, in developments via further preferred equity in the DJV with co-investor, developer and general contractor Prime Kapital. The Group is operated by a multidisciplinary team of approximately 230 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 LTV limitation to 40% of current property value and other income-producing investments, or seven-times forward-looking net rental income, both on a proportionate consolidated basis.

### Credit Ratings

MAS and its €300million unsecured, five-year green Eurobond issued in May 2021, are credit rated by Moody's (Ba1) and Fitch Ratings (BB, positive outlook).



Photo: Galleria Stara Zagora

# Income Property Overview

The Group’s annualised property yield is **7.33%**.

## Geographical Profile

by rentable area



- **72.7%** Romania
- **14.1%** Bulgaria
- **7.5%** Poland
- **5.6%** Germany
- **0.1%** UK

## Geographical Profile

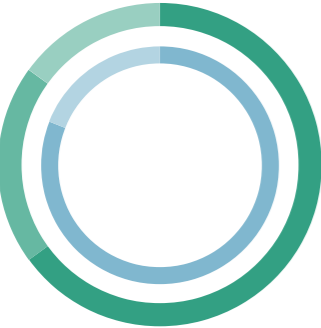
by revenue



- **73.0%** Romania
- **12.7%** Bulgaria
- **10.0%** Poland
- **4.1%** Germany
- **0.2%** UK

## Tenant Profile

by rentable area



- **65%** Category A
- **20%** Category B
- **15%** Category C
- **81%** Anchor tenants
- **19%** Non-anchor tenants

Category A: Large national tenants, large listed tenants, government and major franchisees (321 tenants)  
Category B: National tenants, listed tenants, franchisees (280 tenants)  
Category C: Other tenants (841 tenants)



### TOP 10 TENANTS

		Rent p.a. €m	% of total
1	<b>Carrefour</b>	<b>4.1</b>	<b>6.3%</b>
2	<b>LPP</b>	<b>2.3</b>	<b>3.5%</b>
3	<b>NEWYORKER</b>	<b>1.7</b>	<b>2.6%</b>
4	<b>Auchan</b>	<b>1.6</b>	<b>2.5%</b>
5	<b>BRICO DEPOT</b>	<b>1.6</b>	<b>2.5%</b>
6	<b>ALTEX</b>	<b>1.4</b>	<b>2.1%</b>
7	<b>JYSK</b>	<b>1.4</b>	<b>2.1%</b>
8	<b>PEPCO</b>	<b>1.2</b>	<b>1.8%</b>
9	<b>CCC</b>	<b>1.2</b>	<b>1.8%</b>
10	<b>DEICHMANN</b>	<b>1.1</b>	<b>1.7%</b>
		<b>17.6</b>	<b>26.9%</b>

**100%**

RETAIL ASSETS  
sectoral profile

**95.4%**

RETAIL OCCUPANCY  
by rentable area

**€13.16**

WEIGHTED AVERAGE  
RENTAL PER M<sup>2</sup>  
by rentable area



Photo: Galleria Stara Zagora

Amounts in this section are computed on a proportionate consolidated basis, and include income property held for sale, unless otherwise stated.



- Income properties
- Retail developments, extensions and land bank
- Residential developments
- Income properties held for sale
- Land contracted to be sold



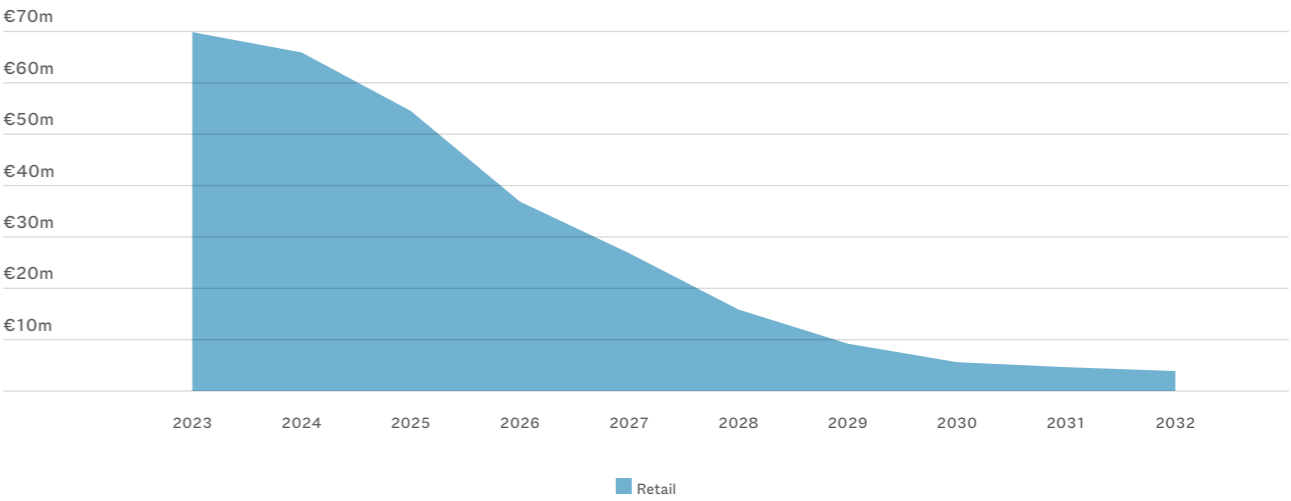
Income property detailed information

Property name	Ownership	Location	Type	Sector	GLA	Weighted GLA	Weighted average rental per m²
					m²	m²	€
EM-Galleria Burgas	100%	BG, Burgas	Regional	Retail	36,700	36,700	14.83
EM-Nova Park	100%	PL, Gorzow	Regional	Retail	32,400	32,400	16.73
EM-Dambovita Mall*	100%	RO, Targoviste	Regional	Retail	31,100	31,100	15.22
EM-Atrium Mall	100%	RO, Arad	Regional	Retail	27,400	27,400	16.69
EM-Galleria Stara Zagora	100%	BG, Stara Zagora	Regional	Retail	23,900	23,900	6.00
OM-Militari Shopping	100%	RO, Bucharest	Regional	Retail	54,000	54,000	14.92
OM-DN1 Value Centre*	100%	RO, Balotesti	Community	Retail	27,400	27,400	15.39
OM-Prahova Value Centre*	100%	RO, Ploiesti	Community	Retail	21,700	21,700	13.03
OM-Zalau Value Centre*	100%	RO, Zalau	Community	Retail	19,300	19,300	13.58
OM-Roman Value Centre	100%	RO, Roman	Community	Retail	18,800	18,800	13.76
OM-Mall Moldova - phase I	40%	RO, Iasi	Regional	Retail	29,600	11,840	8.55
OM-Baia Mare Value Centre	100%	RO, Baia Mare	Community	Retail	21,300	21,300	10.98
OM-Sepsi Value Centre*	100%	RO, Sf. Gheorghe	Community	Retail	16,900	16,900	11.77
OM-Barlad Value Centre*	100%	RO, Barlad	Community	Retail	16,400	16,400	10.60
SM-Focsani	100%	RO, Focsani	Convenience	Retail	6,100	6,100	12.67
SM-Slobozia	100%	RO, Slobozia	Convenience	Retail	6,700	6,700	9.02
SM-Ramnicu Sarat	100%	RO, Ramnicu Sarat	Convenience	Retail	4,000	4,000	9.43
SM-Sebes	100%	RO, Sebes	Convenience	Retail	3,200	3,200	9.84
SM-Targu Secuiesc	100%	RO, Targu Secuiesc	Convenience	Retail	3,200	3,200	9.31
SM-Fagaras	100%	RO, Fagaras	Convenience	Retail	3,200	3,200	8.48
SM-Gheorgheni	100%	RO, Gheorgheni	Convenience	Retail	1,400	1,400	10.94
Flensburg Galerie	100%	DE, Flensburg	Community	Retail	24,200	24,200	9.14
Arches	100%	UK, Edinburgh	Neighbourhood	Retail	500	500	32.27
Total					429,400	411,640	13.16

\* Income properties acquired from DJV on 30 June 2022.

Lease expiry profile

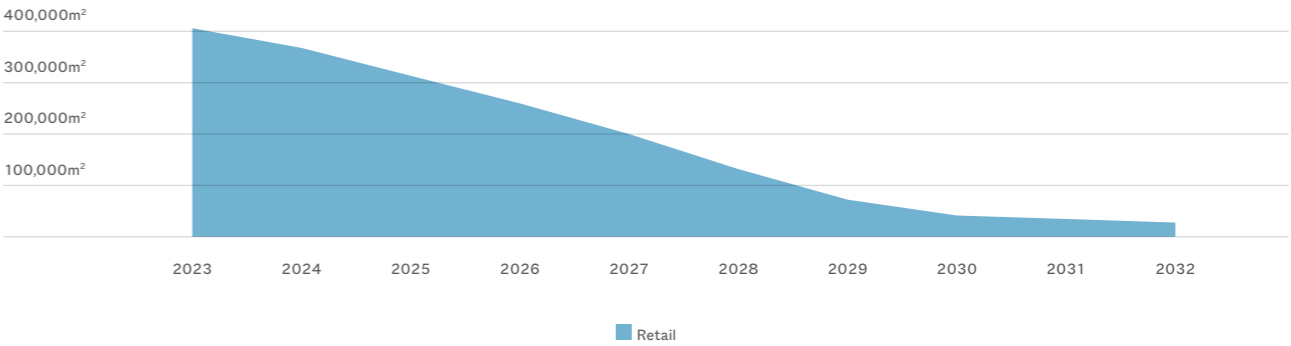
By revenue



Sector	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	>=2033
Retail	23.1%	21.8%	18.1%	12.2%	8.8%	5.4%	3.0%	1.9%	1.5%	1.3%	2.9%
Total	23.1%	21.8%	18.1%	12.2%	8.8%	5.4%	3.0%	1.9%	1.5%	1.3%	2.9%

The vast majority of contractual rental escalations are fully indexed to Euro 27 inflation. The above rental expiry profile includes expected escalations due to inflationary indexation.

By rentable area



Sector	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	>=2033
Retail	20.5%	18.8%	16.0%	13.3%	10.2%	6.8%	3.8%	2.2%	1.7%	1.5%	5.2%
Total	20.5%	18.8%	16.0%	13.3%	10.2%	6.8%	3.8%	2.2%	1.7%	1.5%	5.2%

Galleria Burgas

INCOME PROPERTY

100% OWNED BY MAS



36,700m<sup>2</sup>

GLA

€87.7m

BOOK VALUE

€6.5m

NRI

96.3%

OCCUPANCY

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. The centre has a comprehensive fashion offering as well as a significant leisure and food court area which caters to approximately 479,000 inhabitants within a 60-minute drive.

[www.galleriaburgas.bg](http://www.galleriaburgas.bg)

Dambovita Mall

INCOME PROPERTY

100% OWNED BY MAS



31,100m<sup>2</sup>

GLA

€85.0m

BOOK VALUE

€5.7m

NRI

96.7%

OCCUPANCY

Located in a densely populated residential area, close to Targoviste’s city centre and near the main train station, Dambovita Mall is the only regional retail destination in the county, having a catchment area of 357,000 residents within a 60-minute drive. Focusing on fashion and entertainment, it offers a modern shopping experience, restaurants and playground. The property was developed in the DJV, became operational on 20 August 2021 and was acquired by MAS from the DJV on 30 June 2022. The property can accommodate an additional extension of approximately 12,200m<sup>2</sup> GLA.

[www.dambovitamall.ro](http://www.dambovitamall.ro)

Nova Park

INCOME PROPERTY

100% OWNED BY MAS



32,400m<sup>2</sup>

GLA

€84.5m

BOOK VALUE

€6.5m

NRI

93.7%

OCCUPANCY

Nova Park is the dominant regional shopping centre in central Gorzow, western Poland, and has a diverse mix of high-quality tenants. The centre benefits from a catchment area of approximately 371,000 inhabitants within a 45-minute drive.

[www.nova-park.pl](http://www.nova-park.pl)

Atrium Mall

INCOME PROPERTY

100% OWNED BY MAS



27,400m<sup>2</sup>

GLA

€74.3m

BOOK VALUE

€5.5m

NRI

93.8%

OCCUPANCY

Atrium Mall is Arad’s largest shopping centre, located next to the main train and bus stations, five minutes walking distance from the city centre, and easily accessible from any corner of the city, either by car, or by public transport. The mall was recently refurbished and reconfigured, improving the centre’s retail offering with 26 new retail concepts. Atrium Mall benefits from an estimated catchment area of approximately 364,000 inhabitants within a 60-minute drive.

[www.atriummall.ro](http://www.atriummall.ro)



Galleria Stara Zagora INCOME PROPERTY

100% OWNED BY MAS



23,900m<sup>2</sup>

GLA

€24.3m

BOOK VALUE

€1.7m

NRI

88.6%

OCCUPANCY

Galleria Stara Zagora is the dominant retail destination in Stara Zagora, Bulgaria’s sixth largest city. Located at the crossroads of two major boulevards, it is easily accessible by public transport. It benefits from a catchment area of approximately 397,000 residents within a 45-minute drive. The centre’s tenant mix favours fashion and entertainment, including major international anchors.

[www.galleriasz.bg](http://www.galleriasz.bg)

DN1 Value Centre INCOME PROPERTY

100% OWNED BY MAS



27,400m<sup>2</sup>

GLA

€75.4m

BOOK VALUE

€5.1m

NRI

97.3%

OCCUPANCY

DN1 Value Centre is located in Balotesti, Romania, in a rapidly developing and affluent residential area, approximately 25km north of Bucharest. The centre has an excellent location on the DN1/E60, Romania’s busiest national road. The open-air mall benefits from a catchment area of approximately 137,000 inhabitants within a 30-minute drive, and is integrated, as part of a wider retail node, with a Hornbach DIY store and a Lidl supermarket (both owner-occupied). The property was developed in the DJV, became operational on 4 December 2019 and was acquired by MAS from the DJV on 30 June 2022.

[www.dn1valuecentre.ro](http://www.dn1valuecentre.ro)

Militari Shopping INCOME PROPERTY

100% OWNED BY MAS



54,000m<sup>2</sup>

GLA

€140.0m

BOOK VALUE

€9.7m

NRI

97.4%

OCCUPANCY

Located in Militari, a densely populated and expanding residential area in Bucharest, this centre has excellent visibility and is located on Bucharest’s main western artery, which links directly into the E81/A1 highway. The open-air mall benefits from a catchment area of 1,042,000 residents within a 30-minute drive. The tenant mix includes a large hypermarket, DIY store, gym and high concentration of fashion and service anchors.

[www.militari-shopping.ro](http://www.militari-shopping.ro)

Prahova Value Centre INCOME PROPERTY

100% OWNED BY MAS



21,700m<sup>2</sup>

GLA

€50.5m

BOOK VALUE

€3.4m

NRI

95.6%

OCCUPANCY

Prahova Value Centre is located in Ploiesti, the capital of Prahova County, near the main train, tram and bus stations. The centre has a catchment area consisting of 759,000 inhabitants within a 60-minute drive. The open-air mall hosts a mix of international and national tenants and includes a modern food court. The property was developed in the DJV, became operational on 3 December 2021 and was acquired by MAS from the DJV on 30 June 2022. The property can accomodate an extension of approximately 5,700 m<sup>2</sup> GLA.

[www.prahovavaluecentre.ro](http://www.prahovavaluecentre.ro)



Zalau Value Centre INCOME PROPERTY

100% OWNED BY MAS



19,300m<sup>2</sup>  
GLA

€44.5m  
BOOK VALUE

€3.2m  
NRI

97.8%  
OCCUPANCY

Located on the city’s main boulevard, next to a densely populated residential area, and within 2.5km of the city centre, Zalau Value Centre’s prominent position is accessible by car and public transport. The open-air mall is close to the regional bus terminal and has excellent access via the E81 European road. The centre benefits from a catchment area of approximately 170,000 residents within a 60-minute drive. The property was developed in the DJV, became operational on 6 November 2019 and was acquired by MAS from the DJV on 30 June 2022.

[www.zalauvaluecentre.ro](http://www.zalauvaluecentre.ro)

Roman Value Centre INCOME PROPERTY

100% OWNED BY MAS



18,800m<sup>2</sup>  
GLA

€45.1m  
BOOK VALUE

€3.1m  
NRI

99.4%  
OCCUPANCY

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. Its catchment area consists of 207,000 inhabitants within a 60-minute drive. The centre integrates a Carrefour supermarket with fashion and home decoration anchors. The property was developed in the DJV, became operational in November 2018 and was acquired by MAS from the DJV in February 2019. An extension of approximately 3,400m<sup>2</sup> is under development, planned to be operational by December 2022.

[www.romanvaluecentre.ro](http://www.romanvaluecentre.ro)

Baia Mare Value Centre INCOME PROPERTY

100% OWNED BY MAS



21,300m<sup>2</sup>  
GLA

€41.6m  
BOOK VALUE

€2.8m  
NRI

97.4%  
OCCUPANCY

Baia Mare Value Centre has good accessibility, with a variety of public transport hubs in close proximity, is located on the E58 European road, the main connection between Baia Mare and Romania’s Transylvania region. The centre is part of the city’s, and region’s, main commercial attractions, having a catchment of approximately 283,000 inhabitants within a 60-minute drive. The open-air mall’s tenant mix includes a hypermarket and a high concentration of anchor tenants, mainly fashion. The property was developed in the DJV, became operational in December 2018 and was acquired by MAS from the DJV in February 2019. An extension of approximately 4,300m<sup>2</sup> is operational, effective 29 September 2022.

[www.baiamarevaluecentre.ro](http://www.baiamarevaluecentre.ro)

Sepsi Value Centre INCOME PROPERTY

100% OWNED BY MAS



16,900m<sup>2</sup>  
GLA

€34.1m  
BOOK VALUE

€2.4m  
NRI

94.4%  
OCCUPANCY

Sepsi Value Centre, with a catchment area of approximately 216,000 residents within a 60-minute drive, is located in Sfantu Gheorghe, the capital of Covasna County. The project is located in a densely populated residential area, is directly accessible from the town’s main boulevard and is close to the city centre. The centre hosts a fashion area, cafes with outdoor terraces and a modernly designed food court. The property was developed in the DJV, became operational on 18 March 2021 and was acquired by MAS from the DJV on 30 June 2022.

[www.sepsivaluecentre.ro](http://www.sepsivaluecentre.ro)

Barlad Value Centre INCOME PROPERTY

100% OWNED BY MAS



16,400m<sup>2</sup>

GLA

€30.1m

BOOK VALUE

€2.1m

NRI

99.5%

OCCUPANCY

Located on the northern side of Barlad, Vaslui county’s second largest city, the centre has a prominent position on the E581 European road and is easily accessible from the city centre, as well as from nearby communities. The centre is set to become the dominant commercial node in the wider region, totaling approximately 158,000 inhabitants within a 60-minute drive. It includes the region’s first Carrefour hypermarket, as well as a service area, fashion tenants, cafes with outdoor terraces and a small food court. The property was developed in the DJV, became operational on 30 November 2021 and was acquired by MAS from the DJV on 30 June 2022.

[www.barladvaluecentre.ro](http://www.barladvaluecentre.ro)

Mall Moldova – Phase II DEVELOPMENT PROPERTY

40% OWNED BY MAS



RETAIL

53,700m<sup>2</sup>

GLA

€118.6m

BUDGET

€9.9m

ERV

The extension of the former Era Shopping Centre (29,600m<sup>2</sup>) into Mall Moldova will create a super-regional mall serving eastern Romania and neighbouring Republic of Moldova, an estimated catchment area of approximately 644,000 inhabitants within a 60-minute drive. The centre will include the region’s largest hypermarket, over 200 stores, more than 30 restaurants, a large entertainment and leisure facility, and a dedicated home furnishing hub. Construction is scheduled to commence in November 2022.

Strip Malls INCOME PROPERTY

100% OWNED BY MAS



27,800m<sup>2</sup>

GLA

€42.7m

BOOK VALUE

€3.3m

NRI

100%

OCCUPANCY

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 centres’ proximity catchment areas range between 47,000 and 80,000 residents. The properties were developed in the DJV, completed during 2017 and 2018 and acquired by MAS from the DJV in 2019.

Arges Mall DEVELOPMENT PROPERTY

40% OWNED BY MAS



RETAIL

51,300m<sup>2</sup>

GLA

€101.9m

BUDGET

€8.2m

ERV

Arges Mall is located in Pitesti, the capital and largest city of Arges County, with a population of approximately 170,000. Centrally located in a densely populated residential area 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 621,000 residents within a 60-minute drive.

Alba Iulia Mall DEVELOPMENT PROPERTY

40% OWNED BY MAS



RETAIL

28,900m<sup>2</sup>

GLA

€47.2m

BUDGET

€4.0m

ERV

Located in central Romania, Alba Iulia is an important historical and tourist destination. The property benefits from a catchment of approximately 228,000 residents within a 60-minute drive. The planned enclosed mall is situated next to a densely populated area, and has excellent visibility and access to E81 European road. The city’s first and only modern retail centre includes an impressive entertainment and leisure facility and will benefit from a diverse retail offering and high-quality national and international tenants. Construction has started and the centre is expected to open in 2023.

Giurgiu Value Centre DEVELOPMENT PROPERTY

40% OWNED BY MAS



RETAIL

14,200m<sup>2</sup>

GLA

€19.6m

BUDGET

€1.7m

ERV

Giurgiu Value Centre is located in east Giurgiu, next to Giurgiu/Ruse customs, at the border with Bulgaria. The planned project has excellent visibility, access directly from the Ring Road Bucharest - Giurgiu/Ruse border, and connection to the city centre through multiple access roads. The centre’s catchment area is estimated to include travelers transiting between Bulgaria and Romania and approximately 110,000 residents within a 30-minute drive.

Brasov Value Centre DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

19,800m<sup>2</sup>

GLA

€28.2m

BUDGET

€2.4m

ERV

Brasov Value Centre is located in north-west Brasov, next to an existing Hornbach and a large area of existing and future residential and industrial developments. The planned project has excellent visibility, access from the E68 European road and the surrounding cities, and a great connection to the city centre through numerous bus lines. The centre’s catchment area is estimated to include approximately 504,000 residents within a 60-minute drive.

Spumotim Residential DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

181,700m<sup>2</sup>

GSA

€193.5m

BUDGET

2,287

UNITS

The residential project is planned to be developed on a 6.9ha land plot, in the south-east of Timisoara, comprising approximately 2,300 high quality apartments. The former industrial platform benefits from excellent public transport connectivity to the city centre. The planned development will benefit from efficient parking solutions in stand-alone structures, connected to residential buildings through a network of well-placed covered walkways located in the central car-free green and leisure areas.

IMGB DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

242,400m<sup>2</sup> €188.0m 3,149  
GSA BUDGET UNITS

RETAIL

28,000m<sup>2</sup> €47.0m €3.9m  
GLA BUDGET ERV

The planned residential project is located in the south of Bucharest on a former 17.8ha industrial platform with a 250 meter opening onto Berceni boulevard, within five minutes walking distance from the Berceni metro station. The development will provide approximately 3,150 modern apartments integrated into a car-free and green neighbourhood that will have direct pedestrian and car access to the project's planned 28,000m<sup>2</sup> GLA retail component. The planned open-air mall benefits from a large catchment area of 383,000 inhabitants within a 45-minute drive. The residential component will benefit from extensive green areas, a large and exclusive community centre, a kindergarten, and around 3,800 affordable and quality parking places in free standing buildings connected to residential buildings via a grid of walkways.

Silk District DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

113,100m<sup>2</sup> €128.1m 1,491  
GSA BUDGET UNITS

OFFICE

104,400m<sup>2</sup> €177.7m €19.1m  
GLA BUDGET ERV

The large 10ha mixed-use, urban regeneration project combines several functions increasing efficiency of infrastructure, amenities, and services. The development aims to be a 24/7 neighborhood and is located in proximity to Iasi's city centre, Romania's second largest city. Primary functions include an A-grade office component with BREEAM Excellent certification and high-quality apartments. Residential high-quality components employ a clean design and whole building approach within a pedestrian-friendly setting, integrated into a larger 'work, play and live' environment. Construction works are ongoing for the project's first phases of the office and residential components. Permitting for the residential component's second phase (346 units) has been obtained and it is progressing well in respect of the third phase (312 units), as well as for the following two phases of the project's office component.

[www.silkdistrict.ro](http://www.silkdistrict.ro)

Roman Residential DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

166,000m<sup>2</sup>  
GSA

€156.7m  
BUDGET

2,137  
UNITS

The residential project is planned to be developed on a 9ha former industrial platform in south-eastern Brasov, southern Transylvania's major city, with approximately 287,000 inhabitants. The project will have approximately 2,140 high-quality apartments integrated into a well-designed masterplan comprising modern green and leisure areas, with planned complimentary functions such as a modern kindergarten, a community centre and complimentary services. The land plot benefits from proximity to downtown Brasov and the historical centre of the city, and to a well-preserved forest on its eastern border.

Elba Residential DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

104,900m<sup>2</sup>  
GSA

€127.6m  
BUDGET

1,251  
UNITS

The residential project is planned to be developed in close proximity to downtown Timisoara on a 5.6ha site comprising approximately 1,250 high quality apartments and integrated parking in low- and high-rise apartment buildings. The project will include significant 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 (pedestrian, and via car or public transportation). The "near zero" emissions project is planned to include a car-free environment in an integrated single concept masterplan.



Avalon Estate DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

93,300m<sup>2</sup>

GSA

€125.7m

BUDGET

746

UNITS

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 central 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. Construction is ongoing for 352 of the 746 planned dwellings in addition to works for the perimeter walls, clubhouse, approximately 50% of the extensive landscaped parks and green areas, and internal and external infrastructure works. Construction and finishing works on the first buildings are completed, and the sales office has been operational in the project's gatehouse since March 2022.

[www.avalonestate.ro](http://www.avalonestate.ro)

Cluj Urban Regeneration Project DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

113,500m<sup>2</sup>

GSA

€119.2m

BUDGET

1,461

UNITS

RETAIL

73,300m<sup>2</sup>

GLA

€140.3m

BUDGET

€12.5m

ERV

OFFICE

49,200m<sup>2</sup>

GLA

€76.3m

BUDGET

€7.9m

ERV

A large mixed-use project incorporating retail, office and residential functions is planned to be developed on a 17.1ha land plot near downtown Cluj-Napoca on an industrial platform. The city is one of the largest in Romania, and considered a major IT Hub in CEE. The residential component will have approximately 1,460 apartments directly connected to parking and storage areas through building lobbies into basements whilst benefiting from access to the project's office and retail components through an integrated masterplan. The retail component will benefit from a catchment area of 651,000 inhabitants within a 60-minute drive. The project is aimed at providing significant car-free green and leisure areas. The development will benefit from major new infrastructure works planned by the city, placing the project in the city centre, and in direct proximity to transportation connections (metro, bus and road infrastructure).

Marmura Residence DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

36,100m<sup>2</sup>

GSA

€49.9m

BUDGET

458

UNITS

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. Construction works and reception with authorities for the first four buildings have been completed, and 93% of units sold have been handed over to clients by 30 June 2022. Construction on the fifth building is substantially complete and handover will commence soon.

[www.marmuraresidence.ro](http://www.marmuraresidence.ro)

Pleiades Residence DEVELOPMENT PROPERTY

40% OWNED BY MAS



RESIDENTIAL

41,000m<sup>2</sup>

GSA

€38.1m

BUDGET

498

UNITS

A high quality residential project will be developed in Ploiesti, Romania, consisting of 498 apartments integrated with Prahova Value Centre's planned large-scale entertainment and leisure hub extension. The residential development will consist of seven medium sized high-rise apartment buildings and 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 friendly project. The project is located within a 10-minute driving distance from the city centre and the main train station. The plot also connects well to Bucharest given its proximity to the A3 motorway and DN1 national road. Construction works for the first phase (two buildings, 142 units) have started.

# Development Joint Venture Overview

## MAS’ relationship with DJV

The DJV is an associate of MAS since 2016. DJV is an abbreviation for a separate corporate entity, with independent governance, named PKM Development Limited (PKM Development).

MAS owns 40% of the ordinary share capital of PKM Development, an investment conditional on it irrevocably undertaking to provide preferred equity to PKM Development on notice of drawdown.

MAS nominated directors on the DJV’s board, and its approval is required for decisions on reserved matters (including third party funding in excess of restrictions imposed to the DJV or in respect of assets transactions between the DJV and Prime Kapital). In addition, MAS provides asset and property management services in respect of DJV’s completed developments via its integrated in-house asset and property management team.

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, Prime Kapital:

- (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 2030 (end of exclusivity period);
- (ii) contributes 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.

In addition to the investment in the common equity, MAS has a total commitment to invest up to €470million in preferred equity to the extent issued by the DJV by 23 March 2030.

On 30 June 2022, the DJV’s Tangible NAV was €337.0million. On the same date, MAS had invested €236.1million in preferred equity and had an obligation of €233.9million outstanding, as well as an undrawn revolving credit facility of €30million (figures not proportionally consolidated).

MAS has the cumulative right to receive a fixed dividend on each preferred share at a rate of 7.5% per annum of the issue price. The preferred equity does not have pre-set drawdowns, and consequently, MAS actively manages its liquidity to match PKM Development’s budgeted requirements for the issue of preferred equity, within contractual notice periods. MAS’ investment obligations are limited to €120million on a rolling six-month basis unless additional funds for investment are available.

## DJV’s funding

In addition to common equity, DJV financing is principally provided by MAS through its preferred equity commitment.

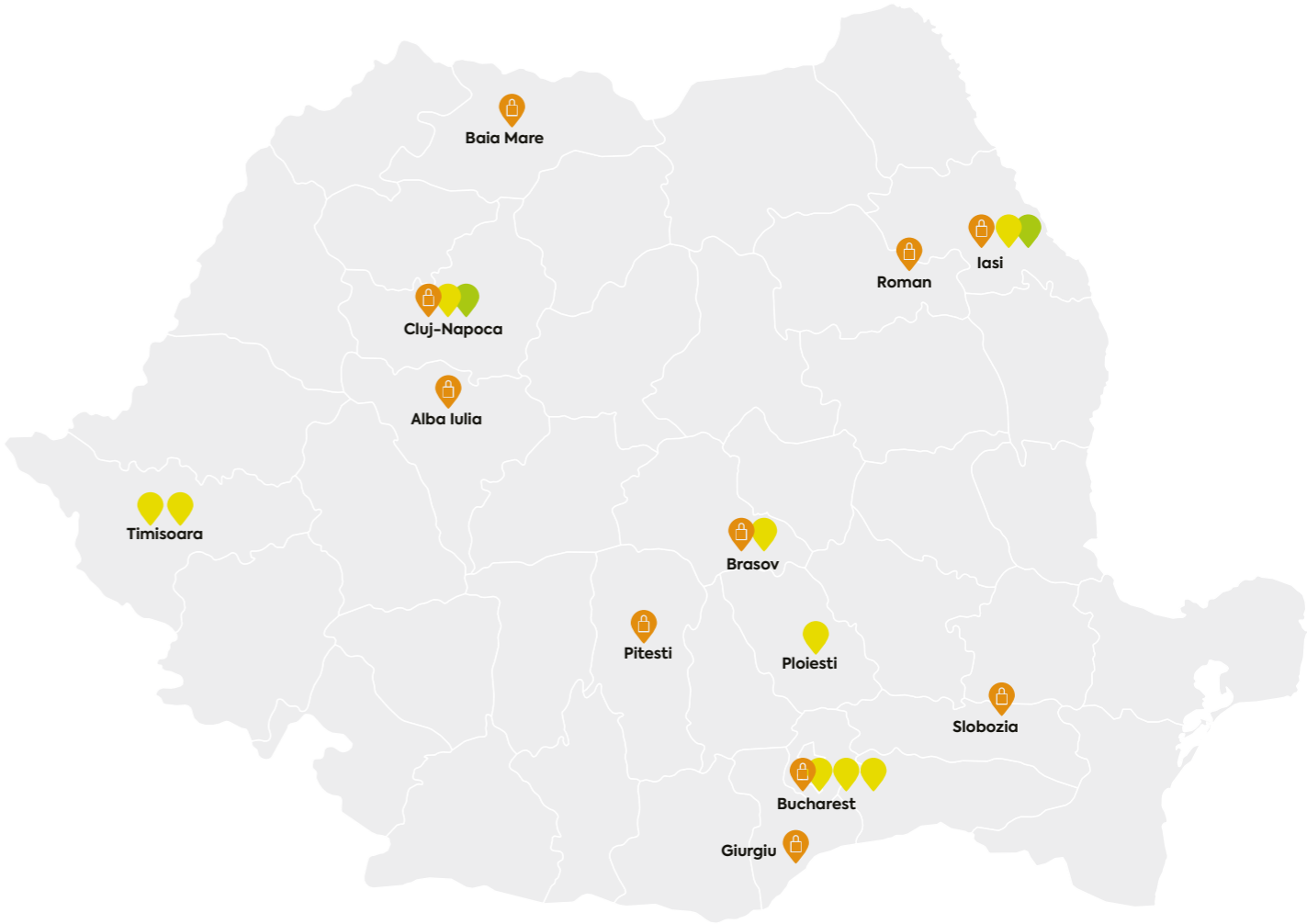
The DJV can attract its own credit facilities from banks. However, the DJV agreement limits the level of third-party debt that can be employed by the DJV on operational properties, to 50% LTV.

Once commercial properties become operational, the DJV typically refinances the completed assets with secured debt thereby unlocking invested capital.

## DJV’s development cycle

MAS significantly benefits from its investment in the DJV, on a downside-protected basis, via returns achieved by the joint venture through employing low-risk development approach, designed to substantially reduce development risk prior to capital outlays.

## Development pipeline



### Development Property: Commercial Retail

EM-Cluj Mall	Cluj-Napoca
EM-Mall Moldova – phase II	Iasi
EM-Arges Mall	Pitesti
EM-Alba Iulia Mall	Alba Iulia
OM-IMGB Value Centre	Bucharest
OM-Brasov Value Centre	Brasov
OM-Giurgiu Value Centre	Giurgiu
OM-Baia Mare Value Centre – extension	Baia Mare
SM-Slobozia – extension	Slobozia
OM-Roman Value Centre – extension	Roman

### Development Property: Residential

RZ-Spumotim Residential	Timisoara
RZ-IMGB Residential	Bucharest
RZ-Roman Residential	Brasov
RZ-Silk District	Iasi
RZ-Elba Residence	Timisoara
RZ-Avalon Estate	Bucharest
RZ-Cluj Residential	Cluj-Napoca
RZ-Marmura Residence	Bucharest
RZ-Pleiades Residence	Ploiesti

### Development Property: Commercial Office

Office-Silk District	Iasi
Office-Cluj	Cluj-Napoca



Rendering: Cluj Urban Regeneration Project

# Funding and liquidity

MAS uses debt and equity capital to fund direct and indirect investments, and commitments to joint-venture partner Prime Kapital. An adequate management of capital structure significantly contributes to the Group’s ability to create long-term value.

21.5%  
LTV

4.3  
ND/NRI

4.41%  
WACD

28.4% when adjusting for the cash settlement with respect to the acquisition of the six operational properties from the DJV.

### Financial Policy

The Group’s commitments may be funded via issued equity, retained earnings or, subject to internal financial policy, debt. Financial policy is set around conservative, self-imposed limitations, considerably more restrictive than covenant tolerances governing outstanding long-term debt.

To this end, the Group maintains, on a proportionate consolidated basis, its overall net debt limitation to 40% of current property value and other income-producing investments or seven-times forward-looking net rental income.

In addition, it seeks to fully hedge interest rate risk and minimise and/or fully hedge currency exposure. Capital allocation decisions are subject to holding adequate cash and liquid resources to fulfil existing commitments and having the requisite authorisations. Dividends are discretionary and distributions are paid from operational free cash-flows.

### Credit Rating

The Group maintained its credit ratings, Ba1 from Moody’s and BB (positive outlook) from Fitch during the 2022 financial year.

Credit opinion reviews published by the rating agencies reaffirmed MAS’ competitive position stemming from its quality retail assets with large catchment areas, a good credit-quality tenant base and a resilient operational performance despite business disruptions caused by the pandemic.

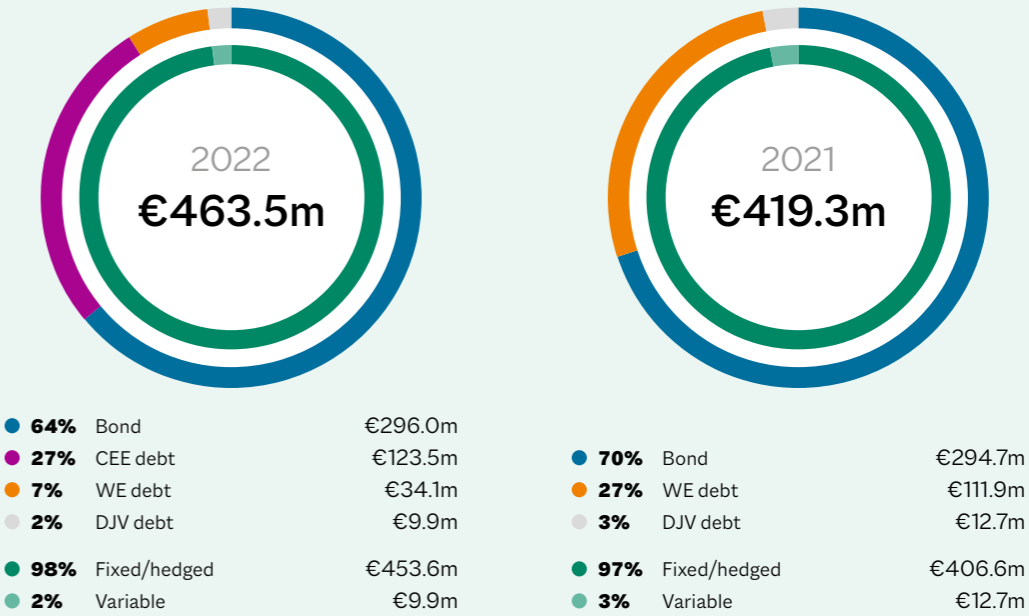
### Interest Rate Exposure

During the 2022 financial year, European debt markets deteriorated as a result of high inflation caused, in part, by supply chain constraints due to the pandemic and increasing energy prices precipitated by the Russian invasion in Ukraine.

As a result, to offset high inflation, central banks have increased interest rates leading to increased borrowing costs.

MAS actively manages and mitigates interest rate risk. On 30 June 2022, interest rates on the Group’s debt were either fixed or hedged, except for interest rates on the undrawn revolving facility.

## DEBT STRUCTURE AND INTEREST RATE EXPOSURE



### Debt Funding

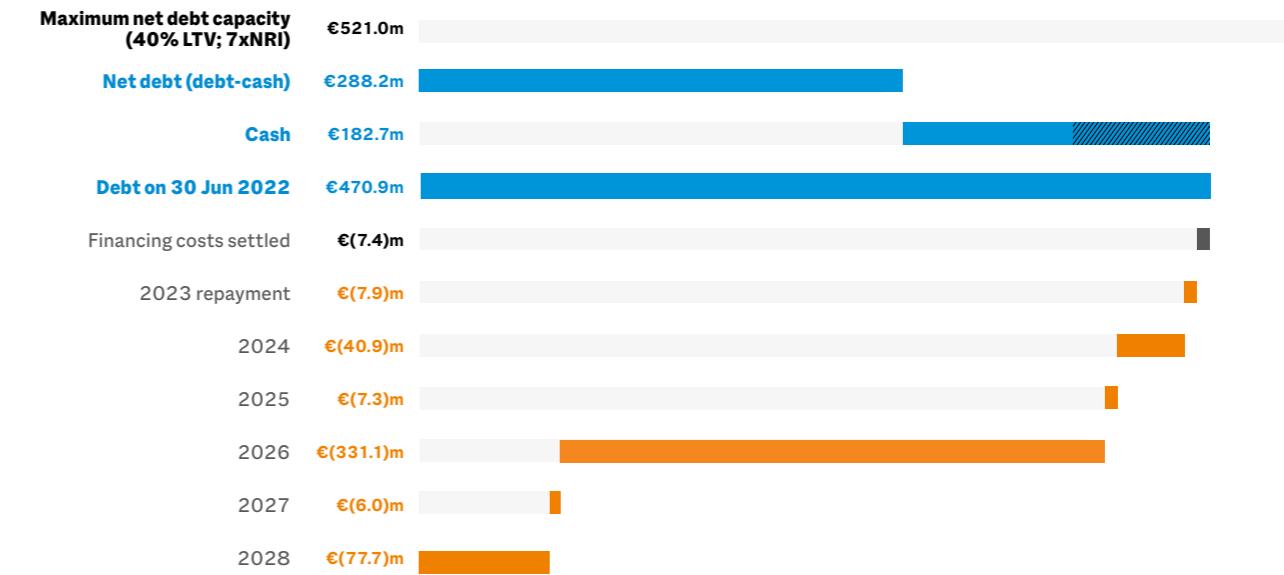
MAS’ total debt increased by €44.2million from 30 June 2021 (€419.3million) to 30 June 2022 (€463.5million). The variance reflects repayments of WE secured debt subsequent to asset disposals during the financial year and secured debt transferred with properties acquired from the DJV (effective on 30 June 2022). The latter has weighted average annual interest of three-month EURIBOR plus an approximate 3.3% margin and is fully hedged via interest rate caps until June 2028.

Due to WE asset disposals and subsequent repayment of bank loans secured against them, on 30 June 2022, MAS has no exposure to debt denominated in GBP, and the remaining debt is denominated in EUR.

Current debt levels ensure the Group maintains adequate flexibility, without exposing it to excessive risk. Secured debt totalled €167.4million on 30 June 2022 (€124.3million on 30 June 2021).

### Debt Repayment Profile

Headroom in respect of self-imposed net debt limitations, and the projected debt repayment profile are detailed in the following graph.



■ Settled financing costs of €7.4m were capitalised against total debt in accordance with IFRS.  
■ €89.8m payable for the acquisition of the six operational properties from the DJV.

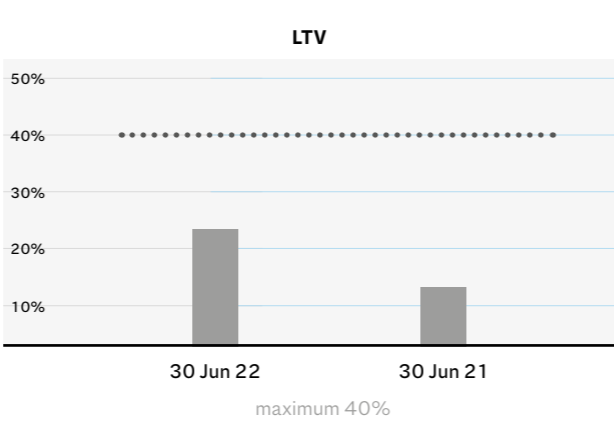
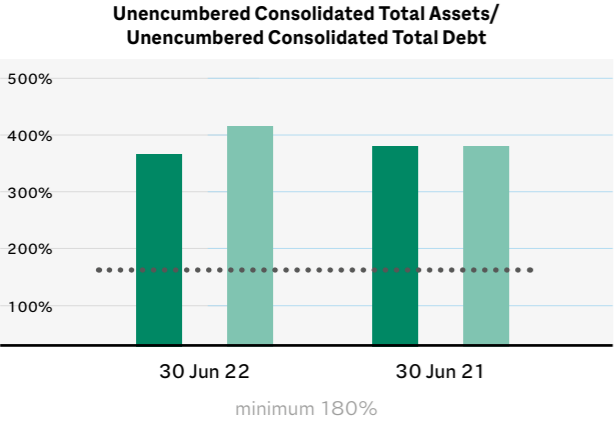
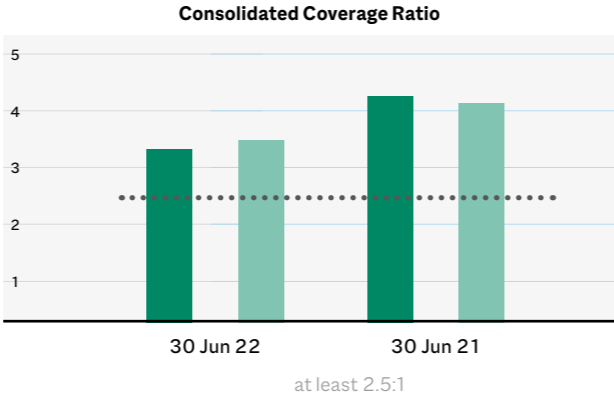
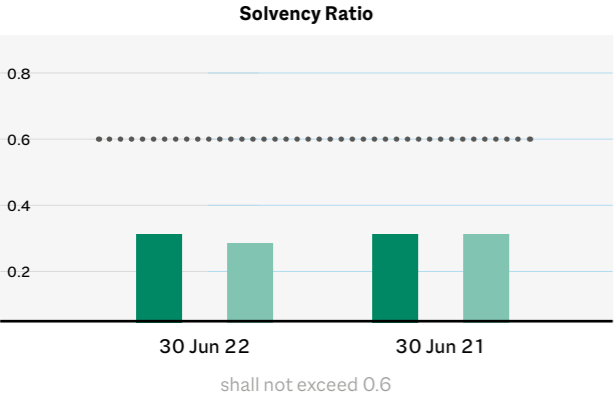
Debt Covenants

The Group is subject to financial covenants for bonds, unsecured revolving credit facility and secured debt. On 30 June 2022, the Group retains significant headroom on its secured debt facility covenants on LTV and historical and projected debt service coverage ratio requirements for each property.

MAS maintained significant headroom to covenant tolerances, both on an IFRS and proportionate consolidation basis in respect of both the bond and the unsecured facility. Also, Group’s self-imposed, long-term overall debt limit is considerably more restrictive than covenant tolerances, at a maximum LTV ratio of 40%, or, on a forward-looking basis, seven times net rental income.

Unsecured debt covenants

	Tolerance	30 June 2022	30 June 2021
<b>Solvency ratio</b>			
IFRS	shall not exceed 0.6	0.30	0.31
Proportionate consolidation basis	shall not exceed 0.6	0.29	0.31
<b>Consolidated Coverage Ratio</b>			
IFRS	at least 2.5:1	3.46	4.32
Proportionate consolidation basis	at least 2.5:1	3.70	4.23
<b>Unencumbered Consolidated Total Assets/Unencumbered Consolidated Total Debt</b>			
IFRS	minimum 180%	379%	381%
Proportionate consolidation basis	minimum 180%	407%	380%
<b>Group loan-to-value</b>			
LTV	maximum 40%	21.5%	12.6%



■ IFRS ■ Proportionate consolidated basis ■ LTV ..... Tolerance

Liquidity Sources

To optimise cash management, the Group maintains adequate sources of liquidity.

MAS had, on 30 June 2022, €202million in cash, listed securities and undrawn credit facilities (figure not proportionally consolidated) net of its €89.8million cash payment obligation to be settled after the financial year end in respect of the acquisition from DJV.

A comparison between liquidity sources on 30 June 2022 and 30 June 2021 is detailed below.



- 48% Listed securities €97.7m
- 42% Cash €84.3m
- 10% Undrawn facility €20m



- 75% Cash €287.1m
- 16% Undrawn facility €60.0m
- 9% Listed securities €33.6m



Photo: Dambovita Mall

# Shareholding Structure

30 Jun 2022	Shareholders		Shares	
	Number	% of total	Number	% of total
PUBLIC	6,595	99.48%	395,760,088	55.38%
NON-PUBLIC				
Significant shareholders	10	0.17%	305,858,109	42.80%
Prime Kapital and associates*	7	0.11%	153,643,517	21.50%
Government Employees Pension Fund	1	0.02%	61,444,389	8.60%
Attacq Ltd	1	0.02%	46,157,934	6.46%
Argosy	1	0.02%	44,612,269	6.24%
Directors and their associates*	8	0.12%	5,948,373	0.83%
Other share scheme participants	15	0.23%	7,079,199	0.99%
Total	6,628	100%	714,645,769	100%

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%

\* 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.



Photo: Marmura Residence

# Board of Directors

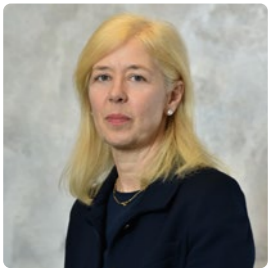
## Non-Executive Directors



**WERNER ALBERTS, Independent Non-Executive Chairman**  
**BCom Hons (Acc), CA (SA), ACA (ICAEW)**  
Werner was appointed Chairman of MAS’ Board of Directors in August 2021. He is Deputy Chief Executive Officer of Capital International Group and is a qualified chartered accountant with over 25 years’ experience in finance.



**BRETT NAGLE, Independent Non-Executive Director**  
**BCom Hons (Acc), CA (SA)**  
Brett is a Director of Safe Mode Investment Proprietary trading as Panacea Capital, a company focused on investment management. Previously he was Head of Investments for Royal Bafokeng Holdings Proprietary, Non-Executive Director of Impala Platinum Holdings, Independent Non-Executive Director of Attacq and worked for Rand Merchant Bank (RMB), a division of FirstRand Bank.



**CLAUDIA PENDRED, Lead Independent Non-Executive Director**  
**BA (University of Oxford), MA (Harvard), MBA (INSEAD)**  
Claudia was a Director of the European Bank for Reconstruction and Development (EBRD), managing the Bucharest office and later EBRD’s Property and Tourism team in London. Prior to this, she worked for the World Bank, NM Rothschild & Sons and J Henry Schroder Wagg. Claudia has over 25 years’ experience in Central and Eastern European markets and 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, Techtex and Invoice Cash. Prior to this, he held a broad range of senior executive and non-executive positions, including Chairman of Unicredit Bank, Romania, until 2020 and Chairman of NEPI Rockcastle for nine years until his departure in 2018. He has over forty years’ experience in the Central and Eastern European banking sector, having co-founded the Romanian Banking Institute and was instrumental in the Romanian banking reforms during the 1990s.



**MALCOLM LEVY, Non-Executive Director**  
**MCom, MBA, CA (SA), CFA**  
Malcolm co-founded MAS and served as Chief Financial Officer (CFO) for over nine years following its inception, becoming a Non-Executive Director in June 2019. Prior to this, he was an equities fund manager and investment analyst in London. Malcolm stepped down from MAS’ Board on 25 August 2022.



**MARTIN SLABBERT, Non-Executive Director**  
**BCom, LLB (cum laude), MCom (cum laude), Dip FMI, CF (England and Wales)**  
Martin has over 26 years’ experience in real estate, turnaround and finance, including fifteen 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. Prior to this, Martin was a Partner at Deloitte Central Europe (Corporate Finance) following an investment banking and corporate turnaround career in South Africa, which included various senior management roles before 2005. He served as MAS’ CEO between November 2019 and April 2022, and was appointed Non-Executive Director on 21 April 2022.



**MELT HAMMAN, Independent Non-Executive Director**  
**BCom Hons (Acc), CA (SA)**  
Melt has over 20 years’ experience in real estate and banking. Until April 2021, Melt was CEO of Attacq, and, since September 2021, he was Independent Non-Executive Director of Growthpoint Properties Limited. Prior to joining Attacq, he worked for FirstRand Bank Ltd in various divisions. Melt stepped down from MAS’ Board on 25 August 2022.



**PIERRE GOOSEN, Independent Non-Executive Director**  
**BCom (Law), LLB, MBA**  
Pierre is a Managing Partner of Argosy, a European private equity and venture capital investment business. Prior to this, 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 PricewaterhouseCoopers (PwC) Romania after 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 management consultancy. He oversaw the implementation of the International Financial Reporting Standards (IFRS) in Romania and is a member of the Audit Committee of the European Investment Bank. Vasile is also Non-Executive Director of two listed entities, Alro SA and Patria Bank, chairing their audit committees. He is a member of several professional bodies, including the Association of Chartered Certified Accountants (ACCA).

Executive Directors and Function Heads



IRINA GRIGORE, CEO

BCom, BSc

Irina has over fourteen years’ real estate and finance experience and is MAS’ CEO, appointed on 21 April 2022. Prior to joining Prime Kapital in 2019, and MAS shortly thereafter, she worked as Group Reporting and Management Information Systems Manager at NEPI Rockcastle, and senior auditor at PwC Romania. Irina served as MAS’ CFO from February 2021 and also as Deputy CEO since August 2021.



RALUCA BUZULEAC, CFOO

BSc

Raluca has over sixteen years’ real estate and finance experience and is MAS’ Chief Finance and Operating Officer (CFOO). Prior to joining Prime Kapital in 2016, and MAS in 2019, she was deputy CFO at NEPI Rockcastle, and senior auditor at PwC Romania. Raluca was appointed MAS’ Deputy CFO in December 2021 and CFOO in April 2022.



DAN PETRISOR, Executive Director - Capital Management and Investor Relations

BSc, MSc

Dan has over eight years’ investment, risk and portfolio management experience. He joined Prime Kapital in 2019, and MAS shortly thereafter, and held the position of Alternate Director to the CEO from 28 February 2020 and Capital Management Director of MAS. He was appointed Executive Director on 26 August 2021 (and is no longer Alternate Director). Prior to this, he was Portfolio Manager in listed real estate at Kempen Capital Management.



GABRIEL MALANCA, Director - Asset Management

BSc

Gabriel has over seventeen years’ real estate experience and is MAS’ head of the Asset and Property Management function. Prior to joining Prime Kapital in 2017, and MAS in 2019, he held the position of centre manager at NEPI Rockcastle and retail and expansion manager at Flanco.



MONICA PETRE, Director - Tax and Compliance

BSc

Monica has over 21 years’ tax consulting experience and is MAS’ Tax Director. Prior to joining MAS in 2020, she held senior tax roles with Immofinanz, Deloitte Central Europe and Haarmann Hemmelrath.



SIMONA MITRAN, Director - Finance and Reporting

BSc

Simona has over nine years’ real estate and finance experience and is MAS’ Finance and Reporting Director. Prior to joining MAS’ finance team in early 2020, she was Audit Associate Manager at KPMG Romania.

Board composition and length of service on 30 June 2022

Director	Appointment	Status
Irina Grigore	24 February 2021	Chief Executive Officer (CEO)
Raluca Buzuleac	6 December 2021	Chief Financial and Operational Officer (CFOO)
Dan Petrisor	26 August 2021	Executive Director
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, Lead
Dan Pascariu	13 January 2020	Independent Non-Executive
Malcolm Levy	16 February 2009	Non-Executive
Martin Slabbert	20 November 2019	Non-Executive
Melt Hamman	14 December 2018	Independent Non-Executive
Pierre Goosen	12 August 2014	Independent Non-Executive
Vasile Iuga	13 January 2020	Independent Non-Executive

On 30 June 2022, the Board comprised nine Non-Executive Directors, the majority independent (including the Chairman) and three Executive Directors. The balance of power and authority is maintained by clearly defined responsibilities at Board level, in compliance with the King IV Code on Corporate Governance (King IV).

The roles of Chairman and Chief Executive Officer (CEO) are clearly defined and segregated, ensuring no individual holds single and unlimited power or controls significant decision making processes.

Changes to the Board

The Board appointed Raluca Buzuleac as Executive Director and Deputy CFO on 6 December 2021.

On 21 April 2022, Martin Slabbert stepped down as CEO, and was replaced by Irina Grigore, former CFO and Deputy CEO (appointed in these roles on 24 February and 26 August 2021, respectively). Irina’s responsibilities as CFO were transferred to Raluca Buzuleac (former Deputy CFO). Martin remains a member of the Board as a Non-Executive Director.

Effective from 25 August 2022, Malcolm Levy and Melt Hamman stepped down from the Board. On the same date, the Board appointed Nadine Bird as CFO with effect from 1 February 2023.

She will take over Raluca Buzuleac’s finance responsibilities.

The Board has restructured its committees as follows.

- Audit and Risk Committee (ARC): Vasile Iuga (Chairman), Brett Nagle and Martin Slabbert.
- Remuneration and Nomination Committee (RemNom): Dan Pascariu (Chairman), Martin Slabbert and Werner Alberts.
- Environmental, Social and Ethics Committee (ESEC): Pierre Goosen (Chairman), Claudia Pendred and Irina Grigore.

These changes were approved and took effect from 25 August 2022, and do not affect compliance with King IV.

Consequently, the Board comprises seven Non-Executive Directors, of whom six are independent and three Executive Directors.

The Board is comprised of Directors with the skills, experience and/or qualifications required to make adequate judgements on matters related to risk, strategy, resource allocation, conduct and evaluation of performance. This proficiency and knowledge is comprehensive and balanced, and facilitates efficient business management. The majority hold, or have held, other non-executive positions, reinforcing their ability to fulfil appropriate committee roles.

The Board is fully committed to ethical leadership and independent judgement, demonstrating the importance of good governance and encouraging robust oversight and constructive challenge. When necessary, MAS engages with technical experts to advise the Board.

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



Roles and responsibilities

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

The Board is a focal point for, and custodian of, sound corporate governance and associated principles, which involves administering relationships with the Group management, shareholders and other stakeholders.

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

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

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

- establishing risk tolerances, performance metrics and sustainability goals;
- providing effective and ethical leadership;
- ensuring the Group is, and is seen to be, a responsible corporate citizen by also considering issues not directly related to financial impact, for instance the business’ effect on environment and society;
- supporting the establishment and effective management of an ethical culture ensuring that the Group’s ethical values are implemented and continuously managed effectively;
- ensuring proper management, control of, and compliance with, applicable legislation and regulations;
- establishing and continuous oversight of the effectiveness of an internal control and risk management framework;
- responsibility for risk and information technology governance;
- approving a Group strategy, which creates sustainable outcomes;
- ensuring compliance with applicable laws, rules and standards, and considering whether, or not, to adhere to non-binding rules, standards and best practices;
- ensuring 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 Company Secretary.

Independence of Directors

The independence of Non-Executive Directors ensures stakeholders’ best interests are recognised and actioned upon. King IV states that length of service can impact a Director’s independence, therefore the Board, through its RemNom, annually conducts specific independence assessments of Directors who have served for nine or more years. This balanced approach integrates experience with the fresh perspective of more recent appointments, and is intended to achieve an optimal combination.

MAS is an equal opportunities employer, and the Board is committed to non-discrimination and inclusion. The Board recognises that success relies on selecting the best people for required roles: individuals with a variety of perspectives and broad range of experience, aligned to a common purpose and sharing the same values, focused on achieving strategic objectives. The Board adopts strategies which increase the number of, and identify appropriate, potential candidates 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, in a non-discriminatory manner, is a priority.

CEO and Board effectiveness evaluation

Under the Board Charter, the Board is responsible for appointing and evaluating the performance of the CEO and Executive and Non-Executive Directors. The CEO role is crucial to the Group’s success. It is their responsibility to lead the business ethically, agree strategy, culture and values and ensure resources are effectively managed to achieve targets. The Chairman, assisted by the Chairman of RemNom, with technical support from the Company Secretary, ensure the Board’s effectiveness is periodically reviewed. The Lead Independent Non-Executive Director, with technical support from the Company Secretary, is responsible for leading the Chairman of the Board’s performance appraisal.

Directors periodically participate in written peer reviews of other Directors, focused on the attributes contributing to an effective Board, including, but not necessarily restricted to, strategic thinking, leadership, integrity, meeting preparation and overall contribution. The director skills assessment process gathers anonymous candid feedback on individual Directors. Such feedback stimulates insight, motivates development and enables Directors to enhance their contributions to both Board and committees. The latest full Board review and individual Directors’ assessments were undertaken during August 2022.

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 may propose themselves for re-election at the following Annual General Meeting (AGM). The Directors subject to retirement by rotation include any who wish to simply retire or the longest serving directors (as measured from appointment or re-appointment). Retiring Directors are determined by the Board’s composition at the end of every financial year.

Eligibility for re-election is based on the Board’s assessment of past performance and contribution. The Directors due for retirement at the 2022 AGM, and offering themselves for re-election, are Brett Nagle, Pierre Goosen and Werner Alberts.

The appointment of new Directors is performed by a Board resolution and any such appointment must be confirmed at the following AGM. RemNom identifies suitable candidates for Board appointments and ensures all appointments are formal and transparent.

Education, induction and training of Board members

The Board, through RemNom, oversees training and mentorship programmes for existing members. Board members must have appropriate working knowledge of MAS’ business and applicable legislation, rules, codes and standards. Updates and briefings on changes to business 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 and potential conflicts of interest. Therefore, all threats are monitored and a robust policy outlines what may constitute a conflict of interest, how it is reported and recorded and what steps must be taken to remove, manage or mitigate it. If a Board member has a personal, financial, economic or any other interest that might affect their actual or perceived objectivity, transparency or credibility, or is aware that a closely related person has a personal financial, economic or any other interest in such a matter, they must disclose it in general terms before it is considered at a Board or committee meeting and may not vote on it.

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

Directors and 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 significant changes occur. Directors and Company Secretary must annually declare their compliance with the Group’s Conflict of Interest Policy. Conflicts of interest are considered as a standing item on the agenda of each Board and committee meeting.

Directors’ dealings in Company’s securities

Rules regarding dealing in Company’s securities by Directors, Company Secretary, associates or staff members are detailed in the Group’s Securities Dealing Policy, and are regulated by the JSE Listings Requirements or other regulations, as applicable. All Directors and Company Secretary must obtain the Chairman’s written approval prior to any dealing in Company’s securities. In their absence, approval must be sought from the ESEC Chairman. The Chairman must obtain approval from the ESEC Chairman regarding his personal dealings. This approval must be made available to the Company Secretary who maintains a register of all dealings undertaken, and ensures appropriate disclosure is complied with, in line with JSE Listings Requirements. Associates of Directors, or of the Company Secretary, do not require the Chairman’s consent to deal. However, Directors must notify Company Secretary (or the Chairman if an associate of the Company Secretary) if an associate undertakes a transaction.

Disclosure of any dealings by Directors, Company Secretary, associates or staff members, must be made promptly and within strict time frames.

Dealing in MAS’ securities by Directors is not permitted under any circumstances during closed periods.

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

Directors’ compensation

RemNom is delegated with the responsibility of determining the compensation framework at all levels, including Executive Directors, and recommending its approval by the Board. The compensation of Directors is set by the Board, with advice from RemNom.

Company Secretary

The Company Secretary assists the Board in ensuring compliance with statutory and regulatory requirements and that Directors are informed of their responsibilities. The Board annually considers and satisfies itself that the Company Secretary has the necessary competence, qualifications and experience, and reviews interactions between the Company Secretary and its members to determine whether an appropriate relationship is maintained.

Board meetings attendance

The table below presents members’ attendance at Board meetings during the financial year and term of appointment.

Director	Board	ARC	ESEC	RemNom
Total number of meetings	4 meetings	4 meetings	1 meeting	3 meetings
Werner Alberts	4/4			2/2*
Brett Nagle	4/4	4/4		
Claudia Pendred	4/4	1/1*	1/1	
Dan Pascariu	4/4			
Dan Petrisor <sup>1</sup>	4/4			3/3
Irina Grigore <sup>2</sup>	4/4			
Malcolm Levy <sup>3</sup>	4/4		1/1	
Martin Slabbert <sup>4</sup>	4/4			
Melt Hamman <sup>3</sup>	4/4	3/3*	1/1	1/1*
Pierre Goosen	3/4			2/3
Raluca Buzuleac <sup>5</sup>	3/3*			
Vasile Iuga	4/4	4/4		
Victor Semionov <sup>6</sup>	1/1*			

<sup>1</sup> Appointed Executive Director on 26 August 2021.  
<sup>2</sup> Appointed Deputy CEO on 26 August 2021 and appointed CEO on 21 April 2022.  
<sup>3</sup> Stepped down from the Board on 25 August 2022.  
<sup>4</sup> Stepped down from his role as CEO and appointed Non-Executive Director on 21 April 2022.  
<sup>5</sup> Appointed Executive Director and Deputy CFO on 6 December 2021 and appointed CFOO on 21 April 2022.  
<sup>6</sup> Stepped down from the Board as Executive Director on 26 August 2021.  
\* Ratio computed based on number of Board or committee meetings held during the Director’s term of appointment to the respective forum.

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

The Board monitors the Company Secretary’s independence from management and satisfies itself that they possess the necessary skills and experience to perform their duties.

Committees

The Board established several permanent committees to assist in discharging its duties and responsibilities. The Board retains accountability, but delegates authority to committees and/or Executive Directors with clearly defined mandates. Considering its role and responsibilities, the Board considered that the following committees are required to properly discharge some of its duties: ARC, RemNom, and ESEC.

The roles, responsibilities and operating guidelines of committees are documented in each committee’s Terms of Reference and are compliant with King IV. Committees’ Terms of Reference are approved by the Board and are reviewed periodically, considering regulatory guidance and industry best practices, ensuring the Board and committees remain adaptive and responsive.

The current composition of committees is available in the Governance section on MAS’ corporate website.

The established committees are detailed below.

Audit and Risk Committee (ARC)

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

Remuneration and Nomination Committee (RemNom)

This committee’s Terms of Reference comply with King IV, and it reviews and sets the Group’s compensation framework, including staff’s share purchase plan allocations, oversees Directors’ appointments and evaluates Board’s size, composition, succession planning, as well as the appropriate skills and experience required to guide and oversee MAS’ business operations. The Committee meets at least annually.

Environmental, Social and Ethics Committee (ESEC)

ESEC oversees environmental and social strategy and monitors progress with its implementation. The committee also oversees and reports on the Group’s compliance with ethics and corporate citizenship.

The committee monitors and reviews adherence to applicable legislation, regulation and listing requirements, and ensures MAS’ ethical culture and core values are ingrained. 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.

High standards of corporate governance and ethics are intrinsic to MAS’ long-term vision and sustainability of business operations, and are driven by the Chairman, CEO and Board. To best serve the interests of shareholders and other stakeholders, MAS’ corporate governance is continuously reviewed, reassessed and improved. All underlying 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, safeguarding stakeholders’ interests. In addition to acting with integrity, the Board endorses the principles of fairness, responsibility, transparency and accountability advocated in King IV when conducting Company business.

The Board Charter, Fraud Prevention, Anti-Bribery and Anti-Corruption policies, the Codes of Conduct for Directors, staff and suppliers are all appropriately implemented and functional. There have been no incidents involving, or reports of, breaches, bribery, corruption or whistleblowing during the financial year.

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

Corporate governance principles

MAS has its primary listing on the Main Board of the JSE, and, with effect from 14 September 2022, a secondary listing on A2X. The Group remains committed to complying with the JSE Listings Requirements, general principles of good corporate governance and, particularly, the recommendations for best practice, as detailed in the corporate governance principles of 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 applied these principles, is available on MAS’ corporate website, at [www.masrei.com](http://www.masrei.com).

Corporate Governance Framework

The Board believes effective governance is achieved by creating, and maintaining, an appropriate culture of governance through leadership and collaboration. It is committed to the highest standards of integrity, ethics and governance. The Group recognises its responsibility to conduct affairs with prudence, transparency, accountability, fairness and social responsibility, while safeguarding the interests of all stakeholders. The Corporate Governance Framework is intended to underpin decision-making principles, via robust interrogation of the Group’s strategy, execution and performance. Effective risk management, coupled with 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 of, MAS. In addition to Board members and staff, this applies to suppliers, joint-venture partners and consultants. The Board Charter and 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 continued 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 Codes of Ethics and Conduct are reviewed periodically and updated as required.

Conflicts of interest disclosures

MAS has a Conflicts of Interest Policy and requires frequent declarations from Directors ensuring that they fully, and accurately, disclose any relevant information in a manner that is sufficient from a regulatory perspective.

Broad-Based Black Economic Empowerment

Being a foreign, inwardly-listed company on the JSE, MAS sought legal advice regarding obligations to report on compliance with Broad-Based Black Economic Empowerment (B-BBEE) in terms of the B-BBEE Act and paragraph 16.20 of the JSE Listings Requirements. It was concluded that MAS is not subject to any duty imposed on domestic South African companies. Notwithstanding, 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 it has fulfilled its responsibilities in accordance with the Board Charter and Code of Ethics and Conduct. MAS has complied with applicable legislation, particularly with reference to the incorporation provisions, as detailed in the Maltese Companies Act, and has conformed with MAS’ Articles of Association.

Furthermore, the Group has applied, in all material respects, the principles of King IV throughout the financial year.



Photo: Galleria Burgas

# Audit and Risk Committee



**VASILE IUGA**  
ARC Chairman  
Independent Non-Executive Director

MEMBERS



**Brett Nagle**  
Independent  
Non-Executive Director



**Martin Slabbert**  
Non-Executive Director

Melt Hamman stepped down from the Board on 25 August 2022, and was replaced on ARC by Martin Slabbert (Non-Executive Director).

## Committee’s Report

This is an overview of ARC’s governance, responsibilities, and discharge of duties during the financial year to 30 June 2022. During this period, the committee has overseen financial reporting, risk management, whistleblowing and fraud prevention arrangements and the independence, and effectiveness of external, and internal, auditors.

Composition

- In accordance with the Group’s corporate governance, and compliant with best practice, ARC:
- consists of a majority of Independent Non-Executive Directors;
  - is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board;
  - is composed of individuals fully conversant with finance and accounting principles, and knowledgeable in respect of the Group’s business, and

- consists of members with satisfactory understanding of IFRS, internal controls, external and internal audit processes and best practice, corporate law and information technology, as it relates to integrated reporting and governance processes.

If invited by the committee Chairman, the Board’s Chairman may attend ARC meetings, even if not a member of the committee.



Photo: Militari Shopping

Responsibilities

In accordance with its Terms of Reference, ARC has several key duties, that are detailed below.

Key Responsibilities	
Financial reporting	<ul style="list-style-type: none"><li>• Reviewing MAS’ annual report and financial statements (annual and interim).</li><li>• Reviewing the integrity of the Group’s financial statements and, to the extent delegated by the Board, other reports issued by the Group. Confirming these are fair, balanced and coherent, and provide stakeholders with the relevant information to accurately assess MAS’ performance, business model and strategy.</li><li>• Evaluating significant judgements, estimates and reporting decisions affecting financial reports, including accounting changes and decisions requiring significant reasoning or estimations.</li><li>• Reviewing the going concern statement.</li><li>• Reviewing the effectiveness of the Group’s finance function and CFO.</li><li>• Evaluating the effectiveness of internal financial control systems that assist in identifying, assessing, monitoring and managing financial risks, to ensure efficient operation.</li></ul>
Risk management, combined assurance and internal control	<ul style="list-style-type: none"><li>• Overseeing the implementation of an effective risk management policy.</li><li>• Assessing the Group’s major risks.</li><li>• Reviewing the risk management policy and its dissemination, ensuring full integration with day-to-day activities at all levels.</li><li>• Reviewing management’s risk monitoring and assessing the process’ effectiveness.</li><li>• Ensuring comprehensive, timely and relevant risk disclosures.</li><li>• Reviewing internal control systems to ensure adequate processes are in place to facilitate efficient operation.</li></ul>
External audit	<ul style="list-style-type: none"><li>• Recommending the appointment, reappointment or replacement of the external auditor to the Board.</li><li>• Overseeing external auditor relationship, including approval of fees and terms of engagement.</li><li>• Meeting external auditor to discuss matters arising from the audit findings reports.</li><li>• Overseeing external audit process and reviewing its effectiveness.</li><li>• Developing, implementing and monitoring a non-audit services policy for the external auditor, to aid in safeguarding, and avoiding threats to, auditor’s objectivity and independence.</li></ul>
Internal audit	<ul style="list-style-type: none"><li>• Reviewing and approving internal audit charter and annual internal audit plan.</li><li>• Reviewing effectiveness of internal audit function, including staffing, resource allocation and ability to implement the annual internal audit plan.</li><li>• Reviewing activities and structure of the internal audit function, ensuring no unjustified restrictions or limitations exist and that the internal audit function maintains independence.</li><li>• Reviewing and approving internal audit reports, including management’s action plans to address identified risks and any relevant control deficiencies.</li><li>• Monitoring implementation of action plans arising from internal audit reports.</li></ul>
Whistleblowing	<ul style="list-style-type: none"><li>• Reviewing procedures enabling members of staff to confidentially raise concerns about possible malpractice in financial reporting or other matters.</li></ul>

Committee’s activity during the financial year

Key focus

During the financial year, among other matters, the committee focused on:

- identifying, assessing and mitigating key risk factors related to the Company’s migration to Malta, specifically compliance with Malta Companies Act and local regulations;
- reviewing implementation of key policies;
- monitoring effectiveness of internal controls, including those on financial reporting and recommended practice;
- identifying risk categories using JSE’s proactive monitoring and mitigating factors, analysing recommendations and implications for the Group’s financial statements;
- confirming accounting for key audit matters included in audit reports adheres to International Financial Reporting Standards (IFRS);
- confirming that accounting for significant, and/or unusual, transactions is in accordance with IFRS or other relevant standards, as applicable;
- recommending the reappointment of external auditors, PricewaterhouseCoopers (PwC), and reviewing terms of engagement, audit fee proposals, independence, objectivity, non-audit engagements and findings reports, and
- keeping abreast of internal audit missions and findings, as well as monitoring implementation of internal audit’s recommendations.

Relevant matters during the period

A self-assessment is completed biennially, and the committee is satisfied ARC has fulfilled its duties, that members act independently and collectively have the requisite qualifications and experience.

The committee assessed the knowledge and experience of MAS’ CFO and the finance function and is satisfied they have the knowledge and experience to effectively perform their duties. ARC is satisfied that financial reporting processes operate efficiently.

During the financial year, following the Company’s migration, ARC supervised the transition of external audit teams from PwC Isle of Man to PwC Malta. The committee monitored, and ensured that, in addition to existing compliance obligations, the change in external audit firm and the designated audit key individual were timely and efficiently completed, meeting the Group’s requirements, as specified in the JSE Listings Requirements and Malta Companies Act. The committee has engaged in discussions with the Maltese external auditor to assess it has the appropriate knowledge, experience, qualifications and internal processes in place so that the transition from PwC Isle of Man to PwC Malta is seamless and did not impact the Group’s reporting timelines.



Meetings

The committee meets as necessary, but at least three times a year. The external auditor is invited to attend meetings when the committee plans to discuss the planning, findings and conclusion of the audit process, discuss and review consolidated interim or annual financial statements, and investment property external valuations’ assumptions and appropriateness. The external auditor is invited to other committee meetings as determined and requested by members.

The committee held four formal meetings during the financial year. Additionally, ARC held a meeting in August 2022 assessing the annual (consolidated and standalone) financial statements for the year to 30 June 2022, prior to recommending these for Board approval. During this session, the list of external independent valuers was reviewed and approved.

The main topics discussed and/or resolved at each formal meeting, held during the 2022 financial year, is detailed in the following table.

Meeting	Matters
August 2021	Reviewed and considered recommending to the Board the approval and release of the financial statements for the year to 30 June 2021.  Discussed with external auditor the audit quality and review process for the annual financial statements.  Reviewed effectiveness of Group’s finance function and CFO.  Reviewed and approved the internal audit activity report and an internal audit report.  Discussed key Group policies with management and approved updated valuation policy on review, and approval of, appointment of external independent valuers.
December 2021	Reviewed and approved the external audit fees for interim review and annual audit engagements.  Reviewed and approved non-audit fees for the external auditor’s involvement in the preparation of the 2022 sustainability report and review of the bond allocation report.  Reviewed and approved an internal audit report.
March 2022	Reviewed and approved external audit engagement letter.  Reviewed and considered for recommendation to the Board the approval and release of the interim financial statements for the six months to 31 December 2021.  Discussed with external auditor the interim review findings for the six-months to 31 December 2021.  Reviewed and approved amendments to the annual internal audit plan for 2022 financial year.  Discussed with internal audit function previous internal audit recommendation implementation report, ensuring all points had been actioned.  Discussed with management matters relating to Maltese legislation and MAS’ compliance with it.
June 2022	Discussed with external auditor the audit process in respect of the consolidated and standalone annual financial statements for the year to 30 June 2022.  Reviewed and approved updated Group policies included in the committee’s remit and the updated Group’s Internal Controls Framework.  Reviewed and considered for recommendation the approval of ARC Terms of Reference to the Board.  Reviewed and approved three internal audit reports, annual and multiannual internal audit plan, internal audit charter and internal audit manual.

Significant judgement and estimation uncertainties

ARC assessed the suitability of accounting policies and appropriateness of management’s judgements and estimates. The committee focused on key matters, particularly those involving complexity and management judgement or estimation, considering potential risks and impact on the Group’s financial results.

In relation to assessments relating to key audit, and other significant, matters, the committee obtained assurance from the external auditor as detailed in the following table.

Key audit matter	Committee’s assessment
Valuation of investment property and investment property held for sale	The valuation of investment property and investment property held for sale requires significant judgement and estimation. MAS obtained independent, individual asset valuation reports for each six-month period reported, and the committee discussed these, and the related assumptions, with external auditors and management.
Acquisition of Spark II Portfolio from DJV	The committee reviewed and assessed management’s key judgements and estimations when deciding the relevant accounting policies to be applied in respect of this material transaction concluded during the financial year. The committee discussed these accounting policies with management and reviewed the relevant disclosures included in the financial statements, ensuring compliance with applicable standards.

Combined Assurance Framework

MAS manages risk using a combined assurance model, involving multiple lines of defense, ensuring effective controls, risk management procedures and governance processes. This embodies the concept of holistic risk management, enabling the Group to manage exposure and optimise opportunities.

External auditor

ARC recommends to the Board appointment of the external auditor and oversees its effectiveness and independence by:

- reviewing the scope of annual external audit plan, including its appropriateness, key audit matters and materiality;
- assessing external auditor’s independence and audit quality, and
- appraising and approving external auditor’s remuneration.

ARC discussed the appropriateness of key audit matters, confirmed the external auditor adequately fulfilled its responsibilities and has the requisite qualifications, knowledge and resources to discharge its duties, based on paragraph 22.15(h) of the JSE Listings Requirements, especially in the context of the migration to Malta.

PwC confirmed its independence and that it maintains the necessary internal safeguards to ensure objectivity. Except the external audit, the two parties are satisfied that no relationships exist between them, which might affect the external auditor’s independence and objectivity.

The committee reviewed the appropriateness of the external auditor’s fees with reference to the Company’s migration to Malta, the financial year’s challenges and complexity, additional communication and the audit’s multi-jurisdictional nature, concluding the fees are commensurate and sufficient to perform a quality audit.

PwC’s approved fees for 2022 and 2021 financial years are detailed in the following table.

	30 Jun 22	30 Jun 21
	€’000	€’000
Group interim review fee*	109	100
Group year-end audit fee*	495	474
Statutory and standalone audit fees	172	84
Non-audit fees**	221	156
Total	997	814

\* Includes full fees for audit work performed in respect of the DJV in the context of MAS’ financial statements.

\*\* Non-audit fees incurred during the financial year to 30 June 2022 relate to the external auditor’s involvement in the 2022 sustainability report, bond allocation report and accountants’ independent reporting on proforma financial information included in the circular to MAS’ shareholders for the Transactions with the DJV.

The Group’s non-audit services policy states all the external auditor’s non-audit services require the committee’s approval before being engaged by MAS and the scope of work must be clearly determinable. The policy applies to the Company and all its subsidiaries. These requirements were observed and complied with in respect of non-audit services commissioned during the financial year.

Risk management

Effective risk management is essential to achieving strategic and operational objectives and goals, and good management. It is also crucial to corporate governance, as it is integral to decision making and day-to-day management, and is incorporated into the Company’s strategic and operational planning.

Ultimately, managing risk is the Board’s responsibility, and, without abdicating its authority, the Board has delegated this function to ARC, which oversees risk management.

Management is responsible for implementation of risk management to day-to-day operations. The committee focuses on key risks affecting MAS and ensures these are regularly assessed.

Internal controls

The Group’s internal control framework incorporates the following matters:

- 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 the 2022 financial year.

Whistleblowing

ARC is responsible for overseeing the Group’s Whistleblowing Policy, that provides a formal framework for staff members and Directors to raise concerns if they observe misconduct or illegal activities within the organisation or supply chain.

This is facilitated by maintaining a dedicated, independent and confidential Whistleblowing Hotline, available for staff 24/7 and operated by an independent chartered accountancy firm. Anonymous concerns can be raised by email, online or by telephone.

This year, there were no instances of whistleblowing.

Conclusion

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

The committee is satisfied it discharged its duties in accordance with its Terms of Reference from the Board.

— Vasile Iuga  
CHAIRMAN, ARC

# Key risks, opportunities and uncertainties

Effective risk management is fundamental to business management, corporate governance and achieving strategic and operational objectives. MAS’ Executive Directors and Function Heads have the authority and responsibility to design and implement mitigating strategies and contingency plans, while the Board, assisted by the ARC, is responsible for exercising direct oversight.

### Risk tolerance/appetite

Adequate risk management leads to enhanced capabilities to improve long-term total returns and improves understanding of related threats. MAS’ level of risk tolerance is reflected in its business principles and rules of conduct. MAS’ risk management is aimed at:

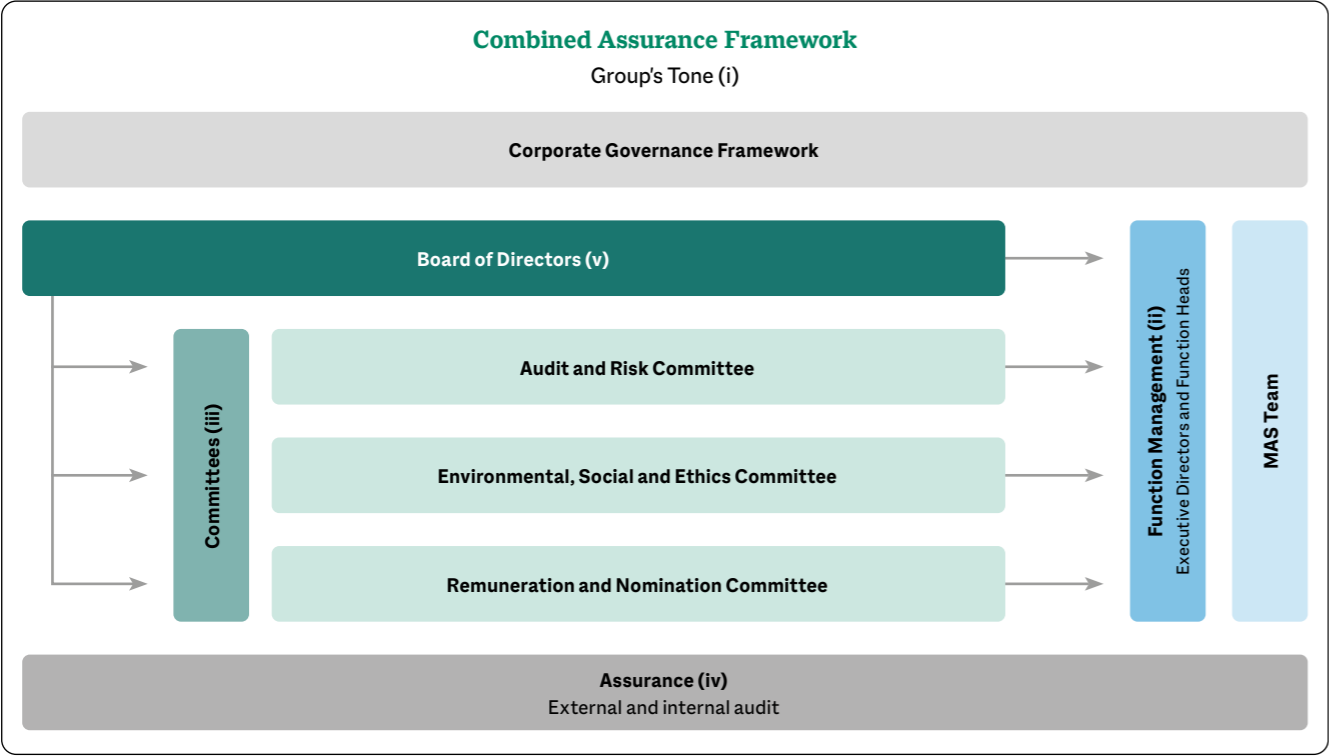
- optimising systematic processes for improved risk management;
- fostering a culture of risk and control;
- practicing risk management proportional to size, nature and complexity of Group’s activities, and
- maintaining overall prudence in case of unclear risk circumstances, and uncertainty in respect of methodology to be employed.

### Combined Assurance Framework

In line with King IV, the Group implemented a combined assurance model to manage risk, ensuring effectiveness of controls, risk management procedures and governance processes. This model incorporates, and optimises, all assurance services and functions to create an effective control environment, which ensures the probity of external reports and supports the integrity of information used by management and the Board and its committees, when making decisions.

### Approach

The Combined Assurance Framework imposes five lines of defence to manage risk across the organisation and ensure effective controls, risk management and governance. These defences emphasise the fundamental concept of risk management and support its execution.



### Lines of defence

#### i. Tone

Tone refers to MAS’ collective philosophy. Established by the Executive Directors and Function Heads, and reinforced by staff’s behaviour, it cultivates collective risk responsibility. Tone is set and reinforced through:

- Group vision and mission;
- Group core values;
- ensuring the approach to risk of the Executive Directors and Function Heads, is aligned with the Board’s communication and values;
- the Corporate Governance Framework, which sets parameters for most operations;
- independent committees implementing Risk Management Framework and overseeing risk, and
- enforcing that early risk identification and active management thereof remains an individual responsibility and priority, and ensuring staff adheres to this edict.

#### ii. Function management

Management is responsible for all MAS’ operations and is ultimately responsible for managing risk and establishing tone. The Executive Directors and Function Heads design, implement and monitor controls to address identified risks.

#### iii. Committees

ARC and ESEC share responsibility for ensuring risk management procedures and governance operate effectively throughout the organisation. These committees independently review the Group’s operations and are responsible for alerting the Board to material weaknesses and provide insight and knowledge to function management.

#### ARC

ARC is independent and oversees the effectiveness of risk functions and services, especially the Combined Assurance Framework, that includes external assurance service providers, risk management, internal audit and finance functions. It is also responsible for supervising the Group’s internal financial control systems, which identify, assess, manage and monitor financial risk, as well as other internal control and risk management systems.

#### ESEC

ESEC independently monitors governance by utilising a Group-wide framework, ensuring efficient policies and procedures and reviews staff adherence to the framework.

#### iv. Assurance

Assurance combines external and internal audit. The external auditor’s primary purpose is providing an independent opinion on MAS’ financial statements. The internal audit uses a systematic, disciplined approach, which supports the achievement of risk management objectives, control and governance.

#### External audit

The external auditor is appointed by the Board, based on ARC’s recommendation. It audits the Group’s annual financial statements in respect of MAS’ financial year to 30 June, and reviews the 31 December interim financial statements.

The external auditor reports any significant findings to ARC, including any identified deficiencies in internal controls. Furthermore, ARC holds a closed-door meeting with the external auditor to ensure open and transparent communication, at least annually. Executive Directors do not attend.

#### Internal audit

The internal audit function provides assurance on the effectiveness of all lines of defence, especially in relation to risk management. The internal audit function reports directly to ARC, which also approves the internal audit plan. During the 2022 financial year, the internal audit provided insight into the Company’s culture, policies and procedures, assisted management in enhancing Group-wide consciousness of internal controls and provided valuable advice on optimising controls for improving operations. Furthermore, based on risk considerations, the internal audit function developed a multi-annual internal audit plan containing all planned engagements from the beginning of the 2022 financial year to end of the 2024 financial year.

#### v. Board of Directors

The Board is the last line of defence. It ensures an appropriate balance is in place between risks and returns by acting on information provided by staff,

Function Heads, Executive Directors and Board committees, particularly by ARC. This allows the Board to have oversight of risk management processes and respond appropriately to relevant risks.

### Risk management process

#### 1. Risk identification

Identification is the starting point of risk management, setting the foundation for subsequent steps, and aims to expose, detect and document all possible sources of risks potentially affecting achieving the Group’s objectives. Risk identification is a two-tiered system, combining a top-down approach, involving the Board identifying key strategic risks, with a predominantly bottom-up approach, where key operational risks are identified by members of staff, including Executive Directors and Function Heads.

#### 2. Risk assessment and measurement

An essential prerequisite for managing risk, and related decisions, is measuring potential impact of various risks. The Group’s inherent risks are frequently reassessed by closely following developments in the economy and market, as well as strategy at Group and asset level. A risk impact matrix details the likelihood and impact of incidents, assisting threat comparison and prioritisation. The measurement of risk factors is based on two approaches as described below.

- Quantitative approach: risks with sufficient historical data to be empirically measured, quantified and statistically analysed.
- Qualitative approach: risks which cannot be assessed quantitatively, due to their nature or insufficient data being available. Typically, this results in an estimate of frequency/severity or uses a scaling approach, such as ‘high’, ‘middle’ or ‘low’.

Once identified, a risk’s severity is assessed based on potential impact, likelihood of occurrence and the measurement of residual risk: defined as the remaining threat after considering the mitigation provided by existing controls. As a result, a comprehensive understanding of the effectiveness of these controls is required, and close correlation with the internal controls framework is advantageous.



3. Risk response

Controls mitigate risks, and suitability and effectiveness are frequently monitored and evaluated. Management is responsible for implementing control systems to mitigate identified risks. Internal controls do not eliminate risks but assist in understanding them and

help reduce impact, providing reasonable assurance that business objectives will be met.

4. Risk monitoring

ARC meets at least three times a year, to monitor the effectiveness of risk management processes.

ARC reviews the effectiveness of the internal control system and Executive Directors’ evaluation, thereof.

5. Risk reporting

MAS uses a risk register as a reporting and monitoring tool ensuring effective risk identification and mitigation.

Key risks and opportunities

When considering risks and opportunities, their likelihood and potential impact is assessed. A summary of the key risks and opportunities considered is detailed below.

R1: Economic and/or political uncertainty in key market(s)

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Global economic and financial market effects. Political unrest/economic downturn specific to, or disproportionately impacting, Central and Eastern European markets.	Macroeconomic instability due to increased inflation and interest rates, putting pressure on consumers’ disposable income, indirectly affecting tenants’ sales and profitability. Asset valuations adversely impacted. Tenants experience challenging trading conditions and are unable to service rents due to increased occupancy costs and/or unwilling to commit to new/long-term leases.	Close communication with tenants to understand commercial implications for assets. Safeguarding the business by ensuring adequate liquidity is available if necessary. Macroeconomic 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.	Probability: possible occurrence Impact: moderate

R2: Liquidity risk

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Funding not available to meet MAS’ obligations.	Inability to meet cash commitments relating to: <ul style="list-style-type: none"><li>PKM Development, and</li><li>obligations to staff, lenders and/or suppliers.</li></ul>	Availability of the unsecured revolving credit facility of €20m (which can be increased up to €60m). Robust liquidity management processes in place. Optimising capital expenditure and commitments, ensuring attractive returns on investment. Utilise subsidiaries’ cash reserves. Review dividend policy.	Renegotiate covenants and commitments.	Probability: possible occurrence Impact: moderate

R3: Listed securities exposure risk

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Loss in value of listed security investments due to stock market volatility.	Fair value losses recorded in the short- and medium-term. Crystallisation of medium-term liquidity/ funding risk (see R2).	Competent management of listed securities investments.	Investing in listed securities with potential for appreciation in value and consistent generation of distributable income.	Probability: possible occurrence Impact: moderate

R4: Increased cost of debt

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Increased interest rates on debt squeeze operating margins, tightening covenant headroom. Shortage of financing at acceptable cost. Adverse changes in macroeconomic conditions or MAS’ performance may lead to a rating downgrade and/or limited capital availability.	Higher debt costs and/ or restricted availability of debt, reducing net operating margins on investment properties and putting covenant tolerances under threat. Falling asset values and relatively interest rate increases could have material implications on cost and availability of debt, leading to potential covenants breaches.	Short-term risk largely mitigated by long-term low interest rate debt instruments (including fixed) balancing secured borrowing and currency exposure. Increased caution in gearing to not breach funding covenants and/or self-imposed long-term LTV limitations. Interest rate hedging policy regularly monitored.	Acquisition prices relative to return expectations reduce for future direct investments offsetting increased finance costs.	Probability: possible occurrence Impact: moderate

R5: Tax legislation risk

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Changes to tax legislation may result in materially increased exposure.	Tax increases.	Tax landscape is continuously monitored by Director of Tax and Compliance.	–	Probability: possible occurrence Impact: moderate

R6: Health and safety risk

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Lower and/or falling asset values, decrease in rental income or decreases in tenants’ commercial performance if further restrictions due to the pandemic are imposed.	LTV increase due to decreases in valuations and covenants potentially threatened or breached.	Increased scrutiny of covenant headroom, as part of facility agreement negotiations. Regular monitoring of covenant headroom. Implement strict health and safety measures.	Potential acquisitions of distressed assets inadequately managed.	Probability: remote possibility Impact: possible

R6: Joint Venture partner risk

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

R8: Direct acquisitions of commercial assets

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
Investments in Central and Eastern European commercial assets partly funded by proceeds from the disposal of Western European assets.	Overestimating the commercial potential of target properties when making acquisitions. Substantial capital expenditure potentially required.	Perform thorough analysis at a macro- (catchment, competition, socio-economic and consumer patterns) and micro-level (financial, asset management, legal and technical due diligence processes) using methodology employing cross-disciplinary knowledge and data-driven decisions. Increased caution and discipline when considering potential acquisitions.	Accretive investment opportunities benefitting long-term growth. Implementation of asset management initiatives increasing long-term total returns.	Probability: highly unlikely Impact: moderate

R9: Rapid growth in e-commerce with negative effect on brick and mortar retail

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
MAS misinterprets, or underestimates, challenges facing brick-and-mortar retail, due to rapid online retail growth.	Potential impact on tenants’ sales and profitability, reducing rental income. Reduced income streams due to downward rent renegotiations. Increased risk of bad debts and lower asset valuations.	Continuous monitoring of retail trends and market results where MAS operates. In the short- to medium-term, Central and Eastern European markets have inadequate retail supply and logistical barriers to e-commerce and are considered more resilient. Asset management initiatives increasing attractiveness of retail properties.	Reconfiguration of retail assets to maximise value and optimise tenant mix. Central and Eastern European market’s current barriers to e-commerce penetration ensure retail remains an attractive proposition.	Probability: remote possibility Impact: major

R10: Stakeholder risk and expectation management

CONTEXT	IMPLICATIONS	RESPONSE	OPPORTUNITY	CONTROLLED RISK RATING
MAS does not engage with, or consider, all stakeholders.	Certain stakeholders could be alienated, withdrawing support.	Group maintains an excellent relationship with stakeholders, and communicates transparently. Continuously seeking to improve and maintain high quality of public disclosures. Continuous engagement with stakeholders to understand their needs.	Improve MAS’ profile in regions where stakeholders are located and increase interaction with current, and potential, stakeholders.	Probability: remote possibility Impact: moderate

# Environmental, Social and Ethics Committee



**PIERRE GOOSEN**  
ESEC Chairman  
Independent Non-Executive Director

MEMBERS



**Claudia Pendred**  
Independent  
Non-Executive Director



**Irina Grigore**  
CEO

Malcolm Levy and Melt Hamman stepped down from Board on 25 August 2022. With effect on the same date, the committee membership includes Pierre Goosen as Chairman, and Irina Grigore as member of ESEC.

## Committee’s Report

This is an overview of ESEC’s governance and responsibilities, detailing how it discharged its duties in accordance with the committee’s Terms of Reference during the financial year to 30 June 2022.

Composition

- ESEC:
- consists of at least three Directors;
  - is chaired by a Non-Executive Director, who is not the Chairman of the Board, and
  - is comprised of members who are sufficiently knowledgeable about the Company’s affairs, and have the relevant qualifications and experience to perform their duties effectively.
- The committee performs a self-assessment biennially. Following its assessment for the financial year to 30 June 2022, the committee is satisfied it has fulfilled its duties, that members acted independently and collectively had the requisite qualifications and experience.

Responsibilities

Key Responsibilities	
Compliance and ethics	<ul style="list-style-type: none"><li>• Monitoring and reporting on the Group’s developments with respect to sustainability matters, stakeholder relationships and business ethics, and, if necessary, altering the Corporate Governance Framework to address these matters.</li><li>• Assisting the Board in monitoring and fostering an ethical culture.</li><li>• Reviewing compliance with applicable legislation and non-binding rules, codes and standards supporting ethical behaviour.</li><li>• Assessing the Corporate Governance Framework’s compliance with relevant laws and regulations, including the King IV and the JSE Listings Requirements.</li></ul>
Internal policies	<ul style="list-style-type: none"><li>• Reviewing MAS’ policies and procedures pertaining to corporate culture.</li><li>• Reviewing documentation related to conflicts of interest, Directors’ declarations of interest, and insider list, to ensure all relevant corporate governance registers are regularly reviewed, updated and confirmed. This information is maintained by the Company Secretary.</li><li>• Reviewing, updating and approving any policy, or statement, as delegated by the Board to the committee.</li><li>• Considering if health and safety procedures are designed and implemented to protect staff, tenants, suppliers and public.</li></ul>
Whistleblowing	<ul style="list-style-type: none"><li>• Reviewing Whistleblowing Policy.</li><li>• Monitoring reports of fraud, bribery and improper behaviour.</li></ul>
Fraud detection and prevention	<ul style="list-style-type: none"><li>• Reviewing fraud detection procedures.</li><li>• Reviewing procedures enabling staff 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 proportionate, independent investigation and resolution.</li></ul>
Sustainability	<ul style="list-style-type: none"><li>• Reviewing sustainability reports.</li><li>• Monitoring and reviewing environmental, social and governance (ESG) sustainability measures and policies for Board approval.</li></ul>

Committee’s activity during the financial year

Key focus

The committee’s key function is ensuring MAS treats corporate citizenship, and associated matters, seriously and rigorously, including sustainability, environmental impact, stakeholder relationships, interaction with, and impact on, communities, the treatment of, and investment in, staff, health and safety and corporate culture. It sets sustainability policies, monitors implementation and oversees the social and environmental impact of the Group’s activities.

Meetings

The committee meets at least annually. During the financial year, one fully attended meeting was convened, during December 2021.

This involved discussions with management on:

- key Group policies, including changes necessitated by the Company’s migration to Malta;
- the Group Staff Framework;
- the process for reporting sustainability matters, and
- the appropriateness of investor relations.

After 30 June 2022 and up to the date of this Annual Report, the committee has had two additional meetings, one in August 2022, and one in October 2022. The first focused on updated policies’ implementation since MAS’ redomiciliation to Malta. The meeting held in October, attended by committee membership following changes to its structure end August 2022, was aimed at reviewing, and approving the 2022 Sustainability report.

King IV compliance

MAS implemented King IV in 2018, bringing business processes and standards in line with its principles. Since, it reports annually on its application via a King IV Application Register, made available on MAS’ corporate website.

The committee appraised the 2022 King IV Application Register and recommended it to the Board.

Fostering an ethical culture

King IV’s core values emphasise ethical leadership and culture, good corporate citizenship and high standards of behaviour for the Board, staff and suppliers, and are detailed in the relevant

Codes of Conduct. The committee oversees these values and recommends any changes required to ensure a strong ethical culture.

Sustainability in development and responsible management

Aware of its social, economic and environmental impact, the Group has implemented key initiatives across operational assets, including sustainable design, using green energy and extensive community engagement (detailed in ‘Sustainability report’).

Additionally, integrity is one of MAS’ core values, hence ethical sourcing and practices are fundamental.

Health and safety

Focus on health and safety procedures is continual, ensuring the safety of staff, tenants, suppliers and visitors to Group’s retail centres.

Stakeholder relationships

Stakeholder communication is fundamental. The opinion of investors and other stakeholders, especially their perception of the Company, is greatly valued. The committee ensures regular engagement with investors and stakeholders is undertaken.

Joint venture partners

The relationship with Prime Kapital, the Group’s joint venture partner since 2016, is focused on pursuing appropriate regional investment and development opportunities. Conflicts of interest due to this relationship are robustly managed by the Board, and the committee monitors that the Conflicts of Interest Register, Directors’ declaration of interests register and insider list are appropriately maintained and updated by the Company Secretary.

Staff

People are central to MAS, and the committee, with Executive Directors and Function Heads, aim to create long-term stakeholder value. Staff members are encouraged to develop, constantly improve and learn.

The committee reviews, and recommends, appropriate staff policies, ensuring business targets are met in view of achieving the Group’s long-term strategy. In addition to the staff Code of Ethics and Conduct, Group policies state what standards of performance and behaviour are expected, and periodic staff reviews are undertaken to ensure compliance.

Tenants, suppliers and third parties

Well-established relationships are necessary to achieving long-term shareholder value, and the Company has strong, direct communication with all tenants.

This open dialogue enables MAS to capitalise on opportunities, such as relocations within centres, lease prolongations and various asset management initiatives. Interactions with suppliers and other third parties are governed by a strict Code of Conduct, regardless of jurisdiction or local practice. The Company ensures that all engagements adhere to this code.

Compliance

The committee ensures the business is aware of, and complies with, all applicable legislation and regulations. It monitors compliance and annually reviews the Corporate Governance Framework.

Whistleblowing

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

Priorities

The committee’s key targets for the following year are to:

- continue to foster an ethical culture and ensure the Group’s core values are adhered to throughout the organisation;
- monitor the implementation of key initiatives across operational assets, and
- continue maintaining active dialogue with stakeholders.

Conclusion

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

— **Pierre Goosen**  
CHAIRMAN, ESEC

# Sustainability Report

MAS’ business strategy is based on creating long-term value while playing a positive role in society. The short- and long-term economic, social, and environmental impact is crucial when evaluating investment decisions. MAS’ strategy includes consideration of the social and environmental effects of its activities and investments.

## Sustainability at MAS

MAS continually monitors, evaluates, and improves the environmental, social and economic impact of its activities. Typically, properties and real estate activities affect the environment via energy use, direct and indirect greenhouse gas (GHG) emissions, water usage, and waste generation. The Group is committed to increased transparency in sustainability reporting and reporting on sustainability in accordance with Global Reporting Initiative (GRI) Standards. The European Public Real Estate Association’s (EPRA) Sustainability Best Practices Recommendations (SBPR) are also considered with reference to methods of computation and units of measurement for indicators reported. However, this report is not prepared in compliance with EPRA SBPR.

MAS’ material sustainability topics are identified as subcategories of the following three key pillars:

- Environment (Environmental);
- Community (Social), and
- Organisation probity (Governance).

which, together, support MAS’ commitment to sustainable business decisions aimed at creating long-term value. MAS’ focus for the following financial year is to continue its responsible, efficient, and sustainable use of natural resources, and investment in, and operation of, green income properties, which contribute to social well-being.

## Sustainability governance

→ GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-23

MAS is a responsible corporate citizen, acknowledging the importance of efficient and transparent corporate governance as part of its corporate strategy. The Board is aware of its obligation to manage the Group with openness, accountability, fairness, and social responsibility, preserving the interests of stakeholders. To this end, the Board has delegated part of its responsibilities to ESEC, to oversee certain sustainability-related matters.

MAS remains committed to complying with King IV Code on Corporate Governance.

ESEC is responsible for:

- overseeing and monitoring environmental matters;
- reporting on compliance with ethics and corporate citizenship principles;
- monitoring and reviewing compliance with all relevant laws, regulations, and listing requirements applicable to MAS, and
- ensuring that ethical principles are ingrained in the corporate culture.

Sustainability governance is enforced via a well-defined environmental and social strategy and tracking progress via regular reporting in accordance with internal policies and procedures as listed below.

- Green Financing Framework
- Sustainable Procurement Policy
- Environmental Policy;
- Code of Ethics and Conduct;
- Whistleblowing Policy;
- Fraud Prevention, Anti-bribery and Anti-corruption Policy;
- Conflicts of Interest Policy, and
- Share Dealing Policy.

## Risk assessment and reporting

→ GRI 2-3, GRI 2-4

Climate risk is important for MAS’ risk management. The Group acknowledges its environmental responsibility and aims to achieve a low-carbon footprint.

MAS is evaluating the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB, an international body that monitors and makes recommendations regarding the global financial system), on its sustainability strategy in order to address climate change risks and ensure that relevant sustainability data is disclosed to stakeholders.

The Group includes in its risk assessment climate change as a relevant current global challenge, which brings both threats and opportunities for all businesses.

Effective risk management is fundamental to good corporate governance and management, as well as to achieving strategic and operational objectives. Day-to-day risk management and the implementation of mitigation strategies is Executive Directors’ responsibility, while ARC focuses on, and continuously evaluates, the most important risks, as delegated by the Board.

Committed to increased transparency and a sustainability-focused approach, MAS has prepared this report (the 2022 Sustainability Report) with reference to GRI Standards, as an integrated part of its Annual Report.

For all energy, waste, and water indicators, the reporting period is the financial year, from 1 July 2021 to 30 June 2022 (2022 financial year). This report is MAS’ first Sustainability Report with reference to GRI Standards, therefore information for the two preceding financial years was included as comparative.

GHG emissions figures for 2021 and 2020 financial years are restated, mostly as a result of changing conversion factors used in compilation and categorisation by scope, as explained in section ‘GHG emissions’. There are no other restatements to prior financial years’ information.

This report refers only to income properties operated by the Group in CEE, owned either directly or indirectly via the DJV. Operational information with respect to properties owned by DJV is presented in full (figures not proportionally consolidated).

## Material sustainability topics

Environment	Community	Organisation Probity
Energy management (electricity, gas and GHG emissions)	Community engagement	Ethics and integrity
Water management	Health and safety	Confidentiality and privacy
Waste management		Compliance with social and economic laws and regulations
Protection of biodiversity		Workforce inclusiveness and non-discrimination
		Staff engagement and retention
		Direct communication*
		Judgement and consultation in decision making*

\* Not identified as material topics by stakeholders (or included on the materiality matrix), however these matters are material by nature with reference to Group’s core values.





MATERIALITY

→ GRI 2-29, GRI 3-1, GRI 3-2

MAS’ sustainability approach aligns business strategy with the sustainability strategy, and it openly engages with stakeholders to understand material aspects and report relevant information comprehensively.

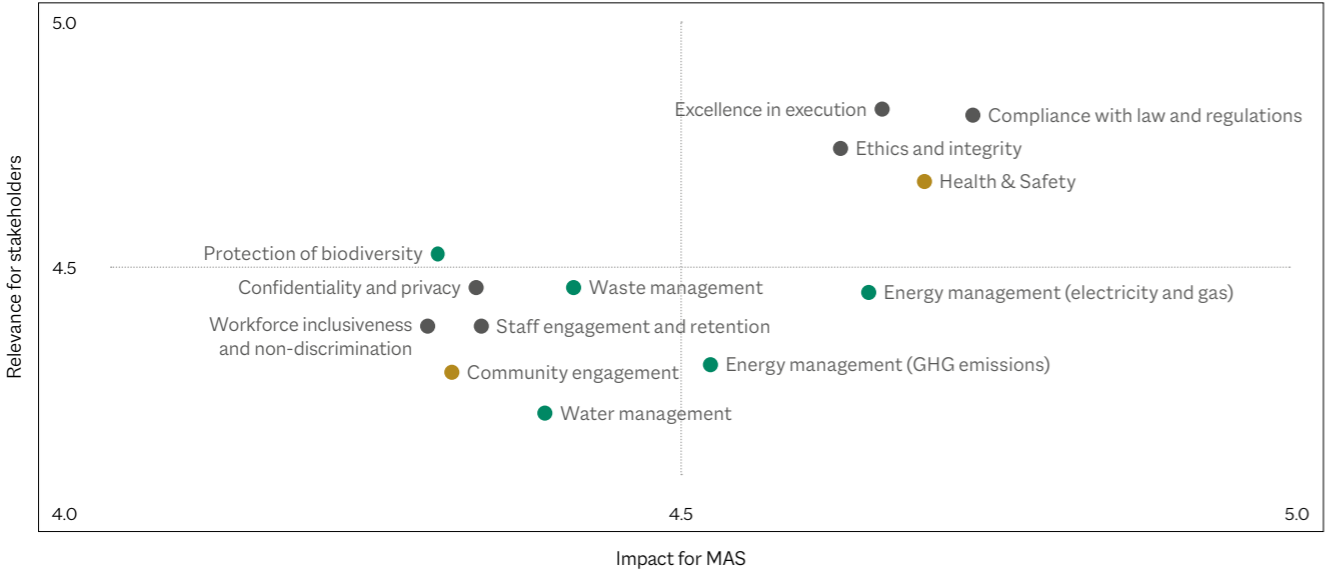
During the 2022 financial year, the Group conducted an initial materiality analysis involving internal and external assessment of the identified stakeholders’ sustainability perspectives based on GRI Standards.

In evaluating materiality with respect to sustainability, the Group also considered impact of operations, such as energy use, direct and indirect GHG emissions, water use, waste generation, and indoor environmental air quality.

To identify stakeholders’ most common interests, various internal and external stakeholders, such as shareholders, management, members of staff, tenants, visitors, suppliers, and local communities were provided with, and requested to fill in, a questionnaire addressing thirteen material sustainability topics, identified with reference to the Company’s key sustainability pillars and topics’ relevance to MAS’ business.

The materiality analysis was based on stakeholders’ rated interest in respect of each topic listed in the questionnaire. Each topic was scored using a scale ranging from one (‘not relevant’) to five (‘very relevant’). Results of the materiality analysis were compiled in a materiality matrix, illustrated in the below graph, depicting the key material topics identified, and ranked by relevance (axes have been calibrated, as all key material topics were identified in the four to five range of impact and relevance).

Materiality matrix



Sustainability drivers

MAS’ general sustainability practices and strategy integrate the United Nations Sustainable Development Goals (UN SDG)<sup>1</sup>, as defined by the United Nations’ 2030 Agenda for Sustainable Development. Of the seventeen development goals, the Group is focused on eight that are relevant to the real estate industry and MAS’ business activities.

Endorsed UN SDG	Description	Pillars
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 the 2021 financial year, part of the broader sustainability strategy, the Group established the Green Financing Framework (the Framework) creating a single, robust methodology integrating sustainability goals with financing and refinancing eligible green 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 Sustainalytics’ second-party opinion are available on MAS’ corporate website.

During the 2022 financial year, the Group established the Green Financing Committee (GFC), reporting to ESEC.

The GFC is responsible for observing changes in the sustainable financing market in conjunction with Group strategy, as well as considering updates to the Framework. It comprises staff with the appropriate level of seniority, experience, and competence to make proposals to ESEC regarding sustainability activities, promotion of energy efficiency and effective and transparent allocation of funds to projects meeting the Framework’s criteria. GFC members have different responsibilities within MAS, such as sustainability, energy efficiency, capital management, investor relations, risk management, finance, and environmental protection.

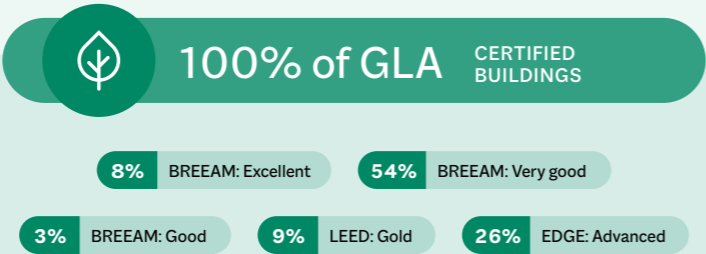
<sup>1</sup> United Nations Sustainable Development (UN SDG) goals: <https://sdgs.un.org/goals>

ENVIRONMENT

Continuously monitoring, evaluating, and improving the environmental and social impact of MAS’ activities, including related risks and opportunities, contributes to operating properties successfully. MAS identifies four key environmental topics, relevant to the business and stakeholders: energy, water, waste management and biodiversity protection.

MAS remains committed to invest in, and operate, green income properties. The ‘green property’ status is confirmed by third-party assessments of all income properties MAS operates (and owns either directly or indirectly), on the basis of certification with one of the following: Building Research Establishment Environmental Assessment Method (BREEAM), Leadership in Energy and Environmental Design (LEED) or Excellence in Design for Greater Efficiencies (EDGE).

INCOME ASSETS	CERTIFICATION	CERTIFICATION YEAR
EM-Nova Park	BREEAM: Excellent	2022
EM-Galleria Burgas	LEED: Gold	2012
EM-Atrium Mall	BREEAM: Very Good	2022
EM-Dambovita Mall	EDGE: Advanced	2022
EM-Galleria Stara Zagora	BREEAM: Very Good	2022
OM-Militari Shopping	BREEAM: Very Good	2022
OM-DN1 Value Centre	BREEAM: Very Good	2022
OM-Prahova Value Centre	EDGE: Advanced	2022
OM-Zalau Value Centre	EDGE: Advanced	2022
OM-Roman Value Centre	BREEAM: Very Good	2022
OM-Mall Moldova – phase I	BREEAM: Very Good	2022
OM-Baia Mare Value Centre	BREEAM: Very Good	2022
OM-Sepsi Value Centre	EDGE: Advanced	2022
OM-Barlad Value Centre	EDGE: Advanced	2022
SM-Focsani	BREEAM: Very Good	2022
SM-Slobozia	BREEAM: Good	2022
SM-Ramnicu Sarat	BREEAM: Very Good	2022
SM-Sebes	BREEAM: Very Good	2022
SM-Targu Secuiesc	BREEAM: Very Good	2022
SM-Fagaras	BREEAM: Good	2022
SM-Gheorgheni	BREEAM: Very Good	2022



BREEAM® IN-USE: VERY GOOD



Edge ADVANCED (ZERO CARBON READY)



Edge ADVANCED (ZERO CARBON READY)



BREEAM® IN-USE: VERY GOOD



FOR CORE & SHELL: GOLD



BREEAM® IN-USE: VERY GOOD

Energy management (electricity, gas and GHG emissions)

→ GRI 3-3, GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

MAS remains committed to adapting its business operations to minimise and/or mitigate its climate impact. The Group’s largest environmental impact, measured by carbon footprint (defined as total GHG emissions generated by, or in connection to, business activities), is driven by energy consumption.

Reducing the Group’s carbon footprint requires improvements in energy consumption efficiency and transition to renewable energy sources, as well as tenant engagement for reducing their energy consumption.

MAS follows best practice to manage the direct and indirect impact of its carbon footprint (GHG emissions), and monitors and applies measures to minimise properties’ impact on the environment with reference to Direct, Indirect and Other types of emissions.

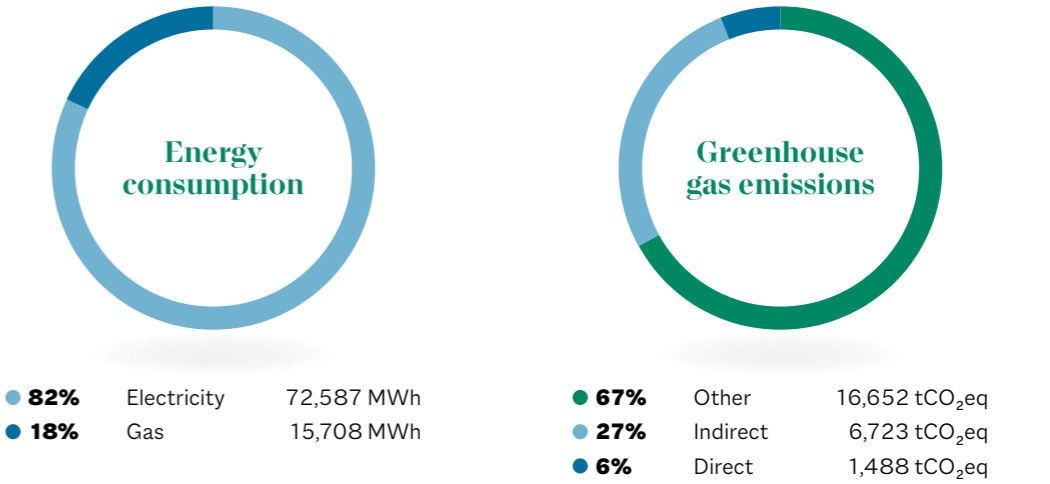
MAS defined and categorised its GHG emissions based on GHG Corporate Standards Protocol, that provides guidelines for measuring and reporting emissions from purchased, or acquired, electricity, steam, heating, and cooling, as set out below.

Direct	Indirect	Other
Direct emissions from controlled sources. Emissions from natural gas combustion for heating and cooling.	Indirect emissions linked to electricity consumption in common areas, produced by cold or steam consumption.	Other emissions linked to tenants’ utilities, emissions from on-site waste management and water supply.

GHG emissions are typically measured and converted in tonne of carbon dioxide equivalent (tCO<sub>2</sub>eq).

Conversion is performed by multiplying total consumption by a conversion factor based on the type of activity which releases GHG emissions into the atmosphere (e.g. water vapor (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and ozone (O<sub>3</sub>)).

The graphs below illustrate Group’s energy consumption, both gas and electricity measured in megawatt hour (MWh), as well as GHG emissions measured in tonne CO<sub>2</sub> equivalent (tCO<sub>2</sub> eq) and shown by categories discussed above.



Key indicators monitored by the Group, in terms of intensity of energy consumption and GHG emissions per m<sup>2</sup>





GHG emissions

Of total GHG emissions (converted into tonne CO<sub>2</sub> equivalent), 94% is related to electricity consumption in the 2022 financial year (2021: 85%; 2020: 90%).

Table below presents GHG emissions in tonne CO<sub>2</sub> equivalent, for three comparative periods.

Figures for 2021 and 2020 financial years in respect of gas consumption for Romanian, Bulgarian and Polish assets, and in respect of electricity consumption for Bulgarian and Polish assets were restated by updating conversion factors used for GHG emissions computation, to align these with factors recommended by European Investment Bank (EIB).

In addition, electricity consumption figures for 2021 financial year were restated by updating the conversion factor with most recent and applicable suppliers’ reported factors, respectively the conversion factors for 2021 calendar year.

GHG emissions (tonne CO<sub>2</sub> equivalent)

	Year to 30 June 2022				Year to 30 June 2021				Year to 30 June 2020			
	Direct	Indirect	Other	Total	Direct	Indirect	Other	Total	Direct	Indirect	Other	Total
<b>Total</b>	<b>1,489</b>	<b>6,723</b>	<b>16,652</b>	<b>24,864</b>	<b>1,011</b>	<b>6,114</b>	<b>14,967</b>	<b>22,092</b>	<b>738</b>	<b>5,622</b>	<b>14,877</b>	<b>21,237</b>
<b>Enclosed malls</b>	<b>917</b>	<b>5,539</b>	<b>10,448</b>	<b>16,904</b>	<b>787</b>	<b>5,090</b>	<b>9,434</b>	<b>15,311</b>	<b>474</b>	<b>4,563</b>	<b>8,773</b>	<b>13,810</b>
EM-Galleria Burgas	322	1,493	3,621	5,436	301	1,306	3,027	4,634	251	1,413	3,460	5,124
EM-Nova Park	62	1,506	2,861	4,429	72	1,486	2,362	3,920	38	1,365	2,764	4,167
EM-Dambovita Mall	28	295	807	1,130	38	299	857	1,194	-	-	-	-
EM-Atrium Mall	403	625	991	2,019	248	626	1,147	2,021	148	181	383	712
EM-Galleria Stara Zagora	102	1,620	2,168	3,890	128	1,373	2,041	3,542	37	1,604	2,166	3,807
<b>Open-air malls</b>	<b>570</b>	<b>1,097</b>	<b>5,400</b>	<b>7,067</b>	<b>224</b>	<b>919</b>	<b>4,609</b>	<b>5,752</b>	<b>264</b>	<b>933</b>	<b>5,020</b>	<b>6,217</b>
OM-Militari Shopping	174	163	1,194	1,531	49	155	1,469	1,673	43	283	2,067	2,393
OM-DN1 Value Centre	55	134	676	865	38	145	703	886	51	88	357	496
OM-Prahova Value Centre	46	97	810	953	-	-	-	-	-	-	-	-
OM-Zalau Value Centre	-	165	460	625	1	167	528	696	115	79	408	602
OM-Roman Value Centre	37	134	595	766	9	118	693	820	-	110	845	955
OM-Mall Moldova – phase I	135	160	448	743	88	155	559	802	15	242	775	1,032
OM-Baia Mare Value Centre	66	102	394	562	35	89	476	600	40	131	568	739
OM-Sepsi Value Centre	14	86	453	553	4	90	181	275	-	-	-	-
OM-Barlad Value Centre	43	56	370	469	-	-	-	-	-	-	-	-
<b>Strip malls</b>	<b>2</b>	<b>87</b>	<b>804</b>	<b>893</b>	<b>-</b>	<b>105</b>	<b>924</b>	<b>1,029</b>	<b>-</b>	<b>126</b>	<b>1,084</b>	<b>1,210</b>
SM-Focsani	1	15	251	267	-	19	274	293	-	23	335	358
SM-Slobozia	1	17	175	193	-	22	214	236	-	30	227	257
SM-Ramnicu Sarat	-	9	106	115	-	11	127	138	-	11	148	159
SM-Sebes	-	12	77	89	-	14	92	106	-	18	116	134
SM-Targu Secuiesc	-	15	79	94	-	17	87	104	-	16	96	112
SM-Fagaras	-	11	79	90	-	14	91	105	-	18	117	135
SM-Gheorgheni	-	8	37	45	-	8	39	47	-	10	45	55

During 2022 financial year, overall GHG emissions on a LFL basis increased by 5% compared to the previous financial year. Bulgarian and Polish assets have driven a significant part of the increase in GHG emissions due to increased energy consumption, as properties were subject to fewer Covid-19 restrictions than in the comparative period, even though the share of renewable energy is mostly unchanged as compared to the prior period. Romanian assets had a 7% reduction in GHG emissions, mostly due to increased use of renewable energy. Of total Romanian assets’ electricity consumption, 56% is renewable energy (2021: 46%, 2020: 36%).

LFL basis is limited to the periods during which the centres were operational in 2022 and 2021 financial years, respectively Dambovita Mall (opened 20 August 2020), Sepsi Value Centre (opened 18 March 2021), Barlad Value Centre (opened 30 November 2021) and Prahova Value Centre (opened 3 December 2021) are not included in the LFL analysis.

Consumption data for each financial year includes all consumption from centres’ opening date to 30 June of the respective financial year (2022: 30 November 2021 Barlad Value Centre and 3 December 2021 Prahova Value Centre; 2021: 20 August 2020 Dambovita Mall and 18 March 2021 Sepsi Value Centre, 2020: 4 December 2019 DN1 Value Centre and 7 November 2019 Zalau Value Centre).

Electricity consumption

Electricity consumption on a LFL basis increased by 8% compared to 2021 financial year. The increase is highly influenced by various pandemic restrictions throughout 2021 financial year, which led to limited or restricted activity of some tenants, while in the 2022 financial year activity in all centres returned to, and exceeded, in most assets, pre-pandemic levels. Of total energy consumption, the share of renewable energy consumption is 46% (2021: 51%, 2020: 31%) and varies from one period to another based on electricity providers’ renewable energy capacity. In 2022 financial year the share of renewable energy consumption decreased, mostly in the second part of the financial year. Among other factors, the EU electricity market is affected by an unprecedented energy crisis, which pressures overall supply, causing electricity providers to frequently change the mix of available energy supplied to consumers.

Table below presents electricity consumption in megawatt-hour (MWh) of operational properties in CEE, for the 2022 financial year compared to two prior financial years. Consumption is measured for common areas, tenants’ and administrative units.

Electricity consumption (MWh)

	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	% 2022 vs. 2021	% LFL 2022 vs. 2021
	72,587	60,804	54,516	19%	8%
<b>Total</b>	<b>72,587</b>	<b>60,804</b>	<b>54,516</b>	<b>19%</b>	<b>8%</b>
<b>Enclosed malls</b>	<b>39,247</b>	<b>34,671</b>	<b>32,979</b>	<b>13%</b>	<b>12%</b>
EM-Galleria Burgas	10,331	8,805	10,070	17%	17%
EM-Nova Park	8,225	7,234	7,761	14%	14%
EM-Dambovita Mall	5,380	4,552	-	18%	6%
EM-Atrium Mall	7,658	7,170	7,579	7%	7%
EM-Galleria Stara Zagora	7,653	6,910	7,569	11%	11%
<b>Open-air malls</b>	<b>29,219</b>	<b>22,049</b>	<b>17,872</b>	<b>33%</b>	<b>4%</b>
OM-Militari Shopping	6,648	6,600	6,665	1%	1%
OM-DN1 Value Centre	3,793	3,402	1,753	11%	11%
OM-Prahova Value Centre	3,094	-	-	-	-
OM-Zalau Value Centre	2,929	2,778	1,723	5%	5%
OM-Roman Value Centre	3,426	3,224	2,778	6%	6%
OM-Mall Moldova – phase I	2,928	2,861	2,900	2%	2%
OM-Baia Mare Value Centre	2,358	2,261	2,053	4%	4%
OM-Sepsi Value Centre	2,591	923	-	181%	-15%
OM-Barlad Value Centre	1,452	-	-	-	-
<b>Strip malls</b>	<b>4,121</b>	<b>4,084</b>	<b>3,665</b>	<b>1%</b>	<b>1%</b>
SM-Focsani	1,246	1,152	1,084	8%	8%
SM-Slobozia	900	943	774	-5%	-5%
SM-Ramnicu Sarat	532	549	485	-3%	-3%
SM-Sebes	420	424	404	-1%	-1%
SM-Targu Secuiesc	422	408	346	3%	3%
SM-Fagaras	402	421	407	-5%	-5%
SM-Gheorgheni	199	187	165	6%	6%

LFL basis is limited to the periods during which the centres were operational in 2022 and 2021 financial years, respectively Dambovita Mall (opened 20 August 2020), Sepsi Value Centre (opened 18 March 2021), Barlad Value Centre (opened 30 November 2021) and Prahova Value Centre (opened 3 December 2021) are not included in the LFL analysis.

Consumption data for each financial year includes all consumption from centres’ opening date to 30 June of the respective financial year (2022: 30 November 2021 Barlad Value Centre and 3 December 2021 Prahova Value Centre; 2021: 20 August 2020 Dambovita Mall and 18 March 2021 Sepsi Value Centre, 2020: 4 December 2019 DN1 Value Centre and 7 November 2019 Zalau Value Centre).



Gas consumption

Gas consumption on a LFL basis decreased by 2% compared to 2021 financial year, as throughout the 2021 calendar year, public health measures to combat Covid-19 were in place, as well as measures for increasing the amount of fresh air, as opposed to recycled air, in shopping centres. These, combined with factors relevant to gas consumption such as weather conditions, generated higher consumption in 2021 financial year.

In 2022 financial year, Covid-19 public health measures in place affected a shorter period than in the 2021 financial year, thus gas consumption decreased in various centres. Strip Malls are excluded from the gas consumption analysis, as gas is not utilised in the operation of these types of properties.

Table below presents gas consumption in MWh of operational properties in CEE, for the 2022 financial year compared to two prior financial years. Consumption is measured for common areas, tenants’ and administrative units.

Gas consumption (MWh)					
	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	% 2022 vs. 2021	% LFL 2022 vs. 2021
Total	15,708	14,940	10,763	5%	-2%
Enclosed malls	7,984	8,408	4,780	-5%	-5%
EM-Galleria Burgas	1,924	1,810	1,563	6%	6%
EM-Nova Park	1,269	1,371	981	-7%	-7%
EM-Dambovita Mall	1,665	1,880	-	-11%	-11%
EM-Atrium Mall	2,280	2,284	1,385	-	-
EM-Galleria Stara Zagora	846	1,063	851	-20%	-20%
Open-air malls	7,723	6,532	5,983	18%	3%
OM-Militari Shopping	2,311	1,622	1,517	42%	42%
OM-DN1 Value Centre	744	869	943	-14%	-14%
OM-Prahova Value Centre	305	-	-	-	-
OM-Zalau Value Centre	398	499	1,083	-20%	-20%
OM-Roman Value Centre	299	387	161	-23%	-23%
OM-Mall Moldova – phase I	2,141	2,310	1,560	-7%	-7%
OM-Baia Mare Value Centre	764	751	719	2%	2%
OM-Sepsi Value Centre	416	94	-	343%	-32%
OM-Barlad Value Centre	345	-	-	-	-



LFL basis is limited to the periods during which the centres were operational in 2022 and 2021 financial years, respectively Dambovita Mall (opened 20 August 2020), Sepsi Value Centre (opened 18 March 2021). Barlad Value Centre (opened 30 November 2021) and Prahova Value Centre (opened 3 December 2021) are not included in the LFL analysis.

Consumption data for each financial year includes all consumption from centres’ opening date to 30 June of the respective financial year (2022: 30 November 2021 Barlad Value Centre and 3 December 2021 Prahova Value Centre; 2021: 20 August 2020 Dambovita Mall and 18 March 2021 Sepsi Value Centre, 2020: 4 December 2019 DN1 Value Centre and 7 November 2019 Zalau Value Centre).

Water management

→ GRI 3-3, GRI 303-5

MAS’ resource efficiency policy and environmental best practices related to water management aim for water usage to be carefully measured and optimised. Covid-19 restrictions in place predominantly during 2021 financial year led to lower water consumption across assets, while in 2022 financial year activity across centres regained and often exceeded pre-pandemic levels. The latter led to an overall LFL increase by 16% in water consumption.

For the 2022 financial year, total water consumption was 327,116 m³, with an overall average of 0.81 m³/m² on 30 June 2022.

The table below comprises disclosure with respect to water consumption in m³ of operational properties in CEE.

Water consumption (m³)					
	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	% 2022 vs. 2021	% LFL 2022 vs. 2021
Total	327,116	259,385	267,282	26%	16%
Enclosed malls	125,399	103,107	115,430	22%	18%
EM-Galleria Burgas	52,233	36,872	50,261	42%	42%
EM-Nova Park	20,707	15,510	18,768	34%	34%
EM-Dambovita Mall	24,710	18,104	-	36%	18%
EM-Atrium Mall	18,735	20,620	25,687	-9%	-9%
EM-Galleria Stara Zagora	9,014	12,001	20,714	-25%	-25%
Open-air malls	194,242	150,606	145,417	29%	13%
OM-Militari Shopping	47,618	44,548	42,809	7%	7%
OM-DN1 Value Centre	20,337	17,717	15,282	15%	15%
OM-Prahova Value Centre	8,621	-	-	-	-
OM-Zalau Value Centre	15,985	14,581	12,757	10%	10%
OM-Roman Value Centre	25,068	22,276	21,554	13%	13%
OM-Mall Moldova – phase I	40,038	36,207	39,946	11%	11%
OM-Baia Mare Value Centre	15,523	11,751	13,069	32%	32%
OM-Sepsi Value Centre	13,841	3,526	-	293%	58%
OM-Barlad Value Centre	7,211	-	-	-	-
Strip malls	7,475	5,672	6,435	32%	32%
SM-Focsani	2,288	1,820	2,211	26%	26%
SM-Slobozia	2,216	1,673	1,741	32%	32%
SM-Ramnicu Sarat	948	963	902	-2%	-2%
SM-Sebes	491	344	363	43%	43%
SM-Targu Secuiesc	862	574	915	50%	50%
SM-Fagaras	192	156	196	23%	23%
SM-Gheorgheni	478	142	107	237%	237%

LFL basis is limited to the periods during which the centres were operational in 2022 and 2021 financial years, respectively Dambovita Mall (opened 20 August 2020), Sepsi Value Centre (opened 18 March 2021). Barlad Value Centre (opened 30 November 2021) and Prahova Value Centre (opened 3 December 2021) are not included in the LFL analysis.

Consumption data for each financial year includes all consumption from centres’ opening date to 30 June of the respective financial year (2022: 30 November 2021 Barlad Value Centre and 3 December 2021 Prahova Value Centre; 2021: 20 August 2020 Dambovita Mall and 18 March 2021 Sepsi Value Centre, 2020: 4 December 2019 DN1 Value Centre and 7 November 2019 Zalau Value Centre).



Waste management

→ GRI 3-3, 306-3, 306-4, 306-5

Total waste volume is predominantly dependant on tenants’ activity. The Group’s policy and practice have limited influence on waste volumes generated, however, MAS is increasing recycling efficiency by utilising support equipment across all income properties and promoting responsible waste management.

In the 2022 financial year, total waste volume on a LFL basis increased by 34% mostly due to increased activity in the properties the Group operates. During 2022 financial year, food and beverage tenants resumed their activity to pre-pandemic levels, while during 2021 financial year, their operations were limited due to Covid-19 restrictions. Increase in mixed waste from construction is due to works on tenants’ premises at Militari Shopping.

Figures for prior financial years were restated by changing conversion factors from each volume measurement unit to tonne.

Waste volume (tonne)

	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	% 2022 vs. 2021	% LFL 2022 vs. 2021
<b>Total</b>	<b>4,984</b>	<b>3,475</b>	<b>3,023</b>	<b>43%</b>	<b>34%</b>
<b>Waste recycled</b>	<b>1,089</b>	<b>861</b>	<b>495</b>	<b>26%</b>	<b>12%</b>
Paper and cardboard packaging	758	663	439	14%	1%
Sludge/hydrocarbons	260	147	22	77%	63%
Plastic packaging	71	51	34	39%	20%
<b>Waste disposed</b>	<b>3,895</b>	<b>2,614</b>	<b>2,528</b>	<b>49%</b>	<b>41%</b>
Mixed municipal waste	3,027	2,235	2,249	35%	29%
Edible oils and fat	571	324	219	76%	61%
Mixed waste from construction	297	55	60	440%	440%
<b>% of waste recycled</b>	<b>22%</b>	<b>25%</b>	<b>16%</b>		



Protection of biodiversity

→ GRI 3-3, 304-1

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

MAS, together with partner Prime Kapital, maintain close relations with environmental authorities, ensuring any impact on biodiversity is minimised or avoided. The Group closely monitors each property’s flora, including surrounding environs, and is committed to replacing destroyed vegetation. A variety of plant species have been carefully selected to suit the local ecosystem at each property.

MAS has no operational properties in, or adjacent to, protected areas or areas of high biodiversity value.

LFL basis is limited to the periods during which the centres were operational in 2022 and 2021 financial years, respectively Dambovita Mall (opened 20 August 2020), Sepsi Value Centre (opened 18 March 2021), Barlad Value Centre (opened 30 November 2021) and Prahova Value Centre (opened 3 December 2021) are not included in the LFL analysis.

Consumption data for each financial year includes all consumption from centres’ opening date to 30 June of the respective financial year (2022: 30 November 2021 Barlad Value Centre and 3 December 2021 Prahova Value Centre; 2021: 20 August 2020 Dambovita Mall and 18 March 2021 Sepsi Value Centre, 2020: 4 December 2019 DN1 Value Centre and 7 November 2019 Zalau Value Centre).

COMMUNITY

Community engagement

→ GRI 3-3, GRI 203-1

MAS openly engages with authorities and communities, building long-term relationships. All projects directly impact communities positively, creating jobs during construction and operation, generating local tax revenues, and contributing to improved infrastructure.

As a responsible corporate citizen, MAS 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.

Fundraising events

During the 2022 financial year, several income properties hosted fundraisers for various humanitarian causes:

- During the first half of the financial year, events supporting children with leukaemia were organised at Atrium Mall, DN1 Value Centre, Mall Moldova, Prahova Value Centre, Roman Value Centre, and Zalau Value Centre, and were accompanied by visible donation boxes placed throughout the centres.
- In collaboration with Romanian Red Cross, ‘Together for Ukraine’ fundraising events were organised at Atrium Mall, DN1 Value Centre, Mall Moldova, and Zalau Value Centre to gather funds aimed at providing financial assistance to refugees displaced following Russia’s invasion of Ukraine in February 2022.



Wellbeing and educational activities

MAS, in partnership with Prime Kapital, organises events promoting community education and culture, such as theatrical performances, concerts, and fairs, some of which feature local customs and traditions.

During the 2022 financial year, educational events promoting extracurricular activities, such as sport, theatre, poetry, and art, were held, including children’s workshops promoting education in essential vocations, such as the ‘Be a doctor! Be a firefighter!’ event.

In collaboration with local non-governmental organisations (NGOs), MAS hosted recycling seminars for children, at Atrium Mall, Dambovita Mall, DN1 Value Centre, Militari Shopping, Prahova Value Centre, Roman Value Centre, Sepsi Value Centre, and Zalau Value Centre.

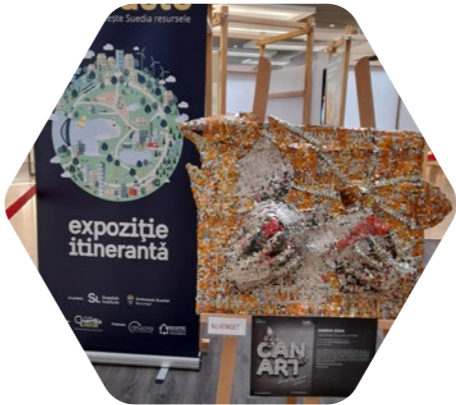
In collaboration with the United Nations Children’s Fund (UNICEF), Galleria Burgas hosted an informative campaign aimed at improving children’s digital literacy and online safety. The blood donation campaign continued at Nova Park throughout the 2022 financial year.

Donation campaigns

In addition to fundraising events, campaigns were organised, in collaboration with the Romanian Red Cross and several NGOs, at Atrium Mall, DN1 Value Centre, Mall Moldova and Zalau Value Centre to collect non-perishable products, clothing and hygiene products for Ukrainian refugees who fled to Romania, or for Ukrainians in Cernauti city, located close to border with Romania. Similarly, since March 2022 a donation campaign is in place at Nova Park.

Waste management and other environmental activities

During the 2022 financial year, MAS organised waste management and sustainability workshops, and, in collaboration with the Swedish Embassy, Swedish Institute and local NGOs, held ‘Re:Waste Romania Exhibition’ events at several properties.





Health and safety

→ GRI 3-3, GRI 416-2

MAS recognises, and accepts, its responsibility to maintain health and safety at all properties. The Group provides, and maintains, a safe and healthy environment throughout its assets and internal policies and procedures are respected at all times and levels, protecting internal and external stakeholders, including staff, business partners and stakeholders. MAS complies with all applicable regulations, often exceeding minimum requirements, to ensure high standards of health, safety and security. All policies are updated, and modified, in accordance with applicable legislation. Effective health and safety systems, standards and practices adjusted to meet local legislation, are applied throughout the Group. It is the intent of the Group to provide and maintain a safe and healthy environment for its staff, business partners, visitors and other stakeholders.

☑ | During the 2022 financial year, no health and safety non-compliance incidents were reported.

- To ensure a healthy and safe environment various systems and procedures are in place.
- All centres are certified for compliance with health and safety regulations, and equipped with prevention systems;
  - Appropriate signalling and warning notices displayed;
  - Visitor counter and crowd controlling systems;
  - Regulations for visitors’ access to shopping centres;
  - Security and video monitoring;
  - Physical security risk assessment, and
  - Business Management System monitoring and controlling temperature, lighting, and ventilation.

Activities and awareness campaigns are regularly organised to promote a healthy lifestyle. Some of the events organised are listed below.

- Campaigns against tobacco, drug, and alcohol consumption;
- ‘Go Green to Sepsi Value Centre’ promoting sustainable transportation;
- World Hypertension Day;
- ‘Cycle to Work’, an event promoting healthy lifestyle, in association with a local organisation supporting sustainable travel, and
- ‘Encouragement to Move’, an event promoting participation in sport.



ORGANISATION PROBITY

Organisation probity principles are integrated into daily operations and core staff values.

Ethics and integrity

→ GRI 3-3, GRI 2-15, GRI 2-23, GRI 2-24, GRI 205-2, GRI 205-3

Ethics

An integral part of MAS’ core values is acting with integrity, and the Board is ultimately responsible for promoting a strong corporate governance. Integrity, inclusiveness, non-discrimination and ethical behaviour are mandatory. The Code of Ethics and Conduct is reviewed and updated annually, to ensure it is aligned with best practice, 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, it is associated with. Internally, specific regulations, for instance, the Code of Ethics and Conduct, and the Fraud Prevention, Anti-Bribery and Anti-Corruption Policy, define staff members’ rights, encourages them to respect core staff values and strictly adhere to ethical conduct in business dealing. The Group respects the culture and tradition of the countries, communities 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 are continually 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.

Anti-bribery and anti-corruption

There is a zero tolerance policy for bribery or acts of corruption. MAS supports international efforts to prevent (a) money laundering and (b) the financing of terrorists. To this end, the Group implemented internal processes, including Know Your Customer (KYC) principles, to obtain reliable information about the identity and operation of all clients, suppliers and staff members. The Group is also committed to monitoring the relevant International Sanctions Lists and will not directly, or indirectly, support or facilitate, or otherwise become involved with any person, government or entity, acting for, or on behalf of, or owned, or controlled by, any individual or organisation targeted by sanctions. MAS is dedicated to preventing fraud and corruption and maintain an anti-fraud culture. Management is vigilant and alert to unusual activity or to any relevant instances brought to their attention suggesting breaches of the policy.

☑ | During the 2022 financial year, there were no incidents of breach of Group’s Fraud Prevention, Anti-Bribery and Anti-Corruption Policy.

Conflicts of interest

MAS is built on relationships, which, in turn, are built on trust. Identification and reporting of all actual or potential, or perceived personal conflicts of interest are mandatory. The Group has a robust Conflicts of Interest Policy in place, applicable to all members of staff and Directors, aimed at setting, approving, and overseeing its proper implementation. The Conflicts of Interests Policy is detailed in MAS’ Board of Directors section of this report, on page 45.

Direct communication

Honest and direct communication is expected at all times, at all levels, with no excuse for withholding information and with 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.

Confidentiality and privacy

→ GRI 3-3, GRI 418-1

MAS’ priority is to protect its stakeholders’ confidentiality and privacy, including staff, suppliers, shareholders, clients, investors, and business partners. To ensure confidentiality of information is respected, internal confidentiality and privacy policies were consolidated and updated throughout 2022 financial year. The Group ensures that all personal data processed complies with applicable data protection laws and regulations in all relevant jurisdictions.

Company policy protects human rights and fundamental freedoms, notably the right to privacy while also maintaining transparency regarding how personal data is stored and processed.

To prevent data breaches, MAS implemented technical and organisational measures, including:

- physical security of information;
- protocols to prevent unauthorised access to the Group’s systems;
- controlled access to premises;
- use of cloud-based applications to facilitate secured data storage and appropriate user access, and
- non-disclosure/confidentiality agreements with staff and relevant business partners.

✓ During the 2022 financial year, there were no reported incidents concerning breaches of privacy or instances of leaks, theft, or losses of personal data.

Compliance with social and economic laws and regulations

→ GRI 3-3, GRI 2-27, 419-1

To maintain its excellent reputation and keep up with a constantly changing regulatory environment, MAS’ ESEC ensures the business is aware of, and complies with, its obligations under applicable legislation and regulations. The Group is aware any divergence from legal requirements may undermine stakeholders’ confidence and bring damage to MAS’ reputation.

Therefore, ESEC monitors compliance and reviews the Corporate Governance Framework annually, making recommendations concerning relevant laws and regulations, including the King IV Code on Corporate Governance, and the JSE Listings Requirements.

✓ During the 2022 financial year, there were no instances of non-compliance resulting in fines or non-monetary sanctions.

Excellence in execution

→ GRI 3-3, 413-1, 413-2

MAS is committed to excellence in execution throughout its operations. Excellence in execution is embedded in all areas of execution by MAS’ established, strong team with extensive knowledge and experience across its markets.

The partnership with Prime Kapital provides access and integration with a team of highly experienced real estate professionals with an exceptional track record and a multi-disciplinary skill-base, integrated into the property value-creation chain.

Workforce inclusiveness and non-discrimination

→ GRI 3-3, GRI 406-1

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

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

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

Staff engagement and retention

→ GRI 3-3, GRI 404-1, GRI 404-3, GRI 2- 19, GRI 2-20

The Group aims to attract, invest in, and retain the best talent, enabling it to meet strategic objectives. Long-term staff performance and productivity is driven by numerous factors, including transparent and fair compensation, skills and knowledge, experience, a positive work environment, and a personal investment in the business.

Compensation and staff policies are equitable and transparent, ensuring long tenure of staff, and is focused on sustainably creating and maximising total long-term shareholder value.

The Compensation Policy and Implementation Report are detailed on pages 77 and 80.

Continuous staff growth and career management

Through the performance review process, managers assess team members’ achievements, including business, commercial and strategic objectives, and discuss further development.

Evaluations occur biannually during August and February. On 30 June 2022, all eligible staff (those employed for over three months) have undergone a performance review.

During the 2022 financial year, the Group implemented and promoted various educational programmes, hosting a total of 2,965 training hours, averaging twenty hours per staff member (3,668 training hours, averaging twenty hours per staff member, during the 2021 financial year).



Photo: Galleria Burgas

# Remuneration and Nomination Committee



**DAN PASCARIU**  
RemNom Chairman  
Independent Non-Executive Director

MEMBERS



**Werner Alberts**  
Independent  
Non-Executive Director



**Martin Slabbert**  
Non-Executive Director

The committee's composition was restructured on 25 August 2022, and Pierre Goosen was replaced on RemNom by Martin Slabbert (Non-Executive Director).

## Committee's Report

This report of RemNom for the financial year to 30 June 2022 provides an overview of the committee's governance, responsibilities and discharge of duties. With respect to the committee's remuneration responsibilities, further relevant information is included in sections 'Compensation Policy', and 'Compensation Implementation Report'. The latter two will be presented to shareholders for separate, non-binding advisory votes, as required by JSE Listings Requirements.

Composition

RemNom:

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

The Directors serving on RemNom have diverse, complementary backgrounds.

When appropriate, the CEO and CFO are invited to attend meetings, but do not vote on matters tabled at committee meetings.

The Company Secretary acts as secretary to the committee. The committee meets at least annually and held three meetings during the 2022 financial year.

Responsibilities

The committee is responsible for matters with respect to compensation and nomination, as detailed in its Terms of Reference and summarised in tables below. The committee ensures the Compensation Policy and its implementation supports, and maintains, MAS' short- and long-term strategy, attracts, rewards and retains staff. The committee assesses and ensures the Board's composition, skills, knowledge and diversity of background are appropriate to the challenges and opportunities facing MAS.

Remuneration	Key Responsibilities
Compensation Policy	<ul style="list-style-type: none"><li>• Determining and agreeing with the Board the framework, or broad policy, for compensation at all levels and particularly Executive Directors, and, if required by the Board, the senior management team.</li><li>• Ensuring implementation of a fair, responsible and transparent Compensation Policy.</li><li>• Reviewing the ongoing appropriateness, and relevance, of the Compensation Policy.</li><li>• If the Compensation Policy, or the Compensation Implementation Report, is voted against by more than 25% of shareholders, RemNom assists the Board with shareholder engagement, addressing legitimate and reasonable objections, or concerns, as detailed in the Compensation Policy.</li><li>• When determining the Compensation Policy of Executive Directors and, if required, senior management team, the following are considered:<ul style="list-style-type: none"><li>» how the Company's vision, values and objectives support and motivate Directors and staff to pursue its growth and success, within a responsible and ethical corporate culture;</li><li>» how compensation attracts, rewards and retains staff;</li><li>» how each element of compensation is implemented and whether clawback provisions are appropriate;</li><li>» how the fixed and variable compensation mix, in cash, shares and other elements, meet MAS' requirements and strategic objectives (incentives drive organisational staff values and long-term profitability, while variable pay is subject to, and intended to vary in line with, long-term profitability and shareholders' returns and is awarded on individual merit, which, in turn, is based on performance appraisals and individual contributions to profitability);</li><li>» how the appropriateness of compensation packages is ensured by scrutinising all potential and relevant benefits, including pensions, benefits-in-kind and other relevant financial transactions, to confirm they are appropriate, correctly valued and accurately disclosed, and</li><li>» how shareholders' and other stakeholders' views are considered when setting Compensation Policy.</li></ul></li></ul>
Compensation Implementation Report	<ul style="list-style-type: none"><li>• Reviewing and approving the Compensation Implementation Report, ensuring it includes details in respect of compliance with, and deviations from, the Compensation Policy, and whether Group objectives were met.</li><li>• Ensuring the Compensation Implementation Report is subject to a non-binding advisory vote at AGM.</li></ul>
Compensation for Executive and Non-Executive Directors	<ul style="list-style-type: none"><li>• Advising the Board regarding compensation for Non-Executive Directors.</li><li>• Recommending compensation for new Executive Directors.</li><li>• Agree the authorisation policy regarding the reimbursement of any expense claims from the CEO, Chair and Non-Executive Directors.</li><li>• Considering the performance of duties in accordance with any published guidelines or recommendations regarding the compensation of Directors.</li></ul>
Evaluation	<ul style="list-style-type: none"><li>• Managing evaluation of all Executive and Non-Executive Directors' performance.</li></ul>
Other	<ul style="list-style-type: none"><li>• Annually reporting to shareholders on behalf of the Board, as required by legislation and in accordance with best practice.</li><li>• When relevant, reviewing, updating and approving any policy, or statement, delegated by the Board to the committee for approval.</li><li>• Considering any other matters, if and when requested by the Board.</li></ul>

Nomination	Key Responsibilities
Appointment and re-election of Directors	<ul style="list-style-type: none"><li>• Ensuring a formal and transparent process when identifying and appointing Directors.</li><li>• Identifying and nominating suitable Board members, as and when vacancies arise.</li><li>• Performing reference and background checks on candidates prior to nomination.</li><li>• Ensuring Board members enter into a formal letter of appointment clearly stating what is expected regarding commitment and responsibilities.</li></ul>
Board composition	<ul style="list-style-type: none"><li>• Regularly reviewing the Board's size and composition, including skills, knowledge, experience and diversity of background, considering the challenges and opportunities facing, or likely to face, the Group.</li><li>• Considering Directors' performance and proposing individuals for re-election or termination as necessary.</li></ul>
Board skills and experience	<ul style="list-style-type: none"><li>• Overseeing the development of a formal induction programme for new Directors.</li><li>• Ensuring relevant Directors are developed through a mentorship programme.</li><li>• Overseeing the development and implementation of a continuous professional Director development programme.</li><li>• Ensuring Directors receive regular briefings on changes in risks, legislation and the environment in regions where MAS operates.</li></ul>
Independence	<ul style="list-style-type: none"><li>• Annually assessing the independence of Independent Non-Executive Directors to ensure they have not been compromised, or prejudiced, in any way.</li></ul>
Succession planning	<ul style="list-style-type: none"><li>• Ensuring formal succession plans for Board members, CEO and senior management appointments are in place and implemented.</li></ul>



Photo: DN1 Value Centre

Committee’s activity during the financial year

Key focus

During the 2022 financial year, among other matters, the committee focused on those mentioned below.

- Reviewing Diversity and Equality Policy;
- Reviewing Compensation Policy;
- Proposing methodology and reviewing effectiveness of Directors’ skills assessment;
- Reviewing and considering recommending RemNom Terms of Reference for Board approval;
- Recommending the appointment of Directors to the Board;
- Reviewing and considering recommending Non-Executive Directors’ fees, taking into account MAS’ migration to Malta, for Board approval, and
- Proposing changes to the committee’s composition.

Changes to the Board and succession

MAS’ transition to a fully focused CEE business was substantially completed during the 2022 financial year. This had begun with the 2019 Transaction with Prime Kapital, which included a three-year mandate for the appointed executives (Martin Slabbert and Victor Semionov) to oversee MAS’ re-positioning. MAS has since made notable and rapid progress towards building and sustainably retaining the ability to manage income properties in CEE and strengthening its capacity to manage and grow Central and Eastern European investments. To this end, a succession plan was put in place and completed. Three Executive Director roles were assigned to individuals with no affiliation to, or interest in, Prime Kapital, allowing the two groups to remain closely connected for the foreseeable future.

On 24 February 2021, the Board appointed Irina Grigore as CFO and Executive Director of MAS, replacing Victor Semionov who remained an Executive Director of MAS. He stepped down from MAS’ Board on 26 August 2021. On the same date, the Board appointed Dan Petrisor as Executive Director and Irina Grigore (CFO) also as Deputy CEO. Further, with effect from 6 December 2021, Raluca Buzuleac was appointed Executive Director and Deputy CFO.

Martin Slabbert stepped down from his CEO role on 21 April 2022, replaced by Irina Grigore (formerly CFO and Deputy CEO), and Raluca Buzuleac (former Deputy CFO) was appointed Chief Financial and Operational Executive (CFOO). On the same date, Martin Slabbert was appointed Non-Executive Director.

On 25 August 2022, Malcolm Levy and Melt Hamman stepped down from MAS’ Board. In addition, the Board appointed Nadine Bird as CFO with effect from 1 February 2023, to take over Raluca Buzuleac’s financial responsibilities.

Following the above changes, MAS’ Board comprises seven Non-Executive Directors, of whom six are independent, and three Executive Directors. The committee is satisfied with the Board’s performance, skills and competence, and recommended all the aforementioned changes for Board approval.

Independence of Directors

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

Conflicts of interest

Directors adhere to MAS’ Conflicts of Interest policy, which is reviewed and approved annually, and requires Directors to submit a declaration of financial, economic and other interests, which may affect objectivity and must be altered when such interests change. Where conflicts arise, respective directors recuse themselves from Board deliberations and voting.

Appointment terms

All Non-Executive Directors are required to enter into 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 Non-Executive Directors, on a rotating basis, 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 annual independence assessment by the committee, following which any reappointment can be recommended on a rolling one-year basis.

Directors are expected to attend Board meetings, as well as relevant committee meetings. The Board Charter and letters of appointment allow Directors to obtain independent advice in connection with their duties and MAS has Directors’ and officers’ liability insurance in place covering the appointments’ full term.

Directors’ re-election

One third of the Non-Executive Directors retire by rotation at AGM.

Developing people

The Board recognises the importance of personal development and continually enhances the Board’s skill set. Directors are also encouraged to enhance and develop relevant skills and are supported throughout this process.

Considerations of the committee

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

Compensation Policy

Shareholder engagement

On 6 December 2021, 77.36% of shareholders that voted at the Annual General Meeting, approved the 2021 Compensation Policy and its implementation for Executive Directors (81.80%) and Non-Executive Directors (95.44%). This demonstrates continued strong shareholder support for the Compensation Policy and reflects a strong commitment, and considerable consensus, among shareholders, Board and management to prioritise total long-term shareholders’ returns at the forefront of MAS’ strategy.

Compensation: staff

Philosophy

The compensation 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 equitable and transparent, ensuring long-term staff contributions align with Group’s values.

The Group’s guiding principles of people management are:

- attracting, retaining and developing staff;
- staff acknowledging, and adhering to, the corporate culture and, more specifically, core organisational values;
- staff’s alignment with shareholders’ interests;
- a performance culture, maintaining a healthy balance between individual achievement and teamwork;
- supporting, reinforcing and rewarding excellence;
- effective resource selection and usage;
- appropriate, efficient and cost-effective compensation structures;
- compliance with regulatory and ethical standards;
- compensation structures reinforcing Risk Management Policy;
- appraisal and control, and
- fairness and accountability.

Compensation structure

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

Mid-Management and Other Members of Staff

Cash bonus

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

Cash bonuses are generally awarded to mid-management and other members of staff.

Senior management and individuals who, due to their role, can, and do, make a material contribution to 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 usually payable in three parts, with the second and third instalments deferred for twelve- and twenty-four months respectively. The deferred payments are subject to, amongst other factors, continued overall profitability in management’s discretion and continued

employment on payment date.

The cash bonus is discretionary and awarded when merited. When determining cash bonuses, multiple factors are considered, including overall compensation compared to market. Individual annualised bonuses typically range from one- to three-months’ salary. In cases of gross misconduct, the payment of subsequent instalments is subject to retroactive negative adjustment.

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 on the market, and subject to the following terms and conditions:

- the shares cannot be sold for a specific time (lock-in period) after which, subject to continued engagement, staff may trade them;
- MAS shares revert to the relevant 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 individuals who, due to their role, can, and do, make greater contributions to profitability, for instance, Executive Directors, Function Heads, asset managers and other relevant staff members, are invited to participate in the MAS SPS. Participants cannot take part in other bonus schemes (detailed above) and participation is based on invitation following performance appraisals. The MAS SPS may also be used to attract new talent.

Short-term key performance indicators (KPIs) have no relevance in the determination of compensation for senior executives, as short-term incentives can lead to management taking decisions aimed at maximising short-term compensation to the detriment of shareholders’ long-term interests. The introduction of a short-term bonus element to executive management’s compensation structure would not contribute to, encourage or ensure long-term alignment with MAS’ values and total return objectives.

The single performance indicator for senior executives’ incentivisation is consistent with, and reflective of, MAS’ strategy, aiming to maximise total long-term shareholders’ returns in a sustainable manner. All decisions regarding matters of capital allocation, operations, including staffing and compensation, and other factors are driven by the same indicator.

MAS’ approach to compensation and setting a single comprehensive performance indicator is holistic, rather than setting and weighing multiple KPIs intended to ultimately, and indirectly, achieve the same outcome (to maximise total long-term shareholders’ returns). In fact, setting multiple fixed KPIs may be counterproductive in uncertain, and changing, circumstances and may require post factum alterations to ensure KPIs do not encourage short-term decision making not optimal to achieving goals to maximise total long-term shareholders’ returns.

Senior executives’ total compensation is established for each individual by considering the cost to company (CTC) in respect of each element of compensation.

Compensation packages include a fixed portion (cash package) and a variable portion through participation in the MAS SPS. The Company favours allocating at least a third of total senior

executive compensation to long-term incentivisation. Shares are issued in the MAS SPS, with their cost reflected as part of the individual’s base package in accordance with each issue’s applicable unlocking terms.

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

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 MAS’ weighted average cost of debt and are non-recourse loans.

Shares are unlocked in accordance with MAS SPS’ scheme rules, and participants may only dispose of unlocked shares. Locked shares are forfeited, without compensation, if a participant leaves the Group prior to unlocking. Participants in the MAS SPS are entitled to receive dividend payments less interest accumulated on applicable loans.

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

Regarding offers made after 31 August 2020, 33.3% of shares are unlocked on the Offer Date’s third anniversary and the balance on the fifth.

Malus and clawback provisions apply.

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 unlocking of the relevant shares) when the Board identifies any event, act or omission, involving, or attributable to, a participant leading or amounting to:

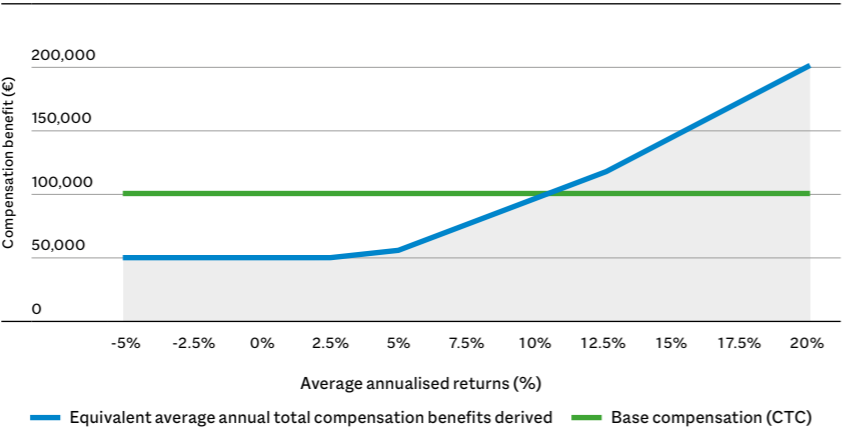
- a material misstatement of financial results causing an adjustment to MAS’ audited consolidated accounts or the financial statements of any Group member;
- serious misconduct (based on the Board’s reasonable opinion), or
- an actual, or potential, material censure, under legislation, or regulations,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

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

Senior executives compensation illustration

The potential annual base package (CTC) represented as actual, average annual compensation for a senior staff member over a five-year period is illustrated in the graph below, assuming the individual’s compensation is structured as half fixed remuneration and half MAS SPS. For this illustration, it is assumed that the staff member remains employed for a period of five years after shares offered and accepted are issued in the MAS SPS (full lock-in period). In this scenario, individual’s market-related base compensation (CTC) is €100,000 per year.

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



If they cease to be employed prior to end of the five-year lock-in period, their benefits decrease substantially (likely to below CTC level). If they remain employed for longer than the lock-in period, benefits derived could significantly increase over time (above CTC), encouraging staff’s retention and incentivising long-term planning and decision-making.

The graph illustrates the appropriateness of alignment with, and correlation between, magnitude of total long-term shareholders’ returns and participating senior executives’ potential benefits. While cash remuneration provides a baseline for total annual compensation, senior executives’ total annualised compensation derived over the period will be below base (market) compensation packages if total shareholders’ returns are below expectations during this period and exceed base (market) compensation if total annual shareholders’ returns outperform expectations during this period. In the latter instance, compensation will be commensurate with shareholders’ returns.

Cost allocation to the development joint venture with Prime Kapital

From the 2019 Transaction, certain staff members continue to provide services to the DJV with Prime Kapital for the full duration of the agreement. Staff responsible for functions incorporating asset management, finance, legal, human resources and other operational activities, 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 worked on DJV projects (excluding MAS’ own administration in respect of the DJV). This principle is applied reciprocally. Deferred bonus costs are allocated based on staff’s time spent on projects in the six-month period immediately preceding the original allocation and are recovered from the DJV when the individual receives payment. In respect of MAS SPS participation, cost of shares issued is allocated to, and recovered from, the DJV in each consecutive six-months during the five-years’ unlocking period proportionally, based on the time staff spent on the relevant projects during those periods.

Costs in respect of forfeited shares associated with the MAS SPS previously recovered from the DJV, are reimbursed.

Composition of Board members’ compensation

Non-Executive Directors

Non-Executive Directors received, for the 2021 financial year, a base fee, plus additional compensation for participation on committees, where applicable. To avoid any potential conflicts of interest, and maintain independence, Non-Executive Directors do not participate in the Group’s variable compensation schemes. They are reimbursed for appropriate and reasonable costs incurred while performing duties and, if required, are entitled to request expert advice and input enabling them to fulfil responsibilities.

Non-Executive Directors’ compensation is benchmarked with market rates annually and adjusted. This reflects annual responsibilities, as well as meeting attendance and committee obligations.

Non-Executive Directors’ compensation is subject to a tax equalisation adjustment mechanism, applicable whether the Directors are resident or non-resident in the Company’s jurisdiction of incorporation. This mechanism is aimed at ensuring equity between Board members. The purpose of the mechanism is to ensure Non-Executive Directors’ fees are competitive and compensation is not affected by individual circumstances, such as country of tax residence.

The cost to company of Non-Executive Directors’ fees are adjusted upwards, in case cumulated taxation effects on compensation exceeds 30%, with MAS covering the difference. The mechanism will be implemented with effect from MAS PLC’s redomiciliation to Malta (12 October 2021).

Executive Directors

Executive Directors are compensated as senior executives, strongly aligning interests of shareholders with management. This approach is consistent with MAS’ long-term approach to compensation and incentivisation: that sustainable total long-term shareholders’ returns are Executive Directors’ single performance indicator.

All decisions regarding capital allocation, operational, including staffing, remuneration, debt funding, dividend distributions and other factors, are driven by the same indicator, which is maximising total long-term shareholders’ returns in a sustainable manner.

Executive Directors’ compensation is established by the Board with reference to market-related compensation levels and combined with the biannual review process, which focuses on core staff values. The Board favours weighing more than 50% of total Executive Directors’ compensation to long-term incentivisation through participation in the MAS SPS.

Shares are issued in the MAS SPS, and the cost, quantified as the present value of dilution in shareholders’ future returns, is reflected in Executive Directors’ compensation packages in accordance with the applicable unlocking terms of each issue. The actual future benefit realised by Executive Directors from participation in the MAS SPS depends on the actual total returns to shareholders achieved after share issues. Therefore, there is a strong alignment of, and appropriate correlation between, the magnitude of total long-term shareholders’ returns and Executive Directors’ total compensation (detailed in section ‘MAS Share Purchase Scheme (MAS SPS)’).

Martin Slabbert and Victor Semionov were appointed Executive Directors on 27 November 2019 and both stepped down from their executive roles during the 2022 financial year. No remuneration (fixed or variable) was paid to either during their respective mandates.



# Compensation Implementation Report

## Non-Executive Directors - total compensation

The committee analyses Non-Executive Directors’ fees appropriateness annually, aimed at aligning these with market rates, with reference to market benchmarking. Following a review of the analysis for the 2021 financial year and incorporating Non-Executive Directors’ fee structure simplification, the committee revisited Non-Executive Directors’ fees considering MAS’ migration to Malta and recommended appropriate adjustments, with effect from 1 January 2022, for Board approval.

The fee schedule applicable to Non-Executive Directors’ compensation for the 2022 and 2023 financial years, applicable to individual Non-Executive Directors since the Company’s redomiciliation to Malta, is presented below.

Non-Executive Directors’ compensation	Effective 1 Jul 2022	Effective 1 Jan 2022	Effective 1 Jul 2021
	€*	€*	€*
Base retainer			
Board – Chairman	50,700	48,300	46,000
Board – Non-Executive member	44,100	42,000	40,000
plus additional fees			
Audit and Risk Committee - Chairman	6,600	6,300	6,000
Audit and Risk Committee - member	3,300	3,150	3,000

\* All figures presented are CTC, and do not include adjustments with respect to the tax equalisation mechanism.

## Executive Directors - total compensation

Following changes to the Board during the 2022 financial year, MAS’ three Executive Director roles have been assigned to individuals with no affiliation to, or interest in, Prime Kapital. In accordance with the terms of the 2019 Transaction, no remuneration was paid by MAS, to Martin Slabbert and Victor Semionov.

Other Executive Directors’ compensation illustrates the implementation, in accordance with the principles set out in Compensation Policy, of MAS’ approach to compensation of senior executives, to strongly align interests of executive management with shareholders, focusing on sustainable total long-term shareholders’ returns, this being the single performance indicator applicable to Executive Directors’ long-term variable compensation. Tables set out below present the relevant Executive Directors’ compensation packages effective for the 2022 and 2023 financial years.

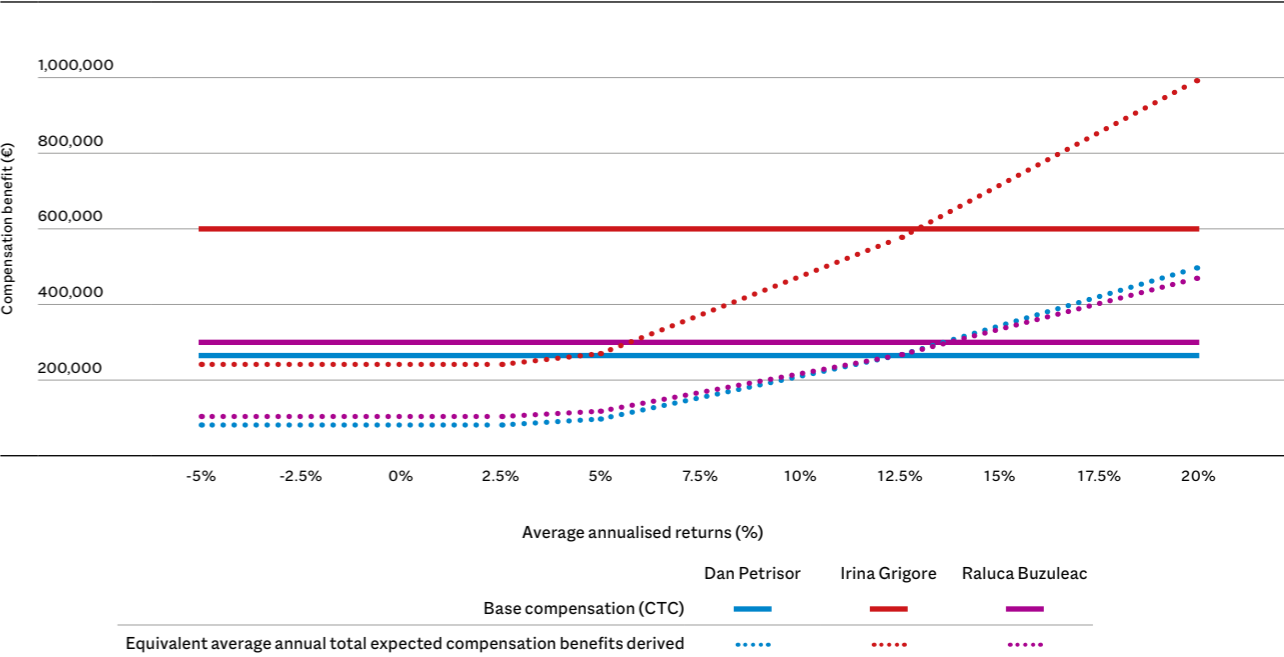
	Irina Grigore		Raluca Buzuleac		Dan Petrisor	
Effective 1 Sep 2022	Shares	CTC	Shares	CTC	Shares	CTC
	no.	€	no.	€	no.	€
Annualised base compensation		600,000		286,826		273,890
Annualised fixed cash-based compensation		245,000		151,875		130,000
Annualised compensation via MAS SPS participation	1,740,789	355,000	638,671	134,951	693,272	143,890
MAS SPS shares allocated – Sep 2020	530,012	111,030	305,078	63,910	110,714	23,193
MAS SPS shares allocated – Mar 2021	112,327	23,921	333,593	71,041	172,735	36,785
MAS SPS shares allocated – Sep 2021	1,098,450	220,049	-	-	174,823	35,022
MAS SPS shares allocated – Mar 2022	-	-	-	-	235,000	48,890
Portion of CTC compensation package granted in MAS SPS		59%		47%		53%

	Irina Grigore		Dan Petrisor	
Effective 1 Sep 2021	Shares	CTC	Shares	CTC
	no.	€	no.	€
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		71%		43%

An estimate of potential annualised benefits derived from Executive Directors’ compensation, in accordance with the relevant unlocking periods of each tranche of their participation in MAS SPS, and based on potential different total annual shareholders’ return outcomes, is presented in the table below and reflects Directors’ incentives to enhance total long-term shareholder value.

Total annual shareholders’ return outcomes	≤0%	10%	15%	20%
	€	€	€	€
Annualised estimated total compensation 2022-2027				
Irina Grigore	245,000	464,787	701,914	984,069
Raluca Buzuleac	151,875	238,376	326,413	431,167
Dan Petrisor	130,000	225,339	328,107	450,389

Estimated Executive Directors’ expected compensation compared to five-year total annual shareholders’ return



Allowances, or one-off amounts, granted to Executive Directors compensating them for additional living costs associated with relocation (to Malta) have been excluded from figures included in this section.

## Other senior executives - total compensation

Information included in the following table illustrates implementation of the Compensation Policy for other senior executives on an annualised aggregated basis starting September 2022 (15 individuals) and September 2021 (15 individuals).

	Effective 1 Sep 2022		Effective 1 Sep 2021	
	Shares	CTC	Shares	CTC
	no.	€	no.	€
Annualised base compensation		2,648,291		2,243,886
Annualised fixed cash-based compensation		1,533,773		1,340,946
Annualised compensation via MAS SPS participation		1,114,518		902,940
MAS SPS shares allocated – Sep 2020	1,716,886	359,663	2,021,964	423,573
MAS SPS shares allocated – Mar 2021	1,164,644	248,020	1,498,237	319,062
MAS SPS shares allocated – Sep 2021	800,216	160,305	800,216	160,305
MAS SPS shares allocated – Mar 2022	1,460,000	303,742	-	-
MAS SPS shares allocated – Sep 2022	170,170	42,788	-	-
Weighted average portion of CTC compensation package granted in MAS SPS shares		42%		40%



MAS staff - total compensation

The following table details the implementation of the Compensation Policy for other staff (mid-management and other members of staff) in relation to the 2022 and 2021 financial years on an aggregated basis. Amounts are weighted by duration of employment.

Staff at MAS’ Isle of Man office are excluded, as compensation for these two financial years was impacted by strategic measures restructuring the corporate function.

	Financial year to 30 Jun 2022	Financial year to 30 Jun 2021
	€	€
Total compensation	5,244,686	3,513,638
Fixed cash-based compensation	4,518,701	3,115,244
Cash bonus awards	725,985	398,394
Number of employees	180	162



Rendering: Spumotim Residential

Long-term incentive unlocking

	Granted During 2021 <sup>3</sup>	Forfeited During 2021	Exercised During 2021	Closing on 30 June 2021	Unlocked but unexercised During 2021	Value of receipts During 2021 <sup>1</sup>	Estimated closing fair value on 30 Jun 2021 <sup>2</sup>	Granted During 2022 <sup>3</sup>	Forfeited During 2022 <sup>3</sup>	Exercised During 2022	Closing on 30 June 2022	Unlocked but unexercised During 2022	Value of receipts During 2022 <sup>1</sup>	Estimated closing fair value on 30 Jun 2022 <sup>2</sup>
	shares	shares	shares	shares	shares	€	€	shares	shares	shares	shares	shares	€	€
Irina Grigore	642,339	-	-	642,339	-	-	-	1,098,450	-	-	1,740,789	-	103,872	-
2021 SPS - tranche 1 (2024)	213,899	-	-	213,899	-	-	-	-	-	-	213,899	-	12,763	-
2021 SPS - tranche 2 (2026)	428,440	-	-	428,440	-	-	-	-	-	-	428,440	-	25,565	-
2022 SPS - tranche 1 (2025)	-	-	-	-	-	-	-	365,784	-	-	365,784	-	21,826	-
2022 SPS - tranche 2 (2027)	-	-	-	-	-	-	-	732,666	-	-	732,666	-	43,718	-
Dan Petrisor	283,448	-	-	283,448	-	-	-	409,823	-	-	693,271	-	32,681	-
2021 SPS - tranche 1 (2024)	94,388	-	-	94,388	-	-	-	-	-	-	94,388	-	5,920	-
2021 SPS - tranche 2 (2026)	189,060	-	-	189,060	-	-	-	-	-	-	189,060	-	11,857	-
2022 SPS - tranche 1 (2025)	-	-	-	-	-	-	-	136,471	-	-	136,471	-	4,963	-
2022 SPS - tranche 2 (2027)	-	-	-	-	-	-	-	273,352	-	-	273,352	-	9,941	-
Raluca Buzuleac	638,671	-	-	638,671	-	-	-	-	-	-	638,671	-	35,763	-
2021 SPS - tranche 1 (2024)	212,677	-	-	212,677	-	-	-	-	-	-	212,677	-	11,909	-
2021 SPS - tranche 2 (2026)	425,994	-	-	425,994	-	-	-	-	-	-	425,994	-	23,854	-
Jonathan Knight	-	-	-	1,500,000	1,200,000	-	-	-	-	-	-	-	-	-
2017 SPS - tranche 1 (2018)	-	-	-	300,000	300,000	-	-	-	-	-	-	-	-	-
2017 SPS - tranche 2 (2019)	-	-	-	300,000	300,000	-	-	-	-	-	-	-	-	-
2017 SPS - tranche 3 (2020)	-	-	-	300,000	300,000	-	-	-	-	-	-	-	-	-
2017 SPS - tranche 4 (2021)	-	-	-	300,000	300,000	-	-	-	-	-	-	-	-	-
2017 SPS - tranche 5 (2022)	-	-	-	300,000	-	-	-	-	-	-	-	-	-	-
TOTAL	1,564,458	-	-	3,064,458	1,200,000	-	-	1,508,273	-	-	3,072,731	-	172,316	-

<sup>1</sup> Includes net distributions received on participant’s MAS SPS shares during the financial year. Distributions in respect of participant’s allocated shares in the MAS SPS are initially used to repay interest on participant’s loan account and any remaining net proceeds are paid to the participant, and included in net qualifying distributions.

<sup>2</sup> The portion of the award unlocking within twelve months after financial 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 unlocking in the relevant period. Estimated closing fair value is therefore nil for (a) participants that joined the MAS SPS prior to 2020 as options are out-of-money at the end of each year and (b) for participants that joined the MAS SPS during the 2021 and 2022 financial years as no awards are unlocking within twelve months after financial year end.

<sup>3</sup> Executive Directors (Irina Grigore, Raluca Buzuleac and Dan Petrisor) were invited to join the MAS SPS starting September 2020, and during the 2021 and 2022 financial years were awarded and accepted shares as disclosed in table above. Shares awarded and accepted by Raluca Buzuleac in the MAS SPS during the 2021 financial year, prior to being appointed Executive Director (6 December 2021), are shown as granted in the relevant period.



Long-term incentives – single figure of remuneration

Executive Director	Actual					Estimated <sup>4</sup>	
	Base salary	Fees	Other benefits <sup>1</sup>	Qualifying distributions <sup>2</sup>	Other <sup>3</sup>	LTI reflected <sup>5</sup>	Total single figure of remuneration
	€	€	€	€	€	€	€
Irina Grigore	2022	142,431	-	109,028	103,872	-	355,331
	2021	45,947	-	-	-	-	45,947
Dan Petrisor	2022	119,560	-	96,971	32,680	-	249,211
	2021	73,342	-	-	-	-	73,342
Raluca Buzuleac	2022	75,392	-	-	35,763	-	111,155
	2021	-	-	-	-	-	-
Martin Slabbert	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Victor Semionov	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Jonathan Knight	2022	30,140	-	-	-	-	30,140
	2021	180,335	-	-	-	11,958	192,293

<sup>1</sup> Other benefits relate to Irina Grigore’s and Dan Petrisor’s relocation and cost of living expenses adjustment with respect to their relocation to Malta, comprising allowances compensating them for additional living costs, relocation costs, rent allowance and other fringe benefits.

<sup>2</sup> Net distributions relating to each participant’s MAS SPS shares received during the 2022 financial year are only included in qualifying distributions for 2022 respectively up to, and including, the year when the underlying shares are recognised in the single figure table. Dividends were paid during the 2022 financial year (no dividends were paid during the 2021 financial year).

<sup>3</sup> Short-term incentive for Jonathan Knight reflects amounts approved prior to November 2019 and settled during the 2021 financial year.

<sup>4</sup> Variable compensation which may differ to the amount disclosed when received. The actual award received will be included in the schedule of unlocked awards and cash flow on settlement in future periods.

<sup>5</sup> LTI reflected relates to single figure of remuneration computed as the number of shares unlocking in a twelve-month period multiplied by five-day VWAP on the period end date. No shares awarded to Executive Directors are unlocking in the twelve-month period elapsing from 30 June 2022.

<sup>6</sup> Compensation for Irina Grigore and Dan Petrisor reflects their twelve-month fixed compensation for the period, while remuneration for Raluca Buzuleac reflects the period since her appointment as Executive Director (Deputy CFO) on 6 December 2021. No value was reflected in respect of the MAS SPS in respect of participants that joined MAS SPS in 2021, as no awards unlock within the twelve-months elapsing from 30 June 2022.

<sup>7</sup> Executive Directors Martin Slabbert and Victor Semionov did not receive any compensation from the date of the 2019 Transaction between MAS and Prime Kapital. During 2022 financial year, both stepped down from their executive roles.

<sup>8</sup> Base salary for Jonathan Knight reflects compensation for the period up to him stepping down from the Board as Alternate Director in August 2021.

Shareholding disclosures

Number of shares on 30 June 2022	Direct	Indirect	Associate	Total
Irina Grigore <sup>3</sup>	100,000	1,740,789	-	1,840,789
Raluca Buzuleac <sup>4</sup>	-	638,671	-	638,671
Dan Petrisor <sup>5</sup>	-	693,272	-	693,272
Martin Slabbert <sup>7</sup>	-	14,287,550*	318,808 <sup>1*</sup>	14,606,358*
Malcolm Levy	11,633	-	1,568,928 <sup>1</sup>	1,580,561
Pierre Goosen	-	-	104,815 <sup>1</sup>	104,815
Werner Alberts	-	-	-	-
Melt Hamman	-	5,800 <sup>2</sup>	100,000 <sup>1</sup>	105,800
Claudia Pendred	-	-	-	-
Brett Nagle	63,470	-	86,675 <sup>1</sup>	150,145
Vasile Iuga	-	-	-	-
Dan Pascariu	834,320	-	-	834,320
Victor Semionov <sup>7</sup>	-	1,462,037*	-*	1,462,037*
Jonathan Knight <sup>8</sup>	674,575	1,200,000	-	1,874,575
	<b>1,683,998</b>	<b>20,028,119</b>	<b>2,179,226*</b>	<b>23,891,343*</b>

<sup>1</sup> Non-beneficial to Director

<sup>2</sup> Family trust

<sup>3</sup> Appointed Executive Director (CFO) on 24 February 2021, and also appointed Deputy CEO on 26 August 2021. Appointed CEO on 21 April 2022.

<sup>4</sup> Appointed Executive Director (Deputy CFO) on 6 December 2021 and appointed CFOO on 21 April 2022.

<sup>5</sup> Appointed Executive Director on 26 August 2021 (and is no longer Alternate Director with effect on the same date).

<sup>6</sup> Stepped down from his executive role as CEO on 21 April 2022, appointed Non-Executive Director on the same date.

<sup>7</sup> Stepped down from his role as CFO on 24 February 2021, remained Executive Director until 26 August 2021, when he stepped down from the Board.

<sup>8</sup> Resigned from his role as Alternate Director with effect from 26 August 2021.

There were no changes to Directors’ interests between 30 June 2022 and the publication of the Consolidated annual financial statements, 29 August 2022.

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

<sup>1</sup> Non-beneficial to Director

<sup>2</sup> Family trust

<sup>3</sup> Appointed Executive Director (CFO) on 24 February 2021 and also appointed Deputy CEO on 26 August 2021.

<sup>4</sup> Stepped down from the Board from his role as CFO on 24 February 2021 and as Executive Director on 26 August 2021.

<sup>5</sup> Appointed Executive Director on 26 August 2021 (no longer Alternate Director).

<sup>6</sup> Resigned from his role as Alternate Director 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 DJV’s ordinary shares. 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 153,643,517 MAS shares, representing 21.5% of MAS’ ordinary shares (30 June 2021: 21.6%).

# Consolidated Annual Financial Statements

for the year to 30 June 2022

Statement of Directors’ Responsibilities	87
Independent auditor’s report to the Shareholders of MAS P.L.C.	88
Consolidated statement of profit or loss	94
Consolidated statement of other comprehensive Income	95
Consolidated statement of financial position	96
Consolidated statement of changes in equity	98
Consolidated statement of cash flows	99
Notes to the consolidated annual financial statements	100
Company information, advisors and property valuers	164

## Statement of Directors’ responsibilities

In terms of the Maltese Companies Act (Cap. 386) and other regulatory requirements, the Directors are required to prepare financial statements which give a true and fair view of the financial position of the Group for each period end and the financial performance for that period. In preparing the Directors’ commentary and consolidated annual financial statements, the Directors are responsible for:

ensuring that the financial statements have been drawn up in accordance with the International Financial Reporting Standard (‘IFRS’) issued by the International Accounting Standards Board (‘IASB’) and IFRS issued by the EU;  
selecting and applying appropriate accounting policies;  
making accounting estimates that are reasonable in the circumstances, and  
preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern.

The Directors are also responsible for designing, implementing, and maintaining 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, and that comply with the Maltese Companies Act (Cap. 386). 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 Raluca Buzuleac.

### CEO and CFO confirmation

Each of the Directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 94 to 163, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the 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 apnnual financial statements of the issuer;
- (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 as Executive Directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies, and
- (f) we are not aware of any fraud involving directors.

The consolidated annual financial statements on pages 94 to 163 were approved and authorised for issue by the Board of Directors on 25 August 2022 and signed on its behalf by:

*Irina Grigore*  
*Chief Executive Officer*

*Raluca Buzuleac*  
*Chief Financial and Operational Officer*

*25 August 2022*  
*Ta’ Xbiex*  
*Malta*

# Independent auditor’s report

to the Shareholders of MAS P.L.C.  
Report on the audit of the consolidated annual financial statements

**Our opinion**

In our opinion:

- The consolidated annual financial statements (the ‘financial statements’) give a true and fair view of the Group consolidated financial position of MAS P.L.C. as at 30 June 2022, and of the Group’s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU and IFRSs as issued by the International Accounting Standards Board; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

**What we have audited**

MAS P.L.C.’s financial statements comprise:

- the consolidated statement of profit or loss for the year to 30 June 2022;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of financial position on 30 June 2022;
- 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 consolidated annual 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) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



**Our audit approach**

**Overview**

- Overall group materiality: €15,296,000, which represents 1% of the Group’s consolidated total assets.
- We conducted a full scope audit of the most significant components and performed specified audit procedures on certain account balances of other components.
- The Group engagement team performed oversight procedures on the work of the component teams for all significant locations.
- Valuation of investment property, investment property held for sale and equity-accounted associate
- The acquisition of the Spark II Portfolio

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€15,296,000
How we determined it	1% of the Group’s consolidated total assets
Rationale for the materiality benchmark applied	We chose consolidated total assets as the benchmark as, in our view, this is the main benchmark against which users of the financial statements most frequently measure the Group’s performance.  We chose 1% based on our professional judgement, noting that it is also within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above €710,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



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
<p><i>Valuation of investment property, investment property held for sale and the equity-accounted associate</i></p> <p>Refer to the following accounting policies and notes to the financial statements for details:</p> <ul style="list-style-type: none"><li>• Note 5.2 'Investment property held for sale',</li><li>• Note 13 'Investment property',</li><li>• Note 14 'Investment in equity-accounted investee' and</li><li>• Note 25 'Critical accounting estimates, judgements and errors'.</li></ul> <p>The Group's investment property includes retail properties in Central and Eastern Europe and Retail properties and Land in Western Europe. The fair value of investment property held for sale is €78,509 thousand, the fair value of investment property is €860,498 thousand and the fair value of investment in equity-accounted investee is €25,202 thousand. A significant portion of the share profit from equity-accounted investee, net of tax, underlying the investment in the equity-accounted investee, comprises fair value adjustments for investment properties.</p> <p>On a biannual basis, management assesses the fair value of its property portfolio based on external valuations prepared by independent property valuers using various valuation models as further explained in Note 13.</p> <p>The valuation of the Group'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.</p> <p>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>	<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 involved our internal valuation experts with relevant qualifications to assist us in this area.</p> <p>We assessed the independent property 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 (Royal Institute of Chartered Surveyors) standards or equivalent and suitable for use in determining the carrying value for the purpose of the financial statements in accordance with IFRSs.</p> <p>We held meetings with management and the valuers, as appropriate, where the valuations and the key assumptions and rationale therein were discussed and challenged, focusing on the largest properties in the portfolio, significant valuation movements and where the valuation basis has changed in the year.</p> <p>We obtained details of material properties held by the Group on a sample basis and set an expected range for yield determined by reference to published benchmarks and using our experience and knowledge of the market. We compared investment yields used by the valuers with the range of expected yields and the year on year 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. We developed multiple sensitivity analysis on these inputs that were assessed as significant and tested the impact.</p> <p>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.</p> <p>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 assets (land plots held for future development) we developed an independent expected valuation and assessed the reasonableness of the assumptions and adjustments used by the external valuer and concluded that the market value is reasonably estimated.</p> <p>The above procedures were also performed on investment property held by the equity-accounted investee.</p> <p>Based on the work performed we found that the assumptions used in the valuations were supported by the evidence obtained.</p> <p>We also considered the adequacy of the disclosures made in Note 5.2 'Investment property held for sale', Note 13 'Investment property', Note 14 'Investment in equity-accounted investee' and Note 25 'Critical accounting estimates, judgements and errors' to the consolidated financial statements and consider these to be adequate.</p>

Key audit matter

How our audit addressed the key audit matter

<p><i>The acquisition of the Spark II Portfolio</i></p> <p>Refer to the following accounting policies and notes to the financial statements for details:</p> <ul style="list-style-type: none"><li>• Note 4 'Material transactions',</li><li>• Note 13 'Investment property', and</li><li>• Note 25 'Critical accounting estimates, judgements and errors'.</li></ul> <p>The Group acquired 100% of the share capital and shareholder loans of six subsidiaries of PKM Development Limited, owning six commercial retail centres in Romania (the 'Spark II Portfolio') with a fair value of the investment properties of €316,930 thousand. The transaction was concluded to be an asset acquisition, as substantially the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets.</p> <p>The acquisition of the Spark II Portfolio was identified as a key audit matter given that the judgements are significant, due to, among other factors, the impact of the transaction and the decision to account for an asset acquisition or a business combination. The significance of the judgements involved warrants specific audit focus due to the fact that the impact from the transaction is material to the consolidated financial statements.</p>	<p>Given the key judgments involved in the determination of whether the acquisition of the Spark II Portfolio is a business combination or an asset acquisition, we engaged our internal IFRS specialists to validate the conclusion of the analysis performed by Group's management.</p> <p>We read the sale purchase agreement and evaluated the analysis performed by Group's management and the conclusion that the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets. We considered whether it addresses the relevant requirements of IFRS 3 'Business Combination' and concluded that the treatment of this transaction in the consolidated financial statements is in accordance with International Financial Reporting Standards.</p> <p>We obtained all transaction approval documents and considered the appropriateness of the effective date of the transaction.</p> <p>We also used substantive testing procedures to test that the acquisition of the Spark II Portfolio has been properly accounted for in the consolidated financial statements and that the acquired assets and assumed liabilities are accounted for in accordance with the applicable standards, respectively, IAS 40 'Investment property' and IFRS 9 'Financial instruments for financial assets and liabilities'.</p> <p>Based on the work performed we concluded that the acquisition of the Spark II Portfolio was appropriately accounted for.</p> <p>We considered the disclosures presented in the consolidated financial statements in relation to the accounting for the acquisition of the Spark II Portfolio and consider these to be adequate.</p>
--	--

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises a number of holding companies and other investment property owning subsidiaries. It also holds an investment in an equity-accounted investee. The consolidated financial statements are a consolidation of all of these components.

We performed full scope audits for financially significant components, and in addition, we performed a combination of audits of certain account balances or analytical review procedures over the remaining components. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed to form our opinion on the consolidated financial statements as a whole.

In establishing the overall audit approach to the group audit, we determined the type of work that needed to

be performed by us, as the group engagement team, and by component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the director's 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 consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.



**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and IFRSs as issued by the IASB and the requirements of the Maltese Companies Act (Cap. 386), 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 and those charged with governance 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 or the Parent Company 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 consolidated 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 and those charged with governance 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 and those charged with governance 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 those charged with governance, 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.

**Report on other legal and regulatory requirements**

The *Directors' Commentary and Consolidated annual financial statements for the year to 30 June 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the *Directors' Commentary and Consolidated annual financial statements for the year to 30 June 2022*, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

**Area of the Directors' Commentary and Consolidated annual financial statements for the year to 30 June 2022 and the related Directors' responsibilities**

**Our responsibilities**

**Our reporting**

**Directors' commentary and Statement of Directors' responsibilities**

The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.

We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.

In addition, we are required to state whether, in the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.

In our opinion:

- the information given in the Directors' commentary and Statement of Directors' responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' commentary and Statement of Directors' responsibilities has been prepared in accordance with the Maltese Companies Act (Cap. 386).

We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

**Other matters on which we are required to report by exception**

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- the financial statements are not in agreement with the accounting records and returns.
- we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

**Other matter - use of this report**

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, 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 written consent.

PricewaterhouseCoopers  
78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

Christopher Cardona  
Partner

26 August 2022

Consolidated statement of profit or loss

	Note	Year to 30 June 2022	Year to 30 June 2021
<i>Continuing operations</i>			
Rental income	6.1	36,344	34,864
Service charge income and other recoveries	6.2	11,575	10,499
<b>Gross revenue</b>		<b>47,919</b>	<b>45,363</b>
Impairment of receivables	6	(338)	(6,090)
Service charge and other property operating expenses	6.2	(13,478)	(12,355)
<b>Net rental income</b>	6	<b>34,103</b>	<b>26,918</b>
Corporate expenses	7	(6,564)	(5,700)
Other income	8	5,006	2,690
Investment expenses	9	(1,858)	(631)
Fair value adjustments	10	61,223	28,432
Foreign currency exchange differences		(770)	3,100
Share of profit from equity-accounted investee, net of tax	14	40,901	10,629
<b>Profit before finance income/(costs)</b>		<b>132,041</b>	<b>65,438</b>
Finance income	11	21,733	15,397
Finance costs	11	(15,256)	(9,401)
<b>Profit before tax</b>		<b>138,518</b>	<b>71,434</b>
Current tax		(872)	(180)
Deferred tax		(6,832)	(5,443)
<b>Taxation</b>	12	<b>(7,704)</b>	<b>(5,623)</b>
<b>Profit from continuing operations</b>		<b>130,814</b>	<b>65,811</b>
<i>Discontinued operations</i>			
Profit from discontinued operations, net of tax	5.1	10,357	5,931
<b>Profit for the year</b>		<b>141,171</b>	<b>71,742</b>
<i>Attributable to:</i>			
Owners of the Group		141,171	71,742
<b>Profit for the year</b>		<b>141,171</b>	<b>71,742</b>
<b>IFRS Earnings per share for profit attributable to the ordinary equity holders of the Group - total</b>	21.3		
IFRS Basic earnings per share (eurocents)		20.07	10.18
IFRS Diluted earnings per share (eurocents)		20.01	10.14
<b>IFRS Earnings per share for profit attributable to the ordinary equity holders of the Group - continuing operations</b>	21.3		
IFRS Basic earnings per share (eurocents)		18.60	9.34
IFRS Diluted earnings per share (eurocents)		18.54	9.30

Consolidated statement of other comprehensive income

	Note	Year to 30 June 2022	Year to 30 June 2021
Profit for the year - continuing operations		130,814	65,811
Profit for the year - discontinued operations		10,357	5,931
<b>Profit for the year</b>		<b>141,171</b>	<b>71,742</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations - continuing operations		443	2,920
Exchange differences on translation of foreign operations - discontinued operations	5.2	(2,928)	(1,570)
<i>Items reclassified through profit or loss</i>			
Foreign exchange gain previously recognised in other comprehensive income recycled on disposal of subsidiary - discontinued operations	5.2	2,625	-
<b>Total comprehensive income for the year</b>		<b>141,311</b>	<b>73,092</b>
<i>Attributable to:</i>			
Owners of the Group		141,311	73,092
<b>Total comprehensive income for the year</b>		<b>141,311</b>	<b>73,092</b>

### Consolidated statement of financial position

	Note	On 30 June 2022	On 30 June 2021
<i>Non-current assets</i>			
Investment property	13.1	860,498	458,603
Financial assets	18.4	236,067	247,734
Investment in equity-accounted investee	14	25,202	37,365
Other non-current assets	16	13,934	9,385
Deferred tax assets	12	3,801	3,470
Intangible assets	15	1,696	1,696
<b>Total non-current assets</b>		<b>1,141,198</b>	<b>758,253</b>
<i>Current assets</i>			
Financial investments	18.1	97,655	33,580
Trade and other receivables	18.2	38,062	36,030
Cash and cash equivalents	18.3	174,176	287,077
Investment property held for sale	5.2	78,509	211,640
<b>Total current assets</b>		<b>388,402</b>	<b>568,327</b>
<b>Total assets</b>		<b>1,529,600</b>	<b>1,326,580</b>
<i>Equity</i>			
Share capital and share premium	21.1	653,122	649,529
Share capital		7,146	-
Share premium		645,976	649,529
Treasury shares	21.1	(29,663)	(5,980)
Retained earnings		314,961	236,421
Share-based payment reserve	21.2	1,370	1,233
Foreign currency translation reserve		(11,640)	(11,780)
<b>Equity attributable to owners of the Group</b>		<b>928,150</b>	<b>869,423</b>
<i>Non-current liabilities</i>			
Bonds	19.1	295,904	294,587
Bank loans	19.1	117,144	-
Deferred tax liabilities	12	30,623	24,436
Other non-current liabilities	17	7,155	2,036
<b>Total non-current liabilities</b>		<b>450,826</b>	<b>321,059</b>
<i>Current liabilities</i>			
Bonds	19.1	115	151
Bank loans	19.1	40,546	112,171
Financial liabilities	19.3	-	848
Trade and other payables	19.2	109,963	22,928
<b>Total current liabilities</b>		<b>150,624</b>	<b>136,098</b>
<b>Total liabilities</b>		<b>601,450</b>	<b>457,157</b>
<b>Total shareholder equity and liabilities</b>		<b>1,529,600</b>	<b>1,326,580</b>

These consolidated annual financial statements were approved and authorised for issue by the Board of Directors on 25 August 2022 and signed on their behalf by:

Irina Grigore  
Chief Executive Officer

Raluca Buzuleac  
Chief Financial and Operational Officer



Consolidated statement of changes in equity

	Note	Share capital	Share premium	Treasury shares	Retained earnings / (deficit)	Share-based payment reserve	Foreign currency translation reserve	Equity attributable to owners of the Group
Balance on 30 June 2020		-	899,858	(6,309)	(85,321)	925	(13,130)	796,023
Comprehensive income for the year								
Profit for the year		-	-	-	71,742	-	-	71,742
Other comprehensive income for the year		-	-	-	-	-	1,350	1,350
Total comprehensive income for the year		-	-	-	71,742	-	1,350	73,092
Equity transactions								
Employee share schemes – value of employee services	21.2	-	-	-	-	308	-	308
Employee share schemes – net value of shares forfeited and brought back in the scheme	21.1	-	(2,064)	2,064	-	-	-	-
Transfer of share premium to retained deficit	21.1	-	(250,000)	-	250,000	-	-	-
Total equity transactions		-	(252,064)	2,064	250,000	308	-	308
Transactions with the owners of the Group								
Issue of shares	21.1	-	1,735	(1,735)	-	-	-	-
Total transactions with the owners of the Group		-	1,735	(1,735)	-	-	-	-
Balance on 30 June 2021		-	649,529	(5,980)	236,421	1,233	(11,780)	869,423
Comprehensive income for the year								
Profit for the year		-	-	-	141,171	-	-	141,171
Other comprehensive income for the year		-	-	-	-	-	140	140
Total comprehensive income for the year		-	-	-	141,171	-	140	141,311
Nominal value of shares assignment on Company's continuation	21.1	7,131	(7,131)	-	-	-	-	-
Equity transactions								
Employee share schemes – value of employee services	21.2	-	-	-	-	137	-	137
Employee share schemes – net value of shares forfeited and brought back in the scheme	21.1	-	(171)	171	-	-	-	-
Total equity transactions		-	(171)	171	-	137	-	137
Transactions with the owners of the Group								
Issue of shares	21.1	15	3,749	(3,764)	-	-	-	-
Distributions	21.1	-	-	-	(62,631)	-	-	(62,631)
Shares repurchases (not cancelled)	21.1	-	-	(20,090)	-	-	-	(20,090)
Total transactions with the owners of the Group		15	3,749	(23,854)	(62,631)	-	-	(82,721)
Balance on 30 June 2022		7,146	645,976	(29,663)	314,961	1,370	(11,640)	928,150

### Consolidated statement of cash flows

	Note	Year to 30 June 2022	Year to 30 June 2021
<i>Operating activities</i>			
Cash generated from operating activities	18.3	46,145	35,700
Income received on PKM Development preferred equity	20	19,318	8,288
Income taxes paid	12	(858)	(4,068)
Proceeds from federal tax reimbursement	12	1,152	-
Distribution paid to geared share purchase plan participants	21.2	(422)	-
<b>Net cash inflow from operating activities</b>		<b>65,335</b>	<b>39,920</b>
<i>Investing activities</i>			
Capitalised expenditure on investment property paid	13.1	(6,468)	(6,467)
Capitalised expenditure on investment property held for sale paid	5.2	(2,172)	(8,786)
Proceeds from sale of investment property held for sale	5.2	53,799	343,852
Proceeds from sale of subsidiary, net of cash disposed of	5.2	43,207	-
Subscription for PKM Development preferred equity	20	(49,700)	(54,650)
Acquisition of direct financial investments	18.1	(78,305)	(28,204)
Receipt of CFD collateral on CFD disposals	18.1	-	28,406
Settlement of fair value adjustments on CFDs	18.1	-	7,234
Settlement of financial liability		-	(2,340)
Investment expenses paid		(2,965)	(10,339)
Interest on bank deposits, net	11	(892)	(293)
Tax paid on investing activities	12	(1,696)	(4,061)
<b>Net cash inflow from investing activities</b>		<b>(45,192)</b>	<b>264,352</b>
<i>Financing activities</i>			
Consideration for shares repurchases paid	21.1	(19,990)	-
Acquisition costs for shares repurchases	21.1	(100)	-
Proceeds from issue of bonds	19.1	-	296,710
Bonds coupon paid	19.1	(12,750)	-
Transaction costs relating to bonds paid	19.1	(42)	(3,560)
Transaction costs relating to bank loans paid	19.1	(131)	-
Repayment of capital on bank loans	19.1	(34,001)	(341,808)
Debt break fees paid on repayment of bank loans	19.1	(961)	(10,151)
Interest paid on bank loans	19.1	(1,658)	(8,269)
Distributions paid	21.1	(62,631)	-
<b>Net cash outflow from financing activities</b>		<b>(132,264)</b>	<b>(67,078)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(112,121)</b>	<b>237,194</b>
Cash and cash equivalents at the beginning of the year	18.3	287,077	51,404
Effect of movements in foreign exchange rate fluctuations on cash held		(780)	(1,521)
<b>Cash and cash equivalents at the end of the year</b>	<b>18.3</b>	<b>174,176</b>	<b>287,077</b>

The cash flows above relate to continuing and discontinued operations. See note 5.3 for cash flow summary on discontinued operations.

### Notes to the consolidated annual financial statements

#### Corporate information

MAS P.L.C. (formerly MAS Real Estate Inc.) (the ‘Company’ or ‘MAS’) is domiciled in Malta and subject to the Maltese Companies Act 1995. The address of its registered office is Suite 11, Marina Business Centre, Abate Rigord Street, Ta’ Xbiex, XBX1129, Malta. The Company has completed, effective 12 October 2021, the migration process from the British Virgin Islands to Malta, including the registration of necessary amendments to the Company’s memorandum and articles of association and the change of its name to MAS P.L.C., as stated in the announcement issued by the Group on 10 November 2021, available on <https://www.masrei.com>. These consolidated annual financial statements in respect of the year to 30 June 2022 comprise the Company and its subsidiaries (together referred to as the ‘Group’) and are available for inspection at the registered office of the Company and on the corporate website.

Comparative figures are included for the financial year to 30 June 2021.  
All amounts disclosed have been rounded to the nearest thousand euro (‘€ thousand’), unless otherwise stated.

#### Group subsidiaries

The Group’s subsidiaries on 30 June 2022 and 30 June 2021 are set out below. Unless otherwise stated, subsidiaries’ share capital consist 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	Jurisdiction	Ownership interest held by the Group
Atrium Mall SRL (name changed from Mastweight SRL on 31 May 2022)	Romania	100%
Baia Mare Value Centre SRL (name changed from PK Black SRL on 31 May 2022)	Romania	100%
Barlad Value Centre SRL (name changed from PK Vanilla SRL on 1 July 2022) <sup>3</sup>	Romania	100%
Braehead Properties Limited	Isle of Man	100%
Brandenburg Retail Capital Sarl	Luxembourg	100%
Braunschweig Limited	Isle of Man	100%
Chippenham Properties Limited	Isle of Man	100%
Dambovita Mall SRL (name changed from PK Grizzly SRL on 1 July 2022) <sup>3</sup>	Romania	100%
DN1 Value Centre SRL (name changed from PK Development One SRL on 1 July 2022) <sup>3</sup>	Romania	100%
Flensburg Limited	Isle of Man	100%
Galleria Burgas ead	Bulgaria	100%
Galleria Stara Zagora ead	Bulgaria	100%
Impromptu Capital Sarl	Luxembourg	100%
Incantada Capital Sarl	Luxembourg	100%
Innova Capital Sarl	Luxembourg	100%
Instrumento Capital Sarl	Luxembourg	100%
Interlude Capital Sarl	Luxembourg	100%
Intermezzo Capital Sarl	Luxembourg	100%
Intonata Capital Sarl	Luxembourg	100%
Istempo Capital Sarl	Luxembourg	100%
Langley Properties Limited	Isle of Man	100%
Leipzig Retail Capital Sarl	Luxembourg	100%
Magdeburg Retail Capital Sarl	Luxembourg	100%
MAS (European) Holdings Limited	Isle of Man	100%
MAS (IOM) Holdings Limited	Isle of Man	100%
MAS CEE Developments Limited	Isle of Man	100%
MAS CEE Holdings Ltd (name changed from PKM Investment Sarl and redomiciled to Malta on 23 August 2021)	Malta	100%
MAS CEE Investments Limited	British Virgin	100%
MAS CEE Management Holding SRL (name changed from PKM Neptune SRL on 4 January 2021)	Romania	100%
MAS Ginger SRL (incorporated on 27 June 2022)	Romania	100%
MAS One PCC Limited	Isle of Man	100%
MAS Pearl SRL (incorporated on 27 June 2022)	Romania	100%
MAS Property Advisors Limited	Isle of Man	100%
MAS Property Management GmbH (incorporated on 31 August 2021)	Germany	100%
MAS (BVI) Holdings Limited (obtained the provisional certificate of continuation in Malta as MAS RE Malta Holding Ltd on 1 August 2022)	Malta	100%
MAS Real Estate Finance SRL (name changed from PKM Gemini SRL on 8 April 2021)	Romania	100%
MAS Securities BV (incorporated on 21 January 2021)	Netherlands	100%
MAS Three Limited	Isle of Man	100%
MAS Two PCC Limited	Isle of Man	100%
MAS Velvet SRL (incorporated on 27 June 2022)	Romania	100%
MAS WE Holdings Ltd (name changed from European Property Holdings Sarl and redomiciled to Malta on 19 April 2021)	Malta	100%
Militari Shopping Centre SRL (name changed from Land Development Proiect SRL on 19 April 2021)	Romania	100%
New Uberior House Limited <sup>2</sup>	Jersey	100%
New Waverley 10 Limited	Isle of Man	100%

Entity name	Jurisdiction	Ownership interest held by the Group
New Waverley 12 Limited	Isle of Man	100%
New Waverley 14 Limited	Isle of Man	100%
New Waverley 20 Limited	United Kingdom	100%
North Street Quarter Limited	Isle of Man	100%
Nova Park sp zoo	Poland	100%
Petrusse Capital Sarl	Luxembourg	100%
PK Property Management (Bulgaria) eood	Bulgaria	100%
PK Property Management (Poland) sp zoo	Poland	100%
PK Red SRL	Romania	100%
PKM CEE Investments Ltd	Isle of Man	100%
PKM Investments (Netherlands) BV <sup>1</sup>	Netherlands	100%
PKM Investments Finance Ltd	Isle of Man	100%
PKM Jupiter SRL	Romania	100%
PKM Saturn SRL	Romania	100%
Prahova Value Centre SRL (name changed from PK Green SRL on 1 July 2022) <sup>3</sup>	Romania	100%
Prime Kapital CEE Property Investment Management Ltd	British Virgin	100%
Rhea Mezzi Limited (name changed from MAS Mezzi Limited on 19 January 2021)	Isle of Man	100%
Roman Value Centre SRL (name changed from PK Indigo SRL on 31 May 2022)	Romania	100%
Sepsi Value Centre SRL (name changed from PK Bronze SRL on 1 July 2022) <sup>3</sup>	Romania	100%
Zalau Value Centre SRL (name changed from PK Denim SRL on 1 July 2022) <sup>3</sup>	Romania	100%

<sup>1</sup> Effective 1 July 2021, PK Mezz BV merged with its direct shareholder, PKM Investments (Netherlands) BV, the latter being the surviving entity.

<sup>2</sup> Effective 26 August 2021, New Uberior House Limited was disposed of by means of a share deal and deconsolidated from the Group's subsidiaries.

<sup>3</sup> Effective 30 June 2022, MAS acquired 100% of the share capital of DN1 Value Centre SRL (formerly PK Development One SRL), Prahova Value Centre SRL (formerly PK Green SRL), Sepsi Value Centre SRL (formerly PK Bronze SRL), Dambovită Mall SRL (formerly PK Grizzly SRL), Zalau Value Centre SRL (formerly PK Denim SRL) and Barlad Value Centre SRL (formerly PK Vanilla SRL) through its subsidiary, namely MAS CEE Management Holdings SRL, as described in note 4.

Auditors

Following the migration of the Company's legal seat from the British Virgin Islands to Malta, MAS has appointed, effective 10 June 2022, PricewaterhouseCoopers (Malta) as the Group and Company's external auditor, replacing PricewaterhouseCoopers LLC (Isle of Man).

Contents of the notes

Information about the business

- Note 1. Significant events in the reporting period
- Note 2. Going concern
- Note 3. Segmental analysis – proportionate accounts
- Note 4. Material transactions
- Note 5. Investment property held for sale and discontinued operations
  - 5.1. Profit from discontinued operations, net of tax
  - 5.2. Investment property held for sale
  - 5.3. Cash flows from discontinued operations

Information about individual line items within the Group's financial statements

- Note 6. Net rental income
  - 6.1. Rental income
  - 6.2. Service charge
- Note 7. Corporate expenses
- Note 8. Other income
- Note 9. Investment expenses
- Note 10. Fair value adjustments
- Note 11. Finance income and finance costs
- Note 12. Taxation
- Note 13. Investment property
  - 13.1. Investment property
  - 13.2. Valuation sensitivity analysis
- Note 14. Investment in equity-accounted investee
- Note 15. Intangible assets
- Note 16. Other non-current assets
- Note 17. Other non-current liabilities
- Note 18. Financial assets
  - 18.1. Financial investments
  - 18.2. Trade and other receivables
  - 18.3. Cash and cash equivalents
  - 18.4. Financial assets
- Note 19. Financial liabilities
  - 19.1. Bonds and bank loans
  - 19.2. Trade and other payables
  - 19.3. Financial liabilities
- Note 20. Classification, valuation and offsetting of financial assets and financial liabilities
- Note 21. Equity
  - 21.1. Share capital, share premium and treasury shares
  - 21.2. Share-based payment arrangements
  - 21.3. Earnings per share

Information about other items

- Note 22. Contingent liabilities and contingent assets
- Note 23. Commitments
- Note 24. Events after the reporting date

Information about risk

- Note 25. Critical accounting estimates, judgements and errors
- Note 26. Financial risk management

Further information

- Note 27. Related parties
- Note 28. Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts
- Note 29. Summary of general accounting policies

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 reporting period:
- MAS P.L.C. (formerly MAS Real Estate Inc.) has completed, effective 12 October 2021, the migration process from British Virgin Islands to Malta, including the registration of amendments to the Company’s memorandum and articles of association and the Company’s change of name to MAS P.L.C.;
  - Additional disposals of investment property in Western Europe, in accordance with the Group’s disposal strategy; see further information in note 5.2;
  - Acquisition of additional listed real estate equity securities; see further information in note 18.1;
  - Acquisition of 100% of the share capital and shareholder loans of six subsidiaries of P K M Development Limited (‘PKM Development’ or ‘DJV’), owning six Romanian commercial centres and extension of the relationship’s duration with Prime Kapital Holdings Limited (‘Prime Kapital’ or ‘PK’) via the DJV and increase of MAS’ funding commitments to the DJV; see further information in note 4.

2. Going concern

Management prepared these consolidated annual financial statements on a going concern basis.

Based on the publicly available information on the date on which these consolidated annual financial statements were authorised for issue, the Group has considered and analysed further potential developments of Covid-19, as well as the potential effects arising from Russia’s invasion of Ukraine on the Group’s markets, and their potential impact of macroeconomic instability due to increased inflation and interest rates on the Group’s revenues, profits, cash flows, operations and liquidity position and its markets, including measures already taken or expected to be further taken by authorities in countries where the Group operates.

Since February 2022, the geopolitical situation in Eastern Europe has intensified with Russia’s invasion of Ukraine. Management analysed the potential effects of the unfolding events on the global economic and financial markets as well as ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption, due to sanctions imposed on Russia by the European Union, and other national and supra-national bodies. The events may result in higher energy prices, leading to higher inflation, that may put downward pressure on disposable income in the Group’s markets.

As potential Covid-19 disruptions are not expected to lead to negative operational cash flows in the short-term and after analysing the potential impact on the Group’s operations due to the ongoing economic challenges and on the Group’s long-term strategy and earnings targets, management concluded that there are no material uncertainties relating to MAS’ ability to continue as a going concern.

3. Segmental analysis – proportionate accounts

Segment results used by senior management 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 optimally analyse assets and their performance on a regional level, consistent with the Group’s strategy to focus on 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 considers the Group’s operational performance and determines its financial position. A segment’s performance is measured with two indicators, tangible net asset value per segment and adjusted distributable earnings per segment, with each segment described in the table below.

The Group has a significant investment in the DJV as a result of the arrangement with Prime Kapital. Presentation of financial information by using the proportionate consolidation method enhances clarity to interested parties in respect of the Group’s operations.

Reportable segment	Description
CEE direct assets (CEE)	Income properties located in CEE, fully owned and managed by the Group.
CEE development joint venture (DJV)	Income and development properties located in CEE operated by the Group and 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 preferred equity exposure (40% of the redemption value and income related to preferred equity is eliminated on proportionate consolidation).
WE direct assets (WE)	Income properties held for sale located in WE (Germany, UK) fully owned and managed by the Group.
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.

Management analyses the operational performance and financial position of the Group by aggregating the Group’s operations into the four reportable segments described above. These reportable segments have different risk profiles and generate revenue/income from different sources. Accordingly, it allows senior management to make well informed strategic decisions for the Group.

Segmental analysis basis for preparation – proportionate accounts

The Group’s management accounts are 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 of financial information in accordance with IFRS versus Segmental analysis are disclosed below.

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 <sup>1</sup>
Investment property 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

<sup>1</sup> Proportionate accounts have been adjusted to reflect net expenses of €259 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 net off by gain/(loss) from disposal of assets and debt break fees incurred on disposal of the respective assets.

Proportionate accounts have been prepared to reflect the Group’s proportion of its 40% equity interest in the DJV.

Presentation of the consolidated statement of profit or loss for the purpose of proportionate accounts reflects operational performance of the main areas of the business monitored by management, categorised as distributable earnings to shareholders and 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 is disaggregated in a similar manner, to identify the assets and liabilities generating the corresponding earnings for each main area of the business. As such, for a more comprehensive review process as monitored by management, the following line items have been presented differently as compared to IFRS to clearly show elements included in each category.

- Investment property, investment property held for sale and inventory property have been disaggregated to show Income property, Developments – income property and Developments – residential property.
- Financial assets and investments have been disaggregated to show Preferred equity, Group’s Listed securities gross exposure, DJV’s Listed securities at cost, Interest rate derivative financial assets and Other assets.
- Trade and other receivables have been split in VAT receivable, Share-based payment prepayments and Trade and other receivables.

Segment adjusted proportionate accounts

In addition to segmental proportionate accounts, the presentation includes a set of segment-adjusted proportionate accounts, derived from adjustments specific for real estate companies, as described in more detail below.

- Net dividends - listed securities*  
Dividends from listed securities are recognised in adjusted distributable earnings on a basis which is commensurate with 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).
- Goodwill*  
No goodwill is included in adjusted proportionate accounts. Consequently, goodwill and related impairments are eliminated.
- 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 2019 Transaction (detailed in note 15) between MAS and Prime Kapital in November 2019 are reversed in adjusted proportionate accounts so that the entire 2019 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.
- Deferred tax*  
Deferred tax, which is unlikely to crystallise on disposal as an actual tax, a purchase price adjustment, or any other cost.
- 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 as secured debt, 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.
- Elimination of cross-shareholding between MAS and associate*  
Elimination of MAS’ 40% proportion of DJV’s investment in MAS shares, at cost.
- Elimination of associate’s dividend income from MAS*  
Elimination of the proportionate part of Net dividends – listed securities recognised by the DJV as dividend income received from MAS.
- Settlement of payables and receivables between MAS and DJV following the Transactions*  
Reclassification of the proportionate part of MAS’ amounts payable to DJV and DJV’s amounts receivable from the Transactions (detailed in note 4) as if the cash was paid by MAS and received by the DJV on 30 June 2022. This is a one-off adjustment aimed at enhanced presentation of all Transactions’ outcomes on the effective date.
- Geared share purchase plan interest income*  
Interest charged by MAS to participants’ outstanding loans with reference to the geared share purchase plan, accrued at the Group’s weighted average cost of debt.

A reconciliation of the amounts reported in these consolidated annual financial statements to the proportionate accounts is presented in note 28.

Year to 30 June 2022	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
<b>EARNINGS</b>	<b>141,171</b>	<b>98,145</b>	<b>62,547</b>	<b>10,616</b>	<b>(30,137)</b>	<b>26,942</b>	<b>8,200</b>	<b>(5,549)</b>	<b>22,969</b>	<b>1,322</b>	<b>168,113</b>	<b>106,345</b>	<b>56,998</b>	<b>33,585</b>	<b>(28,815)</b>
<b>DISTRIBUTABLE EARNINGS</b>	<b>46,737</b>	<b>30,965</b>	<b>27,170</b>	<b>1,115</b>	<b>(12,513)</b>	<b>(631)</b>	<b>-</b>	<b>(2,525)</b>	<b>-</b>	<b>1,894</b>	<b>46,106</b>	<b>30,965</b>	<b>24,645</b>	<b>1,115</b>	<b>(10,619)</b>
Net rental income – income property	44,639	33,420	7,642	3,577	-	-	-	-	-	-	44,639	33,420	7,642	3,577	-
Net margin – residential sales	2,959	-	2,959	-	-	-	-	-	-	-	2,959	-	2,959	-	-
Net income – preferred equity	12,985	-	12,985	-	-	-	-	-	-	-	12,985	-	12,985	-	-
Net dividends – listed securities <sup>1,7</sup>	6,893	-	2,525	-	4,368	(835)	-	(2,525)	-	1,690	6,058	-	-	-	6,058
Net corporate expenses	(5,406)	(1,557)	(877)	(451)	(2,521)	-	-	-	-	-	(5,406)	(1,557)	(877)	(451)	(2,521)
Interest on debt financing	(16,770)	-	(725)	(1,707)	(14,338)	-	-	-	-	-	(16,770)	-	(725)	(1,707)	(14,338)
Interest capitalised on developments	2,726	-	2,726	-	-	-	-	-	-	-	2,726	-	2,726	-	-
Other distributable net income/(cost) <sup>9</sup>	(169)	(288)	23	(51)	147	204	-	-	-	204	35	(288)	23	(51)	351
Income tax	(1,120)	(610)	(88)	(253)	(169)	-	-	-	-	-	(1,120)	(610)	(88)	(253)	(169)
<b>NON-DISTRIBUTABLE EARNINGS</b>	<b>94,434</b>	<b>67,180</b>	<b>35,377</b>	<b>9,501</b>	<b>(17,624)</b>	<b>27,573</b>	<b>8,200</b>	<b>(3,024)</b>	<b>22,969</b>	<b>(572)</b>	<b>122,007</b>	<b>75,380</b>	<b>32,353</b>	<b>32,470</b>	<b>(18,196)</b>
Fair value adjustments – income property <sup>5</sup>	114,416	75,453	31,528	7,435	-	(15,074)	-	-	(15,074)	-	99,342	75,453	31,528	(7,639)	-
Fair value adjustments – interest rate derivatives	917	-	829	88	-	-	-	-	-	-	917	-	829	88	-
Fair value adjustments – listed securities <sup>1</sup>	(14,230)	-	-	-	(14,230)	(1,690)	-	-	-	(1,690)	(15,920)	-	-	-	(15,920)
Foreign currency exchange differences	1,845	-	-	2,625	(780)	-	-	-	-	-	1,845	-	-	2,625	(780)
Investment expenses <sup>5</sup>	(2,776)	(73)	(16)	(1,696)	(991)	1,550	-	-	1,550	-	(1,226)	(73)	(16)	(146)	(991)
Share-based payment expense <sup>3</sup>	(2,486)	(1,368)	-	-	(1,118)	2,486	1,368	-	-	1,118	-	-	-	-	-
Other non-distributable income/(cost)	(493)	-	12	-	(505)	-	-	-	-	-	(493)	-	12	-	(505)
Tax on sale of property	1,709	-	-	1,709	-	-	-	-	-	-	1,709	-	-	1,709	-
Deferred tax <sup>4</sup>	(4,468)	(6,832)	3,024	(660)	-	3,808	6,832	(3,024)	-	-	(660)	-	-	(660)	-
Estimation for WE disposal realisation costs and losses <sup>5</sup>	-	-	-	-	-	36,493	-	-	36,493	-	36,493	-	-	36,493	-
<b>Weighted average adjusted number of shares</b>											<b>675,012,588</b>				
<b>Diluted weighted average adjusted number of shares</b>											<b>683,768,628</b>				
<i>Adjusted distributable earnings per share (eurocents)</i>											<i>6.83</i>				
<i>Diluted adjusted distributable earnings per share (eurocents)</i>											<i>6.75</i>				

On	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
30 June 2022	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	928,150	739,969	261,322	68,720	(141,861)	(4,514)	17,640	(17,990)	(4,164)	-	923,636	757,609	243,332	64,556	(141,861)
ASSETS	1,596,230	914,697	327,955	108,475	245,103	(122,431)	(12,983)	(19,570)	-	(89,878)	1,473,799	901,714	308,385	108,475	155,225
Income property	952,822	859,816	14,536	78,470	-	-	-	-	-	-	952,822	859,816	14,536	78,470	-
Developments – income property	41,573	720	40,853	-	-	-	-	-	-	-	41,573	720	40,853	-	-
Developments – residential property	50,293	-	50,293	-	-	-	-	-	-	-	50,293	-	50,293	-	-
Preferred equity	141,640	-	141,640	-	-	-	-	-	-	-	141,640	-	141,640	-	-
Listed securities <sup>6</sup>	117,225	-	19,570	-	97,655	(19,570)	-	(19,570)	-	-	97,655	-	-	-	97,655
Goodwill <sup>2</sup>	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	3,824	2,419	23	1,382	-	-	-	-	-	-	3,824	2,419	23	1,382	-
Interest rate derivative financial assets	5,066	4,562	504	-	-	-	-	-	-	-	5,066	4,562	504	-	-
Other assets	2,545	158	1,860	135	392	-	-	-	-	-	2,545	158	1,860	135	392
VAT receivable	3,145	778	1,968	254	145	-	-	-	-	-	3,145	778	1,968	254	145
Share-based payment prepayments <sup>3</sup>	11,287	11,287	-	-	-	(11,287)	(11,287)	-	-	-	-	-	-	-	-
Trade and other receivables	82,457	14,205	48,227	18,960	1,065	(35,951)	-	(35,951)	-	-	46,506	14,205	12,276	18,960	1,065
Cash and cash equivalents	182,657	19,056	8,481	9,274	145,846	(53,927)	-	35,951	-	(89,878)	128,730	19,056	44,432	9,274	55,968
LIABILITIES	668,080	174,728	66,633	39,755	386,964	(117,917)	(30,623)	(1,580)	4,164	(89,878)	550,163	144,105	65,053	43,919	297,086
Debt financing	463,537	123,544	9,828	34,126	296,039	-	-	-	-	-	463,537	123,544	9,828	34,126	296,039
Other liabilities	109	-	109	-	-	-	-	-	-	-	109	-	109	-	-
Deferred tax liability <sup>4</sup>	32,203	30,623	1,580	-	-	(32,203)	(30,623)	(1,580)	-	-	-	-	-	-	-
Trade and other payables <sup>8</sup>	172,231	20,561	55,116	5,629	90,925	(89,878)	-	-	-	(89,878)	82,353	20,561	55,116	5,629	1,047
Estimation for WE disposal realisation costs and losses <sup>5</sup>	-	-	-	-	-	4,164	-	-	4,164	-	4,164	-	-	4,164	-
Adjusted number of shares in issue											659,507,502				
Diluted adjusted number of shares in issue											669,659,433				
Tangible net asset value per share (eurocents)											140				
Diluted tangible net asset value per share (eurocents)											138				

Year to 30 June 2021	Proportionate accounts					Adjustments					Adjusted proportionate accounts				
	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
<b>EARNINGS</b>	<b>71,742</b>	<b>29,949</b>	<b>25,957</b>	<b>5,519</b>	<b>10,317</b>	<b>32,699</b>	<b>6,531</b>	<b>(9)</b>	<b>25,557</b>	<b>620</b>	<b>104,441</b>	<b>36,480</b>	<b>25,948</b>	<b>31,076</b>	<b>10,937</b>
<b>DISTRIBUTABLE EARNINGS</b>	<b>42,439</b>	<b>19,312</b>	<b>14,548</b>	<b>13,026</b>	<b>(4,447)</b>	<b>(1,825)</b>	-	-	-	<b>(1,825)</b>	<b>40,614</b>	<b>19,312</b>	<b>14,548</b>	<b>13,026</b>	<b>(6,272)</b>
Net rental income – income property	50,388	26,051	4,833	19,504	-	-	-	-	-	-	50,388	26,051	4,833	19,504	-
Net income – preferred equity	9,193	-	9,193	-	-	-	-	-	-	-	9,193	-	9,193	-	-
Net dividends – listed securities <sup>1</sup>	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 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)
<b>NON-DISTRIBUTABLE EARNINGS</b>	<b>29,303</b>	<b>10,637</b>	<b>11,409</b>	<b>(7,507)</b>	<b>14,764</b>	<b>34,524</b>	<b>6,531</b>	<b>(9)</b>	<b>25,557</b>	<b>2,445</b>	<b>63,827</b>	<b>17,168</b>	<b>11,400</b>	<b>18,050</b>	<b>17,209</b>
Fair value adjustments – income property <sup>5</sup>	26,461	15,922	11,436	(897)	-	(9,295)	-	-	(9,295)	-	17,166	15,922	11,436	(10,192)	-
Fair value adjustments – interest rate derivatives	532	354	-	675	(497)	-	-	-	-	-	532	354	-	675	(497)
Fair value adjustments – listed securities <sup>1</sup>	12,610	-	-	-	12,610	1,825	-	-	-	1,825	14,435	-	-	-	14,435
Fair value adjustments – other financial liabilities	(319)	43	-	(362)	-	-	-	-	-	-	(319)	43	-	(362)	-
Foreign currency exchange differences	3,490	-	-	-	3,490	-	-	-	-	-	3,490	-	-	-	3,490
Investment expenses <sup>5</sup>	(4,666)	(5)	(6)	(4,605)	(50)	4,118	-	-	4,118	-	(548)	(5)	(6)	(487)	(50)
Share-based payment expense <sup>3</sup>	(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 <sup>4</sup>	2,961	(5,443)	9	8,395	-	5,434	5,443	(9)	-	-	8,395	-	-	8,395	-
Estimation for WE disposal realisation costs and losses <sup>5</sup>	-	-	-	-	-	30,734	-	-	30,734	-	30,734	-	-	30,734	-
<b>Weighted average adjusted number of shares</b>											<b>685,454,390</b>				
<i>Adjusted distributable earnings per share (eurocents)</i>											<i>5.93</i>				
<i>Dividend per share (eurocents)</i>											<i>5.93</i>				



On 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	-	-
Preferred equity	148,640	-	148,640	-	-	-	-	-	-	-	148,640	-	148,640	-	-
Listed securities <sup>6</sup>	53,150	-	19,570	-	33,580	(19,570)	-	(19,570)	-	-	33,580	-	-	-	33,580
Goodwill <sup>2</sup>	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 <sup>3</sup>	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 <sup>4</sup>	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 <sup>5</sup>	-	-	-	-	-	27,133	-	-	27,133	-	27,133	-	-	27,133	-
Adjusted number of shares in issue											676,094,408				
Tangible NAV per share (eurocents)											124				

The reconciliations of distributable earnings for the financial years to 30 June 2022 and 30 June 2021 are provided below.

Segment	Adjusted distributable earnings for the six-month period to 31 Dec 2021	Adjusted distributable earnings for the six-month period to 30 Jun 2022	Adjusted distributable earnings for the financial year to 30 Jun 2022
CEE	15,075	15,890	30,965
DJV	10,336	14,309	24,645
WE	953	162	1,115
Co	(6,342)	(4,277)	(10,619)
Total	20,022	26,084	46,106
Weighted average adjusted number of shares for the period	676,094,408	673,912,836	675,012,588
Diluted weighted average adjusted number of shares for the period	684,039,817	683,492,944	683,768,628
Adjusted distributable earnings per share (eurocents)	2.96	3.87	
Diluted adjusted distributable earnings per share (eurocents)	2.94	3.82	
Dividend per share (eurocents)	2.96	3.82	6.78

Segment	Adjusted distributable earnings for the six-month period to 31 Dec 2020	Adjusted distributable earnings for the six-month period to 30 Jun 2021	Adjusted distributable earnings for the financial year to 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 adjusted 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

The Diluted weighted average adjusted number of shares and Diluted adjusted number of shares in issue for the six-month period to 30 June 2022 are presented below.

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
1-Jan-22	Opening	684,746,339	684,746,339	38.2%	261,035,897
10-Mar-22	Share scheme shares granted	1,500,000	686,246,339	41.6%	284,356,218
24-May-22	Shares repurchases	(2,395,807)	683,850,532	1.1%	7,556,359
26-May-22	Shares repurchases	(546,965)	683,303,567	0.6%	3,775,158
27-May-22	Shares repurchases	(969,749)	682,333,818	1.7%	11,309,400
30-May-22	Shares repurchases	(5,501,319)	676,832,499	1.1%	7,478,812
1-Jun-22	Shares repurchases	(1,000,000)	675,832,499	0.5%	3,733,881
2-Jun-22	Shares repurchases	(142,000)	675,690,499	0.5%	3,733,097
3-Jun-22	Shares repurchases	(200,000)	675,490,499	3.8%	26,123,942
10-Jun-22	Shares repurchases	(675,000)	674,815,499	1.6%	11,184,787
13-Jun-22	Shares repurchases	(500,000)	674,315,499	0.5%	3,725,500
14-Jun-22	Shares repurchases	(300,000)	674,015,499	1.6%	11,171,528
17-Jun-22	Shares repurchases	(400,001)	673,615,498	2.2%	14,886,530
21-Jun-22	Shares repurchases	(500,000)	673,115,498	1.1%	7,437,740
23-Jun-22	Shares repurchases	(341,065)	672,774,433	2.2%	14,867,943
27-Jun-22	Shares repurchases	(2,000,000)	670,774,433	1.1%	7,411,872
29-Jun-22	Shares repurchases	(300,000)	670,474,433	0.6%	3,704,280
30-Jun-22	Shares repurchases	(815,000)	669,659,433	0.0%	-
30-Jun-22	Closing	669,659,433	669,659,433	100.0%	683,492,944

The Diluted weighted average adjusted number of shares and Diluted adjusted number of shares in issue for the six-month period to 31 December 2021 are presented below.

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
1-Jul-21	Opening	682,746,339	682,746,339	35.3%	241,187,565
3-Sep-21	Share scheme shares granted	2,000,000	684,746,339	64.7%	442,852,252
31-Dec-21	Closing	684,746,339	684,746,339	100.0%	684,039,817

All amounts in € thousand unless otherwise stated.

The Weighted average adjusted number of shares and Adjusted number of shares in issue for the six-month period to 31 December 2021 are presented below.

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
01-Jul-21	Opening	676,094,408	676,094,408	100.0%	676,094,408
31-Dec-21	Closing	676,094,408	676,094,408	100.0%	676,094,408

The Weighted average adjusted number of shares and Adjusted number of shares in issue for the six-month period to 30 June 2021 are presented below.

Date	Transaction	Number of shares	Cumulative number of shares outstanding	% of period	Weighted average
01-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 adjusted number of shares and Adjusted number of shares in issue for the six-month period to 31 December 2020 are presented below.

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

4. Material transactions

The Group entered into agreements with Prime Kapital, as approved by MAS' shareholders on 30 June 2022 and effective on the same date, in terms of which:

- a) MAS acquired 100% of the share capital and shareholder loans of six subsidiaries of PKM Development Limited, owning six Romanian commercial centres (collectively referred to the 'Spark II Portfolio') through two subsidiaries, namely MAS CEE Management Holdings SRL and MAS Real Estate Finance SRL. Spark II Portfolio collectively refers to DN1 Value Centre SRL (formerly PK Development One SRL), Prahova Value Centre SRL (formerly PK Green SRL), Sepsi Value Centre SRL (formerly PK Bronze SRL), Dambovită Mall SRL (formerly PK Grizzly SRL), Zalău Value Centre SRL (formerly PK Denim SRL) and Barlad Value Centre SRL (formerly PK Vanilla SRL), and
- b) MAS committed to extend the duration of the joint venture relationship and to increase MAS' funding commitment to the DJV, collectively referred as the 'Transactions'.

PKM Development is the DJV established in March 2016 in terms of the Amended and Restated Framework Investment Agreement relating to PKM Development Limited, dated 28 July 2017, between Prime Kapital, PKM Development Limited, MAS and MAS CEE Developments Limited (the 'DJV Agreement'). The Group has an investment in PKM Development Limited (incorporated in the Isle of Man), a holding entity of a group which develops commercial and residential property predominantly in Romania, as well as other Central and Eastern European countries. PKM Development Limited is an associate of the Group, via its 40% ordinary shares' ownership, with the remaining 60% of the ordinary shares owned by Prime Kapital.

All amounts in € thousand unless otherwise stated.

a) Acquisition of 100% of the share capital and shareholder loans of six subsidiaries

Accounting policy

An amendment to IFRS 3 ‘Business Combinations’ relating to the definition of a business was endorsed with an effective date of 1 January 2020. The change in definition of a business within IFRS 3 introduces an optional concentration test to perform a simplified assessment of whether an acquired set of activities and assets is or is not a business on a transaction-by-transaction basis. The optional concentration test is aimed at analysing if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

In assessing whether an acquired set of assets and activities is a business or an asset, management will first elect whether to apply an optional concentration test in accordance with the amendments to IFRS 3 ‘Business combinations’, definition of a business, paragraph B2B. Where the concentration test is met, the acquisition is treated as the acquisition of an asset if substantially all the fair value of the gross assets acquired (excluding cash and cash equivalents, deferred tax assets, and related goodwill) is concentrated in a single asset or group of similar identifiable assets. Where the concentration test is not met, a further assessment will be performed as to whether the acquired set of assets and activities is a business.

To determine if the acquisition of 100% of the share capital and shareholder loans of six subsidiaries qualifies as an asset acquisition or a business combination, MAS elected to apply the optional concentration test in accordance with the amendments to IFRS 3 ‘Business combinations’, definition of a business, paragraph B2B. Management assessed whether the test is met by analysing if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

To assess whether the acquisition of Spark II Portfolio is a group of similar assets, management considered a number of factors, as detailed below.

- The properties are located in Romania and the classes of tenants are similar (a substantial proportion of anchor tenants are present in all properties subject to the acquisition).
- Each investment property is considered a single identifiable asset, as each of the six properties’ buildings is attached to the land and cannot be removed without incurring significant costs.
- The six properties, seen as a portfolio, is a group of similar identifiable assets because the assets are similar in nature, the risk associated with managing and creating outputs are not significantly different and all properties are operated by MAS’ property management platform.
- No employees, processes or other activities are transferred, as the six legal entities benefit from MAS’ asset management, operations and systems which are the same as the ones used by MAS in its existing operations.

The fair value of the gross assets acquired is the fair value of the consideration transferred to the seller, the fair value of the liabilities assumed (other than deferred tax liabilities), and excluding cash and cash equivalents, deferred tax assets, and goodwill resulting from the effect of deferred tax liabilities.

MAS identifies the Spark II Portfolio as a group of similar assets, as substantially all the fair value of the gross assets acquired is concentrated in a group of similarly identifiable assets, and has concluded that the acquisition of 100% of the share capital and shareholder loans of six subsidiaries from the DJV, is an asset acquisition.

Considering the above, IFRS 3 is not applied and acquired assets and liabilities transferred on acquisition are accounted with reference to applicable standards, respectively, IAS 40 ‘Investment property’ and IFRS 9 ‘Financial instruments’ for financial assets and liabilities etc. In accordance with the initial recognition exemption under IAS 12 ‘Income taxes’, paragraph 15 and 24, no deferred tax for temporary differences is recognised on the effective date of the Transactions. As such, investment property is initially recognised at cost, reflected as the consideration price less residual value after recognising financial assets and liabilities at fair value, plus transaction costs.

Consideration price

The following table summarises the fair value of assets and liabilities that were acquired with effect from 30 June 2022.

	On 30 June 2022
Consideration price	319,706
Fair value of investment properties	316,930
Purchase price premium	2,776
Bank loans*	(120,693)
Net working capital	7,561
Assets**	15,063
Liabilities	(7,502)
Purchase price	206,574

\*Bank loans include interest rate cap hedging assets transferred at amortised cost.

\*\*Assets, of which cash and cash equivalents in the subsidiaries, transferred on the acquisition, amounts to €8,631 thousand.

Consideration price before adjustments for working capital and bank loans is €319,706 thousand.

Acquisition related costs

The Group incurred acquisition-related costs of €584 thousand, accounted for in accordance with IAS 40, and included in the initial cost of the investment property.

b) Extension of the DJV relationship

In order to further MAS’ investment strategy and meet the long-term commercial interests of the DJV, among others, the following terms were agreed with respect to the DJV:

- an extension to the exclusivity period by five years (i.e., the end of the drawdown period or the date on which the funding committed by MAS to the DJV has been fully invested by the DJV, whichever occurs first, in terms of which the DJV parties agreed that
  - (i) neither MAS nor any of its associates will operate a business in CEE that has commercial or residential real estate development as its principal objective, and
  - (ii) Prime Kapital will not operate or own more than 15% in any CEE commercial or residential real estate development business;
- an extension to the drawdown period in relation to the funding committed to the DJV by five years, to 2030;
- a deferment of five years, to 2035, to the date on which MAS is entitled to give written notice to the DJV parties to liquidate the assets of, redeem the preferred equity, and voluntarily dissolve the DJV;
- an increase to MAS’ preferred equity funding commitments to the DJV by €50million, to a total of €470million;
- the reinstatement of the funding commitment available in respect of the preferred equity investment commitment, by a maximum amount of €100million, to the extent that the DJV makes an early redemption, from time to time, in respect of the preferred equity, due to major capital events prior the end of the drawdown period;
- the provision of a €30million short-term revolving credit facility to the DJV at a fixed interest rate of 7.5%. The final availability date of the facility will be the last day of the drawdown period.

On 30 June 2022, the extension of the DJV relationship terms had no effects on the consolidated annual financial statements. An assessment of expected credit losses on PKM Development preferred equity was performed, detailed in note 26, and no significant impact resulted.

5. Investment property held for sale and discontinued operations

Accounting policy

Investment property held for sale

Properties identified for disposal, that met the criteria for classification as held for sale, as described in note 13, are presented in the consolidated financial statements as investment property held for sale at fair value, as the properties are 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.

Discontinued operations

Key judgements are made in respect of the investment property held for sale, whether a segment meets the criteria for classification as held for sale and a disposal of a significant business segment. If the criteria are met, in accordance with IFRS 5 the entire segment is treated as a discontinued operation and the consolidated statement of profit or loss for the current and comparative periods must separately disclose discontinued operations from the rest of the business.

Therefore, the results of the respective segment are removed from the consolidated statement of profit or loss, on a line-by-line basis, and the result of the segment is recognised as a single financial statement line item named ‘Profit from discontinued operations, net of tax’ in the consolidated statement of profit or loss.

On 30 June 2022 and 30 June 2021, 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.

Management concluded that the sale of the WE assets represents an identifiable segment of the business and forms part of a co-ordinated disposal plan. The WE segment’s assets 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.

Properties classified as discontinued operations

Property name	Country	Status		Completion date
		On 30 June 2022	On 30 June 2021	
New Waverley (PA4N)	UK	Sold	Sold	31 July 2020
Zurich	Switzerland	Sold	Sold	15 October 2020
Heppenheim Park	Germany	Sold	Sold	13 November 2020
Gummersbach	Germany	Sold	Sold	13 November 2020
Donnaueschingen	Germany	Sold	Sold	13 November 2020
Braehead	UK	Sold	Sold	13 November 2020
Chippenham	UK	Sold	Sold	18 December 2020
New Waverley (PA7)	UK	Sold	Sold	23 December 2020
Braunschweig Edeka – Welfenplatz	Germany	Sold	Sold	06 February 2021
Lehrte	Germany	Sold	Sold	19 February 2021
Braunschweig	Germany	Sold	Sold	26 February 2021
Bruchsal (3 blocks)	Germany	Sold	Sold	01 March 2021
Munich	Germany	Sold	Sold	01 March 2021
Edeka Miha (x9 locations)	Germany	Sold	Sold	31 March 2021
Frankenthal	Germany	Sold	Sold	31 March 2021
Edeka Thales (x3 locations)	Germany	Sold	Sold	31 March 2021
Edeka Miha (x4 locations)	Germany	Sold	Sold	31 March 2021
Edeka Miha (x7 locations)	Germany	Sold	Sold	31 March 2021
North Street Quarter	UK	Sold	Sold	16 April 2021
Nordhausen	Germany	Sold	Sold	30 June 2021
New Uberior House	UK	Sold <sup>1</sup>	Held for sale	26 August 2021
Malling Brooks	UK	Sold	Held for sale	24 October 2021
Adagio Hotel	UK	Sold	Held for sale	21 December 2021
Gotha	Germany	Sold	Held for sale	23 February 2022
Langley Park	UK	Held for sale, SPA	Held for sale	n/a
Flensburg Galerie	Germany	Held for sale	Held for sale	n/a
New Waverley, Arches	UK	Held for sale	Held for sale	n/a

<sup>1</sup>Disposal of New Uberior House was conducted by means of a share deal. Accordingly, IFRS10 principles have been applied for the deconsolidation of subsidiary New Uberior House Limited.

In the financial year to 30 June 2022, the Group completed the sale of three properties and signed a sale purchase agreement for the Langley Park land, as detailed above. The Group has also completed the sale of New Uberior House by means of a share deal.

5.1. Profit from discontinued operations, net of tax

	Note	Year to 30 June 2022	Year to 30 June 2021
Rental income	6.1	5,478	23,326
Service charge income and other recoveries	6.2	1,239	2,500
<b>Gross revenue</b>		<b>6,717</b>	<b>25,826</b>
Impairment of receivables	6.1; 6.2	(23)	(259)
Service charge and other property operating expenses	6.2	(3,121)	(6,063)
<b>Net rental income</b>		<b>3,573</b>	<b>19,504</b>
Corporate expenses	7	(451)	(600)
Other income	8	1,009	-
Investment expenses	9	(1,407)	(4,199)
Fair value adjustments	10	(1,674)	(9,878)
Foreign currency exchange differences		5	(7)
Foreign exchange gain previously recognised in other comprehensive income recycled on disposal of subsidiary	5.2	2,625	-
Loss from disposal of subsidiary	5.2	(2,630)	-
Gain from disposal of investment property held for sale	5.2	11,143	19,610
<b>Profit before finance income/(costs)</b>		<b>12,193</b>	<b>24,430</b>
Finance income	11	-	3
Finance costs	11	(2,725)	(15,332)
<b>Profit before tax</b>		<b>9,468</b>	<b>9,101</b>
Current tax		1,550	(11,565)
Deferred tax		(661)	8,395
<b>Taxation</b>	<b>12</b>	<b>889</b>	<b>(3,170)</b>
<b>Profit from discontinued operations, net of tax</b>		<b>10,357</b>	<b>5,931</b>

The Group elected to disclose in these consolidated annual financial statements, detailed elements of relevant line items of profit from discontinued operations in comparison with continuing operations, as detailed in each note.

5.2. Investment property held for sale

Reconciliation of the Group’s investment property held for sale is detailed below.

	Note	On 30 June 2022	On 30 June 2021
<b>Opening balance</b>		<b>211,640</b>	<b>429,592</b>
Transfer from investment property		-	97,736
Disposals <sup>2</sup>		(145,494)	(343,852)
Capitalised expenditure <sup>1</sup>		2,500	9,275
Fair value adjustment	10	(1,763)	(10,193)
Gain from disposal of assets		11,143	19,610
Foreign currency translation reserve		483	9,472
<b>Closing balance</b>		<b>78,509</b>	<b>211,640</b>

<sup>1</sup> Of the €2,500 thousand (30 June 2021: €9,275 thousand) capitalised expenditure incurred during the year, the Group paid €2,172 thousand (30 June 2021: €8,786 thousand).

<sup>2</sup> Disposals of €145,494 thousand include New Uberior House investment property value of €91,695 thousand, as disposed of by means of a share deal.

Bank loans of €34,126 thousand (30 June 2021: €111,896 thousand) are secured against investment property held for sale with a carrying value of €59,224 thousand (30 June 2021: €192,236 thousand). For further information on outstanding bank loans secured against investment property held for sale, refer to note 19.1.

Investment property held for sale has been adjusted to take into account lease incentive accruals of €76 thousand (30 June 2021: €1,594 thousand).

Investment property held for sale disposed during the year

Reconciliation of profit from disposal of investment property held for sale is disclosed below.

Property name	Fair value at completion date	Transaction value	Foreign currency translation	Gain on disposal
Adagio Hotel	(33,744)	45,448	(446)	11,258
Malling Brooks	(902)	990	1	89
Gotha	(7,565)	7,361	-	(204)
<b>Total</b>	<b>(42,211)</b>	<b>53,799</b>	<b>(445)</b>	<b>11,143</b>

Gain from disposal of investment properties held for sale includes

- (i) investment properties fair valued on the most recent date prior to disposal, and
- (ii) lease incentive accruals. The transaction value is the sale price in accordance with SPAs entered into.

Subsidiary disposed during the year

The disposal of New Uberior House was conducted by means of a share deal. In accordance with IFRS 10, the subsidiary was deconsolidated from the Group’s accounts, on the effective date of disposal. The subsidiary was disposed of for a consideration of €90,259 thousand. The transaction resulted in €2,630 thousand loss from disposal of subsidiary and €2,625 thousand foreign exchange gain previously presented in other comprehensive income which was recycled through profit or loss for the year.

Reconciliation of sale consideration received is presented below.

	Amount
<b>Consideration received</b>	<b>90,259</b>
<b>Liabilities settled by the buyer<sup>1</sup></b>	<b>(45,293)</b>
Bank loans	(44,575)
Interest rate swap	(718)
<b>Cash and cash equivalents disposed of</b>	<b>(1,759)</b>
<b>Cash consideration received<sup>2</sup></b>	<b>43,207</b>

<sup>1</sup> Non-cash flow movement

<sup>2</sup> Cash flow movement

Assets and liabilities, including cash and cash equivalents, over which control was relinquished, effective 26 August 2021 are summarised below.

	On disposal date
<b>Assets</b>	<b>93,454</b>
Investment property	91,695
Cash and cash equivalents	1,759
<b>Liabilities</b>	<b>2,585</b>
Trade and other payables	2,341
Deferred tax liabilities	244

Additional costs on disposal of assets relate to €1,002 thousand (30 June 2021: €10,315 thousand) incurred by the Group as debt break fees from repayment of bank loans secured against investment property held for sale; refer to note 11, and €1,405 thousand (30 June 2021: €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 9.

5.3. Cash flows from discontinued operations

	Year to 30 June 2022	Year to 30 June 2021
Net cash outflow from operating activities	(71,417)	(64,261)
Net cash inflow from investing activities	85,891	320,666
Net cash outflow from financing activities	(36,228)	(232,565)
<b>Net cash (outflow)/inflow from discontinued operations</b>	<b>(21,754)</b>	<b>23,840</b>

6. Net rental income

	Note	Year to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>			
Rental income	6.1	36,344	34,864
Service charge income and other recoveries	6.2	11,575	10,499
<b>Gross revenue – continuing operations</b>		<b>47,919</b>	<b>45,363</b>
Impairment of receivables		(338)	(6,090)
Service charge and other property operating expenses	6.2	(13,478)	(12,355)
<b>Net rental income – continuing operations</b>		<b>34,103</b>	<b>26,918</b>
<b>Discontinued operations</b>			
Rental income	6.1	5,478	23,326
Service charge income and other recoveries	6.2	1,239	2,500
<b>Gross revenue – discontinued operations</b>		<b>6,717</b>	<b>25,826</b>
Impairment of receivables		(23)	(259)
Service charge and other property operating expenses	6.2	(3,121)	(6,063)
<b>Net rental income – discontinued operations</b>		<b>3,573</b>	<b>19,504</b>
<b>Total</b>			
Rental income	6.1	41,822	58,190
Service charge income and other recoveries	6.2	12,814	12,999
<b>Gross revenue</b>		<b>54,636</b>	<b>71,189</b>
Impairment of receivables		(361)	(6,349)
Service charge and other property operating expenses	6.2	(16,599)	(18,418)
<b>Net rental income</b>		<b>37,676</b>	<b>46,422</b>

Disaggregation of the Net rental income by segment is disclosed in note 3.

Covid-19 has had a significant impact on the net rental income of the Group for the duration of the initial lockdown periods during the 2020 calendar year. Throughout the second half of the 2021 financial year, and subsequently until October 2021, the Group’s operations reflected a strong recovery of tenants’ sales. During the latter, trading in all Central and Eastern European countries where the Group operates was mostly unaffected by restrictions, and had significant improvements compared to the same period in 2019, applicable after restrictions have been lifted in March 2022. Impairments of receivables were recognised due to the lockdowns in prior periods and other economic consequences caused by Covid-19 as the expected collectability from the Group’s tenants was negatively impacted.

The Group applied the principles of IFRS 16 for revenue recognition, and the principles of IFRS 15 for gross service charge income in the context of Covid-19, 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 rent forgiveness has been recognised as a loss in the consolidated statement of profit or loss, as an impairment of receivables, with a corresponding reduction to the lease receivable in the period for which the reduction was agreed.

All amounts in € thousand unless otherwise stated.

The amounts reflected in the consolidated statement of profit or loss as described above were treated as receivables impairment; refer to notes 6.1 and 6.2 below. The impairment amounts split by region and by type is presented below.

Year to 30 June 2022	Waived	Additional provision / (Provision release)	Total impairment of receivables
<b>CEE – continuing operations</b>	<b>457</b>	<b>(119)</b>	<b>338</b>
Romania	195	(189)	6
Bulgaria	180	36	216
Poland	82	34	116
<b>WE – discontinued operations</b>	<b>-</b>	<b>23</b>	<b>23</b>
Germany	-	(53)	(53)
UK	-	76	76
<b>Total</b>	<b>457</b>	<b>(96)</b>	<b>361</b>

Year to 30 June 2021	Waived	Additional provision / (Provision release)	Total impairment of receivables
<b>CEE – continuing operations</b>	<b>4,990</b>	<b>1,100</b>	<b>6,090</b>
Romania	1,078	630	1,708
Bulgaria	1,950	456	2,406
Poland	1,962	14	1,976
<b>WE – discontinued operations</b>	<b>259</b>	<b>-</b>	<b>259</b>
Germany	190	-	190
UK	69	-	69
<b>Total</b>	<b>5,249</b>	<b>1,100</b>	<b>6,349</b>

6.1. Rental income

<b>Accounting policy</b>
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 to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Gross rental income	32,308	31,566
Turnover rent	4,036	3,298
<b>Rental income – continuing operations</b>	<b>36,344</b>	<b>34,864</b>
Impairment of receivables	(292)	(5,522)
<b>Rental income, net of impairment – continuing operations</b>	<b>36,052</b>	<b>29,342</b>
<b>Discontinued operations</b>		
Gross rental income	5,478	23,326
Impairment of receivables	(23)	(259)
<b>Rental income, net of impairment – discontinued operations</b>	<b>5,455</b>	<b>23,067</b>
<b>Total</b>		
Gross rental income	37,786	54,892
Turnover rent	4,036	3,298
<b>Rental income</b>	<b>41,822</b>	<b>58,190</b>
Impairment of receivables	(315)	(5,781)
<b>Rental income, net of impairment</b>	<b>41,507</b>	<b>52,409</b>

Turnover rent reflects the portion of the Group’s rental income related to variable lease payments. No single tenant represented a quantum of more than 10% out of the Group’s total rental income during the periods presented.

All amounts in € thousand unless otherwise stated.

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

	Year to 30 June 2022	Year to 30 June 2021
	excluding discontinued operations	
No later than 1 year	58,342	33,301
1-2 years	52,771	27,702
2-3 years	42,037	17,323
3-4 years	28,304	11,956
4-5 years	20,049	9,122
Greater than 5 years	36,350	24,366
<b>Total</b>	<b>237,853</b>	<b>123,770</b>

The table above presents the future aggregate minimum rental receivable for the financial years to 30 June 2022 and 30 June 2021. The WE assets were excluded from the presentation as discontinued operations are deemed not to generate significant future rental receivables up to the date of disposal. The 2022 financial year figures also include the future aggregate minimum rental receivable for the Spark II Portfolio acquired effective 30 June 2022.

6.2. 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 properties, 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 relevant property operating expenses incurred by or on behalf of 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 and an annual service charge reconciliation is 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 for the leased period based on the current budget and prior 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 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.

Staff 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 to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Gross service charge income	11,575	10,499
Impairment of receivables	(46)	(568)
<b>Service charge and other recoveries, net – continuing operations</b>	<b>11,529</b>	<b>9,931</b>
Property expenses	(8,696)	(7,722)
Property management expenses	(3,036)	(2,585)
Marketing fees	(1,352)	(1,592)
Insurance expenses	(167)	(158)
Other service charge expenses	(227)	(298)
<b>Service charge and other property operating expenses – continuing operations</b>	<b>(13,478)</b>	<b>(12,355)</b>
<b>Net service charge – continuing operations</b>	<b>(1,949)</b>	<b>(2,424)</b>
<b>Discontinued operations</b>		
Gross service charge income	1,239	2,500
Impairment of receivables	-	-
<b>Service charge and other recoveries, net – discontinued operations</b>	<b>1,239</b>	<b>2,500</b>
Property expenses	(2,332)	(5,431)
Property management expenses	(406)	-
Marketing fees	(129)	-
Insurance expenses	(158)	(534)
Other service charge expenses	(96)	(98)
<b>Service charge and other property operating expenses – discontinued operations</b>	<b>(3,121)</b>	<b>(6,063)</b>
<b>Net service charge – discontinued operations</b>	<b>(1,882)</b>	<b>(3,563)</b>
<b>Total</b>		
Gross service charge income	12,814	12,999
Impairment of receivables	(46)	(568)
<b>Service charge and other recoveries, net</b>	<b>12,768</b>	<b>12,431</b>
Property expenses	(11,028)	(13,153)
Property management expenses	(3,442)	(2,585)
Marketing fees	(1,481)	(1,592)
Insurance expenses	(325)	(692)
Other service charge expenses	(323)	(396)
<b>Service charge and other property operating expenses</b>	<b>(16,599)</b>	<b>(18,418)</b>
<b>Net service charge</b>	<b>(3,831)</b>	<b>(5,987)</b>

7. Corporate expenses

Accounting policy

Corporate expenses include items such as: staff 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.

Staff 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 to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Share-based payments	(1,927)	(1,396)
Legal and professional	(1,751)	(1,086)
Employee costs and non-executive director fees	(1,195)	(861)
Audit and accounting fees	(1,161)	(1,321)
Office and administration expenses	(557)	(806)
Depreciation	(144)	(181)
Investor communications	(100)	(76)
Listing fees	(90)	(46)
Provisions for risks and charges	237	-
Net earnings from management services	124	73
<b>Corporate expenses – continuing operations</b>	<b>(6,564)</b>	<b>(5,700)</b>
<b>Discontinued operations</b>		
Office and administration expenses	(293)	(186)
Legal and professional	(115)	(276)
Audit and accounting fees	(48)	(138)
Net earnings from management services	5	-
<b>Corporate expenses – discontinued operations</b>	<b>(451)</b>	<b>(600)</b>
<b>Total</b>		
Share-based payments	(1,927)	(1,396)
Legal and professional	(1,866)	(1,362)
Audit and accounting fees <sup>1</sup>	(1,209)	(1,459)
Employee costs and non-executive director fees	(1,195)	(861)
Office and administration expenses	(850)	(992)
Depreciation	(144)	(181)
Investor communications	(100)	(76)
Listing fees	(90)	(46)
Provisions for risks and charges	237	-
Net earnings from management services	129	73
<b>Corporate expenses</b>	<b>(7,015)</b>	<b>(6,300)</b>

<sup>1</sup> From the total amount of €1,209 thousand of audit and accounting fees incurred during the year to 30 June 2022, €478 thousand were audit fees charged in respect of MAS’ consolidated and standalone financial statements.

8. 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 to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Dividend income earned on direct financial investments	4,368	962
Dividend income earned on CFDs	-	1,728
Other income	638	-
<b>Other income – continuing operations</b>	<b>5,006</b>	<b>2,690</b>
<b>Discontinued operations</b>		
Other income not directly attributable to investment property held for sale	1,009	-
<b>Other income – discontinued operations</b>	<b>1,009</b>	<b>-</b>
<b>Total</b>		
Dividend income earned on direct financial investments	4,368	962
Dividend income earned on CFDs	-	1,728
Other income	638	-
Other income not directly attributable to investment property held for sale	1,009	-
<b>Other income</b>	<b>6,015</b>	<b>2,690</b>

All amounts in € thousand unless otherwise stated.

No tax on dividends was incurred in respect of direct financial investments for the year (30 June 2021: €nil).

The Group has disposed of all CFDs during the financial year to 30 June 2021. Dividend income earned on CFDs was recognised on the date on which the Group’s right to receive payment was established, net of tax, as the Group’s counterparty was liable for the related taxes.

9. Investment expenses

Accounting policy

Investment expenses are incurred in the process of acquiring and disposing of investments, either investment property or financial investments.

Expenses incurred in respect of investment property that do not meet the criteria for capitalisation and those incurred in the process of acquiring and disposing of financial investments are recognised in the profit or loss in the period to which they relate.

	Year to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Investment expenses related to acquisitions	(1,076)	-
Transaction fees on disposal of investment property	(391)	(414)
Other investment expenses	(391)	(217)
<b>Investment expenses – continuing operations</b>	<b>(1,858)</b>	<b>(631)</b>
<b>Discontinued operations</b>		
Transaction fees on disposal of investment property	(1,407)	(4,199)
<b>Investment expenses – discontinued operations</b>	<b>(1,407)</b>	<b>(4,199)</b>
<b>Total</b>		
Transaction fees on disposal of investment property	(1,798)	(4,613)
Investment expenses related to acquisitions	(1,076)	-
Other investment expenses	(391)	(217)
<b>Investment expenses</b>	<b>(3,265)</b>	<b>(4,830)</b>

Transaction fees on disposal of investment property

From the total amount of €1,798 thousand (30 June 2021: €4,613 thousand) of investment expenses incurred in respect of properties, €1,407 thousand (30 June 2021: €4,199 thousand) were transaction fees directly attributable to disposals of investment property held for sale, while an additional €391 thousand (30 June 2021: €414 thousand) were incurred by corporate entities servicing multiple subsidiaries, mainly relating to legal fees attributable to multiple assets.

10. Fair value adjustments

The following items are measured at fair value on the reporting date. Changes in fair value are recognised within fair value adjustments in profit or loss in the period in which they occur.

	Note	Year to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>			
Gain on fair value of investment property	13.1	75,453	15,921
Gain/(loss) on fair value of financial investments	18.1	(14,230)	12,114
Gain on fair value of financial assets	-	-	43
Gain on fair value of financial liabilities	-	-	354
<b>Fair value adjustments – continuing operations</b>		<b>61,223</b>	<b>28,432</b>
<i>Detailed as follows:</i>			
<b>Change in fair value of investment property</b>			
Income property	13.1	75,453	15,921
		<b>75,453</b>	<b>15,921</b>
<b>Change in fair value of financial investments</b>			
Direct financial investments	18.1	(14,230)	5,376
Contracts for difference	18.1	-	7,234
Other fair value movements from financial investments	18.1	-	(496)
		<b>(14,230)</b>	<b>12,114</b>
<b>Change in fair value of financial assets</b>			
Incentive Share Participants	18.2	-	43
		<b>-</b>	<b>43</b>
<b>Change in fair value of financial liabilities</b>			
Interest rate swaps	19.3	-	354
		<b>-</b>	<b>354</b>

All amounts in € thousand unless otherwise stated.

11. Finance income and finance costs

<b>Accounting policy</b>			
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 to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>			
<b>Finance income</b>			
Income on PKM Development preferred equity		21,642	15,322
Interest on bank deposits and other finance income		91	75
<b>Finance income – continuing operations</b>		<b>21,733</b>	<b>15,397</b>
<b>Finance costs</b>			
Bonds borrowing costs	19.1	(14,073)	(1,588)
Interest on bank loans	19.1	(256)	(6,520)
Debt break fees	19.1	-	(956)
Negative interest on bank deposits and other finance expense		(927)	(337)
<b>Finance costs – continuing operations</b>		<b>(15,256)</b>	<b>(9,401)</b>
<b>Discontinued operations</b>			
<b>Finance income</b>			
Interest on bank deposits and other finance income		-	3
<b>Finance income – discontinued operations</b>		<b>-</b>	<b>3</b>
<b>Finance costs</b>			
Interest on bank loans	19.1	(1,667)	(4,983)
Debt break fees	19.1	(1,002)	(10,315)
Negative interest on bank deposits and other finance expense		(56)	(34)
<b>Finance costs – discontinued operations</b>		<b>(2,725)</b>	<b>(15,332)</b>
<b>Total</b>			
<b>Finance income</b>		<b>21,733</b>	<b>15,400</b>
<b>Finance costs</b>		<b>(17,981)</b>	<b>(24,733)</b>

12. Taxation

<b>Accounting policy</b>	
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.	
<b>Current tax</b>	
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 on 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.	
<b>Deferred tax</b>	
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 Malta. 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 Malta, 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 consolidated 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.	

The Group’s tax includes the following.

	Year to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
Current tax	(872)	(180)
Deferred tax	(6,832)	(5,443)
<b>Taxation – continuing operations</b>	<b>(7,704)</b>	<b>(5,623)</b>
<b>Discontinued operations</b>		
Current tax	1,550	(11,565)
Deferred tax	(661)	8,395
<b>Taxation – discontinued operations</b>	<b>889</b>	<b>(3,170)</b>
<b>Total</b>		
Current tax	678	(11,745)
Deferred tax	(7,493)	2,952
<b>Taxation</b>	<b>(6,815)</b>	<b>(8,793)</b>

Current tax, including under/over-provisions in respect of earlier periods, is as disclosed below in respect of each of the Group’s jurisdictions.

	Year to 30 June 2022		Year to 30 June 2021	
	Applicable rate %	Amount	Applicable rate %	Amount
<b>Continuing operations</b>				
<b>Income/corporation tax</b>				
Malta	35.0	(3)	35.0	-
Isle of Man	-	-	-	-
Jersey	-	-	-	-
UK – corporation tax	19.0	(94)	19.0	-
Poland	19.0	(500)	19.0	(23)
Netherlands	15.0	(75)	20.0	(124)
Luxembourg	17.0	-	17.0	(10)
Bulgaria	10.0	-	10.0	-
Romania	16.0	(200)	16.0	(5)
		<b>(872)</b>		<b>(162)</b>
<b>Withholding tax</b>				
Romania	15.0	-	15.0	(18)
		<b>-</b>		<b>(18)</b>
<b>Current tax – continuing operations</b>		<b>(872)</b>		<b>(180)</b>
<b>Discontinued operations</b>				
<b>Income/corporation tax</b>				
UK – income tax	20.0	-	20.0	-
UK – corporation tax	19.0	441	19.0	(1,451)
Germany	15.8	77	15.8	(5,369)
Switzerland	26.8	-	26.8	(4,707)
		<b>518</b>		<b>(11,527)</b>
<b>Wealth tax</b>				
Luxembourg	0.5	(60)	0.5	(38)
		<b>(60)</b>		<b>(38)</b>
<b>Federal tax</b>				
Switzerland	0.2	1,092 <sup>1</sup>	0.2	-
		<b>1,092</b>		<b>-</b>
<b>Current tax – discontinued operations</b>		<b>1,550</b>		<b>(11,565)</b>

<sup>1</sup> €1,152 thousand relates to the refund of tax paid on sale of the Zurich property in October 2020.

Reconciliation of deferred tax is presented below.

	On 30 June 2022	On 30 June 2021
<b>Net deferred tax liability brought forward</b>	<b>(20,966)</b>	<b>(24,031)</b>
Current year deferred tax movement	(7,493)	2,952
Deferred tax asset transferred on acquisition of Spark II Portfolio	1,382	-
Disposal of subsidiary	244	-
Foreign currency translation difference in other comprehensive income	11	113
<b>Net deferred tax liability carried forward</b>	<b>(26,822)</b>	<b>(20,966)</b>

All amounts in € thousand unless otherwise stated.

The breakdown of net deferred tax liability is presented below.

	On 30 June 2022	On 30 June 2021
Deferred tax asset	3,801	3,470
Deferred tax liability	(30,623)	(24,436)
<b>Net deferred tax liability</b>	<b>(26,822)</b>	<b>(20,966)</b>

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

	On 30 June 2022	On 30 June 2021
Revaluation of investment property and investment property cumulative statutory tax allowance	617	1,302
Fiscal losses <sup>1</sup>	2,120	1,852
Deductible interest expense	1,064	-
Other deductible temporary differences	-	316
<b>Deferred tax asset</b>	<b>3,801</b>	<b>3,470</b>
Revaluation of investment property and investment property cumulative statutory tax allowance	(35,260)	(25,204)
Deductible interest expense	4,333	675
Other deductible temporary differences	304	93
<b>Deferred tax liability</b>	<b>(30,623)</b>	<b>(24,436)</b>
<b>Net deferred tax liability</b>	<b>(26,822)</b>	<b>(20,966)</b>

<sup>1</sup> Of the total deferred tax asset, €1,354 thousand are fiscal losses carried forward by legal entities owning operational properties. Fiscal losses are carried forward if deemed recoverable and were generated as a result of i) leases transferred at acquisition from third parties, with the same terms as negotiated by the previous owners, and ii) non-recoverable expenses incurred in the properties’ first years of operation. Under local tax law, losses may be carried forward for up to seven years from the date on which they were incurred, and the Group expects the subsidiaries to generate taxable income in future fiscal years. The remaining €766 thousand deferred tax asset relates to fiscal losses attributable to entities owning investment property held for sale, expected to crystallise against profit from the respective properties’ disposal.

Management expects fiscal losses to crystallise against future profits to be realised by the entities, thus the deferred tax asset will be recoverable by using the estimated future taxable profits.

Reconciliation of effective tax rate is presented below.

	Year to 30 June 2022	Year to 30 June 2021
<b>Continuing operations</b>		
<b>Profit before tax</b>	<b>138,518</b>	<b>71,434</b>
Applicable Group weighted average tax rate	12.8%	3.5%
<b>Net tax expense based on applicable Group weighted tax rate</b>	<b>17,730</b>	<b>2,500</b>
<b>Reconciling items</b>		
Effect of borrowing costs carried forward	(3,657)	-
Fiscal losses (used)/carried forward <sup>1</sup>	(2,004)	405
Non-deductible expenses	247	167
Non-taxable income	(7,826)	(1)
Effect of accounting losses for which no deferred tax asset was recognised	3,120	2,483
Effect of other taxes applicable in different jurisdictions within the Group	94	69
<b>Net taxation</b>	<b>7,704</b>	<b>5,623</b>
<b>Effective tax rate</b>	<b>5.6%</b>	<b>7.9%</b>
<b>Discontinued operations</b>		
<b>Profit before tax</b>	<b>9,468</b>	<b>9,101</b>
Applicable Group weighted average tax rate	6.2%	26.8%
<b>Net tax expense based on applicable Group weighted tax rate</b>	<b>587</b>	<b>2,439</b>
<b>Reconciling items</b>		
Fiscal losses carried forward <sup>1</sup>	-	25
Non-deductible expenses	-	876
Non-taxable income	(3,354)	(1,191)
Effect of accounting losses for which no deferred tax asset was recognised	1,818	939
Effect of other taxes applicable in different jurisdictions within the Group	60	82
<b>Net taxation</b>	<b>(889)</b>	<b>3,170</b>
<b>Effective tax rate</b>	<b>-9.4%</b>	<b>34.8%</b>
<b>Weighted average effective tax rate – continuing and discontinued operations</b>	<b>4.6%</b>	<b>10.9%</b>

<sup>1</sup> Fiscal losses used during the financial year to 30 June 2022 refer to previously recognised tax losses that generated deferred tax assets in prior years and released during the financial year, due to either utilisation or expiration of the respective fiscal losses.

All amounts in € thousand unless otherwise stated.

The applicable Group weighted average tax rate is determined based on the tax rate applicable in each jurisdiction the Group operates in. Except for the applicable tax rate in Malta, following the redomiciliation of certain entities in the Group, there has been no change to the applicable tax rates compared to previous financial year. The decrease in the effective tax rate from 10.9% for the financial year to 30 June 2021 to 4.6% for the financial year to 30 June 2022 is a result of various reconciliation items, as detailed below:

- changes in the jurisdictional sources of taxable profits;
- effect of accounting losses for which no deferred tax asset was assumed, as fiscal losses are not considered recoverable;
- effect of borrowing costs carried forward (generating a decrease in deferred tax liability) as the tax legislation applicable allows deduction of such borrowing costs, indefinitely;
- increase in non-taxable income, in respect of both continuing and discontinued operations, mainly derived from non-taxable income as the dividend income received at subsidiaries’ level and income tax reimbursements for discontinued operations;
- fiscal losses utilised during the year (generating a decrease in current income tax payable), and
- fiscal losses generated by Romanian entities for fiscal year to 31 December 2021, as these can be utilised for a period of seven years, net off by fiscal losses utilised or expired (generating an increase in deferred tax asset).

13. Investment property

13.1. 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, and
- 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 operational.

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 or other relevant fees directly attributable to the transaction. 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 below conditions must be met.

- 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, and
- Borrowing costs, planning and design costs, costs for 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 develop the property.

Any other leasing fees (for example, for leases incurred after the property became operational, lease renewals etc.) are not capitalised against the asset to which they relate, they are presented as current assets and expensed in profit or loss over the lease term to which each leasing fee refers.

Borrowing costs capitalised

Bank loans 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 valuers used by the Group in its valuation process on 30 June 2022, refer to page 164. 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 and others, as relevant. 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 its location, size and quality 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 was 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 valuation 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 costs, 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 was 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 represent the purchase price for the property. The estimated fair value would increase/(decrease) if the number of the interested parties was higher/(lower) and/or if the availability of comparable properties was lower/(higher), thus altering the acquisition price, or the estimated costs to complete were lower/(higher).

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 offers 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 estimated 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 to 30 June 2022 compared to the previous year.

The Group’s investment property is categorised as detailed below.

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 value of the Group’s investment property is presented below.

	On 30 June 2022	On 30 June 2021
Income-generating property	859,778	455,696
Development property and land bank	720	2,907
	<b>860,498</b>	<b>458,603</b>

Year to 30 June 2022	Note	Income property	Development property and Land bank	Total
Opening balance		455,696	2,907	458,603
Acquisition of investment properties <sup>1</sup>	4	319,601	-	319,601
Transfer from development property to income		6,104	(6,104)	-
Capitalised expenditure <sup>2</sup>		2,924	3,917	6,841
Fair value adjustment	10	75,453	-	75,453
Closing balance		859,778	720	860,498

<sup>1</sup> Effective 30 June 2022, as part of the Spark II Portfolio acquisition, the Group acquired six operational properties, for a consideration price of €319,706 thousand. As detailed in note 4, in accordance with IAS 40, the investment properties are initially recognised at cost of €319,601 thousand, reflected as the consideration price of €319,706 thousand less €689 thousand residual value after recognising financial assets and liabilities at fair value, plus transaction costs of €584 thousand.

<sup>2</sup> The Group paid €6,468 thousand in relation to capitalised expenditure during the year to 30 June 2022.

Year to 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	5.2	(97,736)	-	(97,736)
Transfer from development property to income property		238	(238)	-
Capitalised expenditure <sup>1</sup>		4,509	2,238	6,747
Fair value adjustment	10	15,921	-	15,921
Foreign currency translation difference		22	-	22
Closing balance		455,696	2,907	458,603

<sup>1</sup> The Group paid €6,467 thousand in relation to capitalised expenditure during the year to 30 June 2021.

Bank loans

On 30 June 2022 bank loans in amount of €123,544 thousand were secured against investment property with a carrying value of €319,601 thousand. All bank loans outstanding on 30 June 2022 in the CEE segment were transferred following the acquisition of Spark II Portfolio, detailed in note 4.

During the financial year to 30 June 2021, the Group settled bank loans secured against investment property in CEE, from the proceeds from bonds issued in May 2021.

Year to 30 June 2022	Discount rates (unlevered)	Estimated rental value long-term growth rate	Capex reserve as % of Net Rental Income
Retail assets			
Romania	9.5-10.1%	2.5-3.25%	5.0-10.0%
Bulgaria	9.9-11.0%	3.0%	10.0%
Poland	8.5%	2.2%	10.0%
Germany – held for sale	6.3%	0.75-1.0%	11.92%

Year to 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%

									Sensitivity analysis (variance)			
30 June 2022	Location	Type	Valuation Method	Net rental income thousand €	Fair value thousand €	Lease incentive thousand €	Book value thousand €	NRI/BV %	NRI +5% thousand €	NRI -5% thousand €	NRI/BV -0.25% thousand €	NRI/BV +0.25% thousand €
Investment property, including Investment property held for sale				64,233	938,286	(76)	938,287	6.8%	45,912	(45,912)	34,613	(32,133)
CEE income property – continuing operations				61,370	859,778	-	859,778	7.1%	42,857	(42,857)	31,073	(28,965)
Militari Shopping	RO, Bucharest	Retail	DCF	9,576	140,020	-	140,020	6.8%	7,001	(7,001)	5,313	(4,938)
Galleria Burgas	BG, Burgas	Retail	DCF	6,602	87,720	-	87,720	7.5%	4,386	(4,386)	3,014	(2,820)
Nova Park	PL, Gorzów	Retail	DCF	6,377	84,507	-	84,506	7.5%	4,225	(4,225)	2,896	(2,710)
Dambovita Mall*	RO, Targoviste	Retail	DCF	5,735	82,330	-	84,946	7.0%	4,117	(4,117)	3,065	(2,852)
Atrium Mall	RO, Arad	Retail	DCF	5,474	74,300	-	74,300	7.4%	3,715	(3,715)	2,610	(2,438)
DN1 Value Centre*	RO, Balotesti	Retail	DCF	5,197	74,130	-	75,435	7.0%	3,707	(3,707)	2,741	(2,552)
Prahova Value Centre*	RO, Ploiesti	Retail	DCF	3,465	51,300	-	50,474	6.8%	2,565	(2,565)	1,972	(1,831)
Zalau Value Centre*	RO, Zalau	Retail	DCF	3,218	45,590	-	44,525	7.1%	2,280	(2,280)	1,674	(1,559)
Strip malls	RO, Various	Retail	DCF	3,379	42,680	-	42,680	7.9%	2,134	(2,134)	1,392	(1,306)
Baia Mare Value Centre	RO, Baia Mare	Retail	DCF	3,016	41,560	-	41,560	7.3%	2,078	(2,078)	1,483	(1,384)
Roman Value Centre	RO, Roman	Retail	DCF	3,115	45,080	-	45,080	6.9%	2,254	(2,254)	1,692	(1,574)
Sepsi Value Centre*	RO, Sf. Gheorghe	Retail	DCF	2,414	34,220	-	34,078	7.1%	1,711	(1,711)	1,257	(1,171)
Barlad Value Centre*	RO, Barlad	Retail	DCF	2,058	29,360	-	30,144	7.0%	1,468	(1,468)	1,086	(1,011)
Galleria Stara Zagora	BG, Stara Zagora	Retail	DCF	1,744	24,310	-	24,310	7.2%	1,216	(1,216)	878	(819)
Purchase price premium					2,776							
Transaction costs**					584							
Residual value**					(689)							
WE income property and land bank – discontinued operations				2,863	78,508	(76)	78,509	3.6%	3,055	(3,055)	3,540	(3,168)
Flensburg Galerie	DE, Flensburg	Retail	DCF	2,661	59,300	(76)	59,225	4.5%	2,965	(2,965)	3,499	(3,129)
Arches	UK, Edinburgh	Mixed	Capitalisation	202	1,806	-	1,806	11.2%	90	(90)	41	(39)
Langley Park	UK, Chippenham	Land	Residual	-	17,478	-	17,478	-	-	-	-	-
Lease incentive accruals					(76)							

\* The investment properties (Spark II Portfolio) were acquired effective 30 June 2022 and are initially recognised at cost, including transaction costs, as described in note 4 and 13.1. The fair value of investment properties acquired as determined by the Group’s independent external valuer on 30 June 2022 were used for purposes of the valuation sensitivity analysis. The book value of these properties is the consideration price, including transaction costs.

\*\* Effective 30 June 2022, as part of the Spark II Portfolio acquisition, the Group acquired six operational properties, for a consideration price of €319,706 thousand. The investment properties are initially recognised at cost of €319,601 thousand, reflected as the consideration price of €319,706 thousand less €689 thousand residual value after recognising financial assets and liabilities at fair value, plus transaction costs of €584 thousand.

**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.

									Sensitivity analysis (variance)			
			Valuation	Net rental	Fair value	Lease incentive	Book value	NRI/BV	NRI	NRI	NRI/BV	NRI/BV
30 June 2021	Location	Type	Method	income thousand €	thousand €	thousand €	thousand €	%	+5% thousand €	-5% thousand €	-0.5% thousand €	+0.5% thousand €
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)
Strip malls	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 either by residual or by firm offers less costs-to-complete method.  
The Group does not disclose any sensitivity analysis for the land, as it is not considered relevant – land is valued considering its best use.

14. 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 the associate owns in MAS is cross-shareholdings, and therefore this is 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.

	On 30 June 2022	On 30 June 2021
Opening balance	37,365	26,736
Share of profit from equity-accounted investee, net of tax	40,901	10,629
Distribution received	(53,064)	-
Closing balance	25,202	37,365

The Group has an investment in PKM Development Limited (incorporated in the Isle of Man), a holding entity of a group which develops commercial and residential property predominantly in Romania, as well as other CEE countries. PKM Development is an associate of the Group.

The Group owns 40% of the DJV’s 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. MAS provides asset management services to completed retail commercial assets developed by the DJV.

In addition to the investment in the ordinary shares, the Group has invested in 7.5% preferred equity issued by PKM Development; refer to note 18.4. €236.1million was invested by 30 June 2022 (30 June 2021: €247.7million).

An impairment test on the investment in equity-accounted investee on 30 June 2022 was performed, and no impairment indicators were identified.

The following table summarises the financial information of PKM Development as included in its financial statements which are prepared in accordance with IFRS.

Statement of financial position PKM Development	On 30 June 2022	On 30 June 2021
Non-current assets	224,223	359,849
Current assets	275,468	92,414
Total assets	499,691	452,263
Non-current liabilities	242,242	291,836
Current liabilities	160,409	39,934
Total liabilities	402,651	331,770
Net assets	97,040	120,493
Percentage of the Group’s ownership interest	40%	40%
Un-adjusted Group share of net assets	38,816	48,197
Elimination of cross-shareholding	(13,673)	(10,891)
Net assets attributable to the Group	25,143	37,306
Capitalised costs	59	59
Carrying amount	25,202	37,365

PKM Development’s investment properties have been valued by external independent valuers in a manner consistent with the policies disclosed in note 13.

All amounts in € thousand unless otherwise stated.

Statement of profit or loss  
and other comprehensive income  
PKM Development

	Year to 30 June 2022	Year to 30 June 2021
Rental income	19,190	13,484
Service charge income and other recoveries	7,600	4,754
Impairment of receivables	(87)	(1,105)
Service charge and other property operating expenses	(8,105)	(5,295)
Other income	6,857	245
Corporate expenses	(2,193)	(832)
Investment expenses	(40)	(111)
Net margin from residential sales	6,368	-
Fair value adjustments	84,090	50,674
Foreign currency exchange differences	91	(205)
Finance income	53	24
Finance costs	(11,957)	(8,069)
Taxation	7,344	(41)
Total profit	109,211	53,523
Percentage of the Groups ownership interest	40%	40%
Total profit and other comprehensive income attributable to the Group	43,684	21,409
Elimination of cross-shareholding	(2,783)	(10,780)
Group’s share of profit	40,901	10,629

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

During the year to 30 June 2022, PKM Development maintained its holding of 70,998,476 (30 June 2021: 70,998,476) MAS shares, valued at €82,831 thousand on 30 June 2022 (30 June 2021: €75,876 thousand); the weighted average value per security of purchased shares was €1.167 per share on 30 June 2022 (30 June 2021: €0.689). On consolidation, MAS’ proportion of 40% of the shares are adjusted to their original cost of €19,570 thousand (30 June 2021: €19,570 thousand) so that no gains or losses are recognised on these assets in Share of profit from equity-accounted investee, net of tax. Martin Slabbert has indirect beneficial interests in the MAS ordinary shares held by PKM Development.

Disposal of assets

Effective 30 June 2022, the DJV disposed of, and MAS acquired, the Spark II Portfolio, as described in note 4. All elements relating to assets and liabilities with respect to the Spark II Portfolio were deconsolidated from DJV’s statement of financial position on a line-by-line basis, effective on the same date.

15. 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.

	On 30 June 2022	On 30 June 2021
Goodwill	1,696	1,696
Intangible assets	1,696	1,696
Goodwill	On 30 June 2022	On 30 June 2021
Spark I Portfolio	1,628	1,628
Property Management Platform (‘PMP’)	68	68
	1,696	1,696

All amounts in € thousand unless otherwise stated.

Property Management Platform (PMP)

In November 2016 the Group entered into a joint venture with Prime Kapital through PKM CEE Investments Limited, in which Prime Kapital’s effective economic interest in the joint venture was equivalent to 20% direct participation less the interest cost on the participation funding, which was provided by the Group. Under the terms of the joint venture, Prime Kapital provided property investment and management services to the joint 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 SRL (the ‘Romanian Property Management Platform’), (together the ‘Property Management Platform’).

On 27 November 2019, with shareholders’ 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 (merged with its direct shareholder, refer to page 101) and Prime Kapital CEE Property Investment Management Limited (the ‘2019 Transaction’).

The acquisition was motivated by the Group’s strategy of continued investment into CEE to enhance the Group’s total long-term returns.

On the referenced date, the Group acquired the Romanian, Bulgarian and Polish property management platforms. The acquisition resulted in recognition of goodwill. An impairment test was performed on 30 June 2022, in accordance with the Group’s accounting policies. No impairment charge arose, as a result.

Spark I 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 I 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 Spark I Portfolio has been allocated to the properties as individual cash generating units.

The Spark I Portfolio was considered a single Cash Generating Unit (‘CGU’). An impairment test was performed on 30 June 2022, in accordance with the Group’s accounting policies. No further impairment charge arose, as a result.

16. Other non-current assets

Accounting policy

Other non-current assets include prepaid equity share-based payments, interest rate hedging derivatives assets, property, plant and equipment, computer and other licenses, guarantees received from property suppliers, right-of-use assets and lease incentives.

For the accounting policy regarding share-based payments, please see note 21.2.

Interest rate hedging derivatives assets

Interest rate hedging derivatives assets are classified as other non-current assets if they meet the criteria to be classified as financial assets at fair value through profit or loss. The Group initially recognises these interest rate hedging derivatives assets at the trade date. These derivatives assets are subsequently measured at fair value and changes therein are recognised in profit or loss in the period in which they occur.

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, and
- 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.

Lease incentives

Lease incentives are 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.

Right-of-use assets

Rental contracts in respect of the offices leased by the Group are typically contracted for fixed periods but may have extension options. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets that meet the definition of investment property are presented within investment property, detailed in note 13.

Other non-current assets include prepaid equity share-based payments, property retentions related to disposal of assets, property, plant and equipment and computer and other licenses.

	Note	On 30 June 2022	On 30 June 2021
Equity settled share-based payment expense	18.2		
– PK Prepaid Development Services		6,120	7,276
– Incentive Share Participants		1,012	1,409
– Executive Directors		-	293
Interest rate caps		4,562	-
Property retentions related to disposal of assets		1,555	-
Right-of-use asset		336	-
Property, plant and equipment		208	211
Other non-current assets		141	196
<b>Total non-current assets</b>		<b>13,934</b>	<b>9,385</b>

Interest rate caps

With the acquisition of Spark II Portfolio, the acquired entities retained their existing secured external debt facilities of €123,544 thousand, which have in place interest rate caps to hedge interest rate exposure. These interest rate caps were classified as financial assets at fair value through profit or loss. Accordingly, they were measured at fair value on the reporting date with changes in fair value being recognised in profit or loss. Hedge accounting under IFRS 9 has not been applied.

17. 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 lease liabilities and other non-current liabilities. These are measured at amortised cost.

Lease liability

Other non-current liabilities include security deposits received from construction suppliers, with expiry dates of more than one year from the reporting date. These are measured at amortised cost.

Other non-current liabilities also include lease liabilities resulting from the application of the full retrospective approach of IFRS 16 starting 1 July 2018.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any lease incentives receivable and termination payments. The lease payments are discounted using the interest rate implicit in the lease.

In determining lease liabilities recognised following the application of IFRS 16 full retrospective approach, the following assumptions were considered:

- Lease payments, as the cash outflows, are discounted using the effective interest rate applicable to each contract;
- Expenses related to variable lease payments are included in the measurement of the lease liabilities;
- Future cash outflows are reflected in the measurement of the lease liabilities;
- Duration of concession agreements in place for right-of-use asset land on which the Group engaged to develop an asset; the concessions have no restrictions or future obligations and can be extended at expiration date.

	On 30 June 2022	On 30 June 2021
Security deposits from tenants	3,011	1,721
Lease liability	2,642	-
Security deposits from construction suppliers	1,502	277
Other non-current liabilities	-	38
<b>Total non-current liabilities</b>	<b>7,155</b>	<b>2,036</b>

Of total lease liability, €2,396 thousand refer mainly to a concession agreement transferred from the DJV on 30 June 2022, through the acquisition of one of the Spark II Portfolio entities. Additional information related to the concession agreement is presented in note 23. The remaining €246 thousand refer to lease liabilities in respect of the Group’s office leases, which are subject to IFRS 16.

18. 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 preferred equity and capital contribution receivable, as well as undrawn PKM Development preferred equity 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 financial assets at 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 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.

18.1. Financial investments

Financial investments are measured at fair value on the reporting date with changes in fair value recognised in profit or loss. The Group's financial investments are detailed in the table below.

	On 30 June 2022	On 30 June 2021
Direct financial investments	97,655	33,580
	97,655	33,580

The Group's financial investments in listed securities are used to manage liquidity, including, if necessary, funding commitments to PKM Development.

The full notional exposure for all positions is disclosed below.

On 30 June 2022			
	Share price	No of shares	Fair value direct investments
	€	'000	
Direct financial investments			
NEPI Rockcastle S.A. (formerly NEPI Rockcastle plc)	5.12	19,078	97,655
Total financial investments			97,655

On 30 June 2021			
	Share price	No of shares	Fair value direct investments
	€	'000	
Direct financial investments			
NEPI Rockcastle S.A. (formerly NEPI Rockcastle plc)	5.95	5,642	33,580
Total financial investments			33,580

Reconciliation of financial investments is disclosed below.

	Note	Fair value direct financial investments	CFD collateral	CFD gross exposure
On 30 June 2020		-	28,406	35,496
Purchases		28,204 <sup>2</sup>	-	-
Disposals		-	-	(42,730) <sup>1</sup>
CFD collateral in relation to disposals		-	(28,406) <sup>2</sup>	-
Fair value adjustment	10	5,376 <sup>1</sup>	-	7,234 <sup>1</sup>
On 30 June 2021		33,580	-	-
Purchases		78,305 <sup>2</sup>	-	-
Fair value adjustment	10	(14,230) <sup>1</sup>	-	-
On 30 June 2022		97,655	-	-

<sup>1</sup> Non-cash flow movements

<sup>2</sup> Cash flow movements

Direct financial investments

Fair value adjustments in relation to direct financial investments is the fair value movement of listed securities held by the Group, including fair value movements on purchases and disposals during the year.

During the year, gross dividend income of €4,368 thousand (30 June 2021: €962 thousand) resulted from direct financial investments; refer to note 8. Total fair value losses related to financial investments are €14,230 thousand (30 June 2021: fair value gains of €12,114 thousand); refer to note 10.

CFD Collateral

By 30 June 2021 the Group disposed of its entire portfolio of CFDs. No gross dividend income was received in the year to 30 June 2022 (30 June 2021: €1,728 thousand); refer to note 8.

18.2. Trade and other receivables

	Note	On 30 June 2022	On 30 June 2021
Receivables from disposals of assets	20	12,569	14,950
Trade receivables from lessees	20	11,669	7,281
Equity settled share-based payment expense			
– Incentive Share Participants	21.2	104	68
– PK Prepaid Development Services	21.2	4,050	2,894
– Executive Directors	21.2	-	714
VAT and other tax receivables	20	3,518	3,165
Prepaid expenses	20	3,417	1,291
Property retentions related to disposal of assets	20	1,299	3,041
Lease incentive accrual	5.2	76	1,594
Other receivables	20	1,360	1,032
Trade and other receivables		38,062	36,030

Receivables from disposals of assets of €12,569 thousand (30 June 2021: €14,950 thousand) relate to proceeds to be received in respect of the disposal of Lewes North Street Quarter of €10,022 thousand (30 June 2021: €9,323 thousand), New Waverley PA4N of €2,489 thousand (30 June 2021: €5,627 thousand) and Bruchsal of €58 thousand (30 June 2021: nil), their payments not yet due by the year-end.

Property retentions related to disposal of assets of €1,299 thousand (30 June 2021: €3,041 thousand) are amounts receivable, held at amortised cost, in relation to properties disposed, in accordance with the SPAs concluded.

18.3. Cash and cash equivalents

	On 30 June 2022	On 30 June 2021
Bank balances	174,176	287,077
	<b>174,176</b>	<b>287,077</b>

Cash flow information

Reconciliation of cash generated from operating activities is presented below.

	Note	Year to 30 June 2022	Year to 30 June 2021
<b>Profit for the year - continuing operations</b>		<b>130,814</b>	<b>65,811</b>
<b>Profit for the year - discontinued operations</b>		<b>10,357</b>	<b>5,931</b>
<i>Adjustments for non-cash movements:</i>			
Fair value adjustments	10	(59,549)	(18,554)
Finance income	11	(21,733)	(15,400)
Finance costs	11	17,981	24,733
Share of profit from equity-accounted investee	14	(40,901)	(10,629)
Tax expense	12	6,815	8,793
Investment expenses	9	3,265	4,830
Share-based payment expense		1,195	1,086
Depreciation and amortisation	16	144	181
Loss on disposal of subsidiary	5.2	2,630	-
Gain on disposal of assets held for sale	5.2	(11,143)	(19,610)
Foreign exchange differences		(1,855)	(3,093)
Decrease/(increase) in trade receivables and other operating assets		79,966	(13,664)
(Decrease)/increase in trade payables and other operating liabilities		(71,841)	5,285
<b>Cash generated from operating activities</b>		<b>46,145</b>	<b>35,700</b>

18.4. Financial assets

	On 30 June 2022	On 30 June 2021
<b>Non-current assets</b>		
PKM Development preferred equity	236,067	247,734
	<b>236,067</b>	<b>247,734</b>
<b>Total financial assets</b>	<b>236,067</b>	<b>247,734</b>

PKM Development preferred equity

The preferred equity is held at amortised cost. The Group has performed an impairment assessment on 30 June 2022 and concluded 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 in the reporting periods. 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 with the development pipeline.

On 30 June 2022, the effective date of the Spark II Portfolio transaction, MAS received €46,983 thousand in redemption of preferred equity from the DJV, and €16,708 thousand accrued coupon on preferred equity. These amounts were netted off with MAS' consideration payable for the properties acquired. Following redemption of €46,983 thousand preferred equity, MAS' invested amount in the DJV's preferred equity is €236,067 thousand. Additionally, as part of the Transactions, MAS' preferred equity funding commitments to the DJV was increased by €50million to €470million, of which €236,067 thousand invested by 30 June 2022. Refer to note 4 and 23.

19. 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 loans 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 it is paid or 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

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.

19.1. Bonds and bank loans

	On 30 June 2022	On 30 June 2021
<b>Non-current</b>		
Bonds	295,904	294,587
Bank loans	117,144	-
	<b>413,048</b>	<b>294,587</b>
<b>Current</b>		
Bonds	115	151
Bank loans	40,546	112,171
	<b>40,661</b>	<b>112,322</b>
<b>Total bonds and bank loans</b>	<b>453,709</b>	<b>406,909</b>

The carrying amount of the Group’s borrowings by region was as follows.

	On 30 June 2022	On 30 June 2021
<b>Non-current</b>		
Unsecured fixed coupon notes (Bonds)	295,904	294,587
CEE investment property	117,144	-
	<b>413,048</b>	<b>294,587</b>
<b>Current</b>		
Unsecured fixed coupon notes (Bonds)	115	151
German investment property	34,126	49,626
CEE investment property	6,420	-
UK investment property	-	62,270
Corporate	-	275
	<b>40,661</b>	<b>112,322</b>
<b>Total bonds and bank loans</b>	<b>453,709</b>	<b>406,909</b>

Unsecured fixed coupon notes (Bonds)

	Note	On 30 June 2022	On 30 June 2021
<b>Opening balance</b>		<b>294,738</b>	<b>-</b>
<i>Changes from financing cash flows</i>			
Coupon payment		(12,750)	-
Face value of bonds		-	300,000
Debt discount on issue		-	(3,290)
Transaction costs capitalised		(42)	(3,560)
<i>Non cash-flow movements</i>			
<b>Finance costs</b>		<b>14,073</b>	<b>1,588</b>
Accrued coupon on bonds	11	12,750	1,467
Amortisation of bonds discount	11	719	39
Amortisation of capitalised borrowing costs	11	604	82
<b>Closing balance</b>		<b>296,019</b>	<b>294,738</b>

The Group issued, in May 2021, fixed coupon notes (bonds) to the value of €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, and were issued at 98.903% of nominal value. Moody’s and Fitch assigned Ba1 and BB (positive) ratings, respectively, to the bonds, in line with the corporate ratings.

During financial year to 30 June 2021, the Group has used part of the proceeds from bonds issued to refinance Eligible Projects in accordance with the Group’s Green Financing Framework and repaid bank loans secured against investment properties in CEE. Transaction costs of €42 thousand (30 June 2021: €3,560 thousand) were incurred and capitalised on the initial debt, in accordance with IFRS 9. The remaining bond proceeds were used on 30 June 2022, for the acquisition of the Spark II Portfolio.

On 30 June 2022, the bonds were trading on the market at 82.79% (30 June 2021: 100.32%). The Group’s liability towards bondholders does not vary in line with the market price of listed notes, given the contractual maturity of the bonds.

Bank loans

Reconciliation of the Group’s carrying value of bank loans is detailed below.

	Note	On 30 June 2022	On 30 June 2021
<b>Opening balance</b>		<b>112,171</b>	<b>444,747</b>
<i>Changes from financing cash flows</i>			
Transaction costs related to bank loans		(87)	1,343
Repayment of bank loans		(34,001)	(341,808)
Debt break fees paid		(961)	(10,151)
Interest paid		(1,658)	(8,269)
<i>Non cash-flow movements</i>			
Transfers of bank loans at disposal of subsidiary		(44,576)	-
Bank loans transferred with Spark II Portfolio		123,544	-
<b>Finance costs</b>		<b>2,925</b>	<b>22,774</b>
Finance costs – expenses	11	1,923	11,503
Debt break fees expense	11	1,002	11,271
<b>Foreign currency translation difference</b>		<b>333</b>	<b>3,535</b>
<b>Closing balance</b>		<b>157,690</b>	<b>112,171</b>

The Group repaid secured bank loans of €34,001 thousand (secured against WE investment properties held for sale disposed during the period), incurring debt break fees of €1,002 thousand. The Group additionally settled €44,576 thousand secured bank loans when transferring the subsidiary, New Uberior House Limited.

Bank loans include current debt of €34,126 thousand (30 June 2021: €111,896 thousand) secured against investment property held for sale with a carrying value of €59,224 thousand (30 June 2021: €192,236 thousand); refer to note 5.2.

On 30 June 2022, with the acquisition of Spark II Portfolio, bank loans of €123,544 thousand secured against the six investment properties acquired, with a carrying value of €319,601 thousand, were transferred to the Group.

The fair values of financial instruments such as cash and cash equivalents, trade and other receivables, trade and other payables, bonds and bank loans are reasonably approximated by their carrying values.

Fixed and variable debt

The Group is subject to both fixed and variable interest rates on its borrowings, as detailed below.

	On 30 June 2022	On 30 June 2021
Fixed debt (including unsecured fixed coupon notes)	330,145	344,639
Variable/hedged debt	123,564	62,270
	<b>453,709</b>	<b>406,909</b>

Summary of borrowings terms and covenants

In accordance with the Group’s unsecured fixed coupon notes’ offering memorandum, covenants tolerances on issued bonds are disclosed on both IFRS and proportionate consolidation bases, as follows.

		On 30 June 2022 IFRS	On 30 June 2022 Proportionate consolidation basis	On 30 June 2021 IFRS	On 30 June 2021 Proportionate consolidation basis
<b>Tolerances</b>					
Solvency ratio	shall not exceed 0.6	0.30	0.29	0.31	0.31
Consolidated Coverage Ratio	at least 2.5:1	3.46	3.70	4.32	4.23
Unencumbered Consolidated Total Assets/Unsecured Consolidated Total Debt					
	minimum 180%	379%	407%	381%	380%

Terms in respect of the Group’s remaining secured debt are disclosed below.

		Weighted average remaining term		Weighted average interest rate		
Jurisdiction	Currency	On 30 June 2022	On 30 June 2021	On 30 June 2022	On 30 June 2021	Significant terms and conditions
<b>UK</b>						All loans are secured against specific investment properties of which the UK loans and one German loan have been repaid or settled during the year.
Floating/hedged debt	GBP	-	1.53 years	-	1.60% + 3M UK	
<b>Germany</b>						All CEE loans are secured against investment property acquired as part of Spark II Portfolio transaction, detailed in note 4.
Fixed debt	EUR	1.42 years	2.88 years	2.20%	2.22%	
<b>CEE</b>						
Floating/hedged debt <sup>1</sup>	EUR	5.97 years	-	2.64%	-	

<sup>1</sup> The floating/hedged debt relates to the existing secured external debt facilities of €123,544 thousand that have in place interest rate caps to hedge the interest rate exposure, were transferred to the Group with the Spark II Portfolio transaction; refer to note 16.

On 30 June 2022 and 30 June 2021, the Group has obtained appropriate waivers as required to deal with income covenant breaches. Apart from one bank loan covenant in respect of which a waiver was obtained, the Group has complied with its debt covenants during the current and prior year.

19.2. Trade and other payables

	On 30 June 2022	On 30 June 2021
Amounts payable for the Spark II Portfolio acquisition	89,781	-
Trade payables	8,832	11,071
Deferred income	5,323	3,965
Current tax payable	1,743	4,256
Security deposits from tenants	1,111	500
VAT payable	1,055	572
Construction payables	701	769
Security deposits from construction suppliers	532	625
Lease liability	186	-
Other payables	699	1,170
<b>Trade and other payables</b>	<b>109,963</b>	<b>22,928</b>

19.3. Financial liabilities

	On 30 June 2022	On 30 June 2021
<b>Current liabilities</b>		
Interest rate swaps	-	848
<b>Total financial liabilities</b>	-	<b>848</b>

Interest rate swaps

On 30 June 2021, the Group had hedged some of its interest rate risk exposure on bank loans using interest rate swaps. These interest rate swaps were classified as financial liabilities at fair value through profit or loss. Accordingly, they were measured at fair value on the reporting date with changes in fair value being recognised in profit or loss. Hedge accounting under IFRS 9 has not been applied.

The Group fully repaid the bank loans subject to interest rate swaps during the year to 30 June 2022, no interest rate swap liability was reflected on 30 June 2022.

20. 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 on the inputs used in the valuation technique as disclosed below.

- 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.

On 30 June 2022	Note	Level 1	Level 2	Level 3	FVTPL	Amortised cost	Non-financial instruments	Total
<b>Financial assets</b>								
PKM Development preferred equity	18.4	-	-	-	-	236,067	-	<b>236,067</b>
Direct financial investments	18.1	97,655	-	-	<b>97,655</b>	-	-	<b>97,655</b>
Trade and other receivables held at amortised cost	18.2	-	-	-	-	26,897	-	<b>26,897</b>
VAT receivable, prepayments, contract assets and lease incentive accruals	18.2	-	-	-	-	-	7,011	<b>7,011</b>
Equity-settled share-based payment - Incentive share participants	16; 21.2	-	-	-	-	-	11,286	<b>11,286</b>
Interest rate caps	16	-	4,562	-	<b>4,562</b>	-	-	<b>4,562</b>
Other non-current assets	16	-	-	-	-	-	2,240	<b>2,240</b>
Cash and cash equivalents	18.3	-	-	-	-	174,176	-	<b>174,176</b>
		<b>97,655</b>	<b>4,562</b>	-	<b>102,217</b>	<b>437,140</b>	<b>20,537</b>	<b>559,894</b>
<b>Financial liabilities</b>								
Bonds	19.1	-	-	-	-	296,019	-	<b>296,019</b>
Bank loans	19.1	-	-	-	-	157,690	-	<b>157,690</b>
Trade and other payables held at amortised cost	19.2	-	-	-	-	101,842	-	<b>101,842</b>
Deferred income, VAT payable and tax payable	19.2	-	-	-	-	-	8,121	<b>8,121</b>
		-	-	-	-	<b>555,551</b>	<b>8,121</b>	<b>563,672</b>
<b>On 30 June 2021</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>FVTPL</b>	<b>Amortised cost</b>	<b>Non- financial instruments</b>	<b>Total</b>
<b>Financial assets</b>								
PKM Development preferred equity	18.4	-	-	-	-	247,734	-	<b>247,734</b>
Direct financial investments	18.1	33,580	-	-	<b>33,580</b>	-	-	<b>33,580</b>
Trade and other receivables held at amortised cost	18.2	-	-	-	-	26,304	-	<b>26,304</b>
VAT receivable, prepayments, contract assets and lease incentive accruals	18.2	-	-	-	-	-	6,050	<b>6,050</b>
Equity-settled share-based payment – Incentive share participants	16; 18.2	-	-	-	-	-	12,654	<b>12,654</b>
Other non-current assets	16	-	-	-	-	-	407	<b>407</b>
Cash and cash equivalents	18.3	-	-	-	-	287,077	-	<b>287,077</b>
		<b>33,580</b>	-	-	<b>33,580</b>	<b>561,115</b>	<b>19,111</b>	<b>613,806</b>

All amounts in € thousand unless otherwise stated.

On 30 June 2021	Note	Level 1	Level 2	Level 3	FVTPL	Amortised cost	Non- financial instruments	Total
<b>Financial liabilities</b>								
Interest rate swaps	19.3	-	848	-	<b>848</b>	-	-	<b>848</b>
Bonds	19.1	-	-	-	-	294,738	-	<b>294,738</b>
Bank loans	19.1	-	-	-	-	112,171	-	<b>112,171</b>
Trade and other payables held at amortised cost	19.2	-	-	-	-	14,135	-	<b>14,135</b>
Deferred income, VAT payable and tax payable	19.2	-	-	-	-	-	8,793	<b>8,793</b>
		-	<b>848</b>	-	<b>848</b>	<b>421,044</b>	<b>8,793</b>	<b>430,685</b>

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 19.1, however the Group’s bonds were trading on the market at 82.79% on 30 June 2022.

Financial assets at amortised cost

	Note	PKM Development preferred equity
<b>Balance on 30 June 2020</b>		<b>186,050</b>
Finance income	11	15,322
Subscription for preferred equity		54,650
Amounts received in cash		(8,288)
<b>Balance on 30 June 2021</b>		<b>247,734</b>
Finance income	11	21,642
Subscription for preferred equity		49,700
Redemption of preferred equity		(46,983)
Amounts received in cash		(19,318)
Coupon settled on Spark II Portfolio acquisition		(16,708)
<b>Balance on 30 June 2022</b>		<b>236,067</b>

Financial liabilities at FVTPL

	Note	Interest rate swaps	Development management fee	Priority participating profit dividend	Total
<b>Balance on 30 June 2020</b>		<b>4,176</b>	<b>118</b>	<b>177</b>	<b>4,471</b>
Settlement		(2,340)	-	-	(2,340)
Transferred to Construction payables		-	(260)	(390)	(650)
Fair value adjustment		(1,030)	145	216	(669)
Foreign currency translation difference in OCI		42	(3)	(3)	36
<b>Balance on 30 June 2021</b>		<b>848</b>	-	-	<b>848</b>
Settlement		(44)	-	-	(44)
Transfer to new owner		(715)	-	-	(715)
Fair value adjustment	10	(89)	-	-	(89)
<b>Balance on 30 June 2022</b>		-	-	-	-

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.

On 30 June 2022	Financial instrument	Valuation technique	Inputs	Inter-relationship between inputs and fair value measurement
	Interest rate caps – asset	The fair value is based on discounting future cash flows using the interest rate swap curves.	▪ 3-month EURIBOR ▪ Cap rate	The estimated fair value would increase/(decrease) if: ▪ 3-month EURIBOR was higher/ (lower)
<b>On 30 June 2021</b>	<b>Financial instrument</b>	<b>Valuation technique</b>	<b>Inputs</b>	<b>Inter-relationship between inputs and fair value measurement</b>
	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 on the dates when the cash flows will take place.	▪ 3-month EUR/CHF Libor ▪ Swap rate	The estimated fair value would increase/(decrease) if: ▪ 3-month EUR LIBOR/CHF LIBOR was higher/ (lower) ▪ Swap rate was lower/ (higher)

All amounts in € thousand unless otherwise stated.

21. Equity

21.1. 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 reconciliation of share capital and share premium is detailed below.

		Share capital		Share premium	Treasury shares		Total	
	Note	No of shares			No of shares		No of shares	
Balance on 30 June 2020		708,343,798		-	899,858		(3,850,000)	
Issued during the year								
Geared share purchase plan shares issued	21.2	2,801,931		-	1,735		(2,801,931)	
Geared share purchase plan shares forfeited	21.2	(1,900,000)		-	(3,113)		1,900,000	
Geared share purchase plan shares brought back in the scheme	21.2	1,900,000		-	1,049		(1,900,000)	
Transfer from share premium reserve <sup>1</sup>		-		-	(250,000)		-	
Balance on 30 June 2021		711,145,729		-	649,529		(6,651,931)	
Nominal value of shares assignment on Company's continuation		-		7,131	(7,131)		-	
Issued during the year								
Geared share purchase plan shares issued	21.2	3,500,000		15	3,749		(3,500,000)	
Geared share purchase plan shares forfeited	21.2	(300,000)		-	(492)		300,000	
Geared share purchase plan shares brought back in the scheme	21.2	300,000		-	321		(300,000)	
Shares repurchases		-		-	-		(16,586,906)	
Balance on 30 June 2022		714,645,729		7,146	645,976		(26,738,837)	

<sup>1</sup> During the year to 30 June 2021, the Group's parent company (MAS P.L.C.) 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 was reduced by the same value, by reallocating the respective amount to the Company's and Group's retained deficit.

The table below discloses the IFRS net asset value per share in issue.

	On 30 June 2022	On 30 June 2021
Number of shares in issue	687,906,892	704,493,798
IFRS Net Asset Value per share (eurocents)	134.9	123.4

Share capital and share premium

Effective 12 October 2021, MAS P.L.C. has changed its legal seat from British Virgin Islands to Malta. Following registration at the Malta Business Registry, in accordance with the Company's Memorandum and Articles of Association, the Company's share capital and share premium account was divided to take account of the share capital's par value of each issued share. As such, the Company's issued and fully paid-up share capital on the redomiciliation date was €7,131,457 divided into 713,145,729 ordinary shares having a nominal value of €0.01 each. The actual number of issued ordinary shares is unchanged pursuant to the migration of the Company's legal seat to Malta. To redomiciliation date, the Company's ordinary share capital had no par value. For the resultant change in presentation of share capital and share premium, refer to note 25. On 30 June 2022, following the issue of additional shares under the geared share purchase plan, as detailed below, the Company's issued and fully-paid share capital is €7,146,457 divided into 714,645,729 issued ordinary shares.

Treasury shares – shares repurchases

In May and June 2022, MAS repurchased 16,586,906 of its issued shares (2.3% of the Company's issued share capital) via one of its subsidiaries, at a weighted average share price of €1.21 per share, pursuant to the Company's general authority to repurchase shares. The nominal value of the shares repurchased is €165,869 (2.3% of subscribed share capital). The shares were not cancelled, consequently the cost of shares repurchased of €19,989 thousand including incremental costs of €101 thousand were deducted from the equity attributable to the owners of the Group, as treasury shares.

Treasury shares – geared share purchase plan

During the year to 30 June 2022, 3,500,000 shares were issued in the geared share purchase plan at a price of €3,764 thousand; refer to note 21.2. Of the total shares issued, 1,500,000 shares were issued subsequent to MAS P.L.C.'s redomiciliation to Malta, in March 2022. Thus, the shares were issued at €0.01 per share, respectively €15 thousand share capital, and a share premium of €1,690 thousand. In addition, 300,000 allocated geared share purchase plan shares were forfeited following the departure of a share purchase plan participant and were subsequently returned to the scheme. The shares were forfeited at the initial issue price of €1.6386 and returned to the scheme at the share price of €1.0684, the net value of €171 thousand being reflected through share premium.

All amounts in € thousand unless otherwise stated.

During the financial year to 30 June 2021, 2,801,931 shares were issued in the geared share purchase plan at a price of €1,735 thousand, of which 579,241 shares were issued on 23 September 2020 at an issue price of €0.5525 per share, 1,362,690 shares issued on 1 October 2020 at an issue price of €0.5525 per share, 500,000 shares were issued on 4 March 2021 at an issue price of €0.7491 per share and 360,000 shares were issued on 30 March 2021 at an issue price of €0.8000 per share; refer to note 18.2. 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 per share and returned to the scheme and granted on 1 September 2020, at the share price €0.5525 per share, the net value of €2,064 thousand being reflected through share premium.

Consideration shares issued

During the financial year to 30 June 2020, the Group issued 67,000,000 shares at an issue price of €1.15395 (ZAR 18.96) per share (the 'Consideration Shares') in consideration for the 2019 Transaction, with respect to the acquisition of the Property Management Platform and Prime Kapital's 20% effective economic interest in the joint venture.

The Consideration Shares are locked for a three-year period commencing on the date of the 2019 Transaction. Prime Kapital will not, during the Lock-In Period, transfer any interest in the Consideration Shares to another individual (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 by the Board and to vote at the Company's general meetings. Distributions can be paid by the Company from retained earnings or as a return of capital.

During the year to 30 June 2022 the Group paid dividends to shareholders as detailed below.

	Year to 30 June 2022	Year to 30 June 2021
Distribution to shareholders of the Group – in respect of the financial year to 30 June 2021	(41,777)	-
Distribution to shareholders of the Group – in respect of the six-month period to 31 December 2021	(20,854)	-
	(62,631)	-

21.2. 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 re-allocated to other participants. 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 on 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.

On 30 June 2022, the Group had the following share-based payment arrangements:

- Incentive Share Participants;
- PK Prepaid Development Services;
- Executive Management, and
- Geared share purchase plan.

The Incentive Share Participants, PK Prepaid Development Services and the Executive Management share-based payment arrangements (the '2019 Transaction Share-Based Payments') are a result of the 2019 Transaction.

All amounts in € thousand unless otherwise stated.

Incentive Share Participants

In accordance with the terms of the 2019 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 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 are shares issued in terms of the 2019 Transaction for the benefit of present and future Incentive Share Participants.

The equity-settled share-based payment expense has been calculated at 2019 Transaction date (described in note 15) based on 3,350,000 Consideration Shares at market price on 27 November 2019 and subsequently a fair value adjustment has been recognised to reflect a reasonable expected grant date fair value (refer to note 10).

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, with the price of €0.5525 per share. The incentive shares were initially recognised as a prepaid employee service expense of €3,866 thousand. For the financial year to 30 June 2022, the share-based payment expense was €360 thousand (30 June 2021: €374 thousand). As a result, on 30 June 2022 the Group's non-current prepaid employee service expense amounts to €1,012 thousand (30 June 2021: €1,409 thousand), refer to note 16, and current prepaid employee service expense to €104 thousand (30 June 2021: €68 thousand), refer to note 18.2.

Executive Management

As part of the 2019 Transaction Agreement with Prime Kapital, dated 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 2019 Transaction closing date. In accordance with the terms of the 2019 Transaction, 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. 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 2019 Transaction, and Martin Slabbert and Victor Semionov did not receive cash or other remuneration for the duration of their mandates. The fair value of the equity-settled share-based payment expense has been calculated based on 1,858,331 Consideration Shares at market price on 27 November 2019.

On 26 August 2021, Victor Semionov stepped down from the MAS' Board, and as such an amount of €268 thousand, being the remaining value of his estimated implied remuneration previously recognised as a prepaid share-based payment until the end of the Lock-In period has been fully expensed in the financial year to 30 June 2022.

On 21 April 2022 Martin Slabbert stepped down as Chief Executive Officer ('CEO') and Executive Director of MAS and was appointed Non-Executive Director, thus the remaining €316 thousand share-based payment has been fully expensed.

The key terms of the Executive Management share-based payment are disclosed below.

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

During the year to 30 June 2022, €1,008 thousand (30 June 2021: €714 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 27) in relation to services provided by Martin Slabbert and Victor Semionov.

PK Prepaid Development Services

In accordance with the terms of the 2019 Transaction, Prime Kapital committed to provide property development services in relation to the extension of commercial real estate assets previously 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.

On 30 June 2022, 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. The fair value of the equity-settled share-based payment expense has been calculated based on 8,813,237 Consideration Shares at market price on 27 November 2019. It remains the Group's intention to utilise the development management services in the future. The Group is reconsidering the appropriateness of previously planned extensions of its directly owned assets.

As the development services provided by Prime Kapital to the joint venture is a result of a pre-existing relationship that was in place before the 2019 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 presented below.

Share-based payment	Grant date	Number of shares	Issue price	Vesting period
PK Prepaid Development Services	2019 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 2019 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 per share, multiplied by the number of allocated shares for Share-based payment in relation to IFRS 2.

All amounts in € thousand unless otherwise stated.

Geared share purchase plan

Reconciliation of share-based payment reserve

	Year to 30 June 2022	Year to 30 June 2021
Opening balance	1,223	925
Share-based payment recognised during the year	559	308
Non-forfeitable distribution	(422)	-
Closing balance	1,370	1,233

Reconciliation of outstanding loans and shares

On 30 June 2022	Geared share purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	6,651,931	€1.0690	€0.9617
Granted	3,800,000	-	€1.0831
Forfeited	(300,000)	-	(€1.0418)
Interest	-	-	€0.0310
Interest repayment	-	-	(€0.0386)
Share price movement	-	€0.0977	-
Closing outstanding balance	10,151,931	€1.1667	€0.9954
Exercisable	1,650,000	€1.1667	€1.6775

On 30 June 2021	Geared share purchase plan		
	Number of shares	Weighted average share price	Weighted average loan per share
Opening outstanding balance	3,850,000	€0.6734	€1.6442
Granted	4,701,931	-	€0.6417
Forfeited	(1,900,000)	-	(€1.3520)
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

The remaining term of the loans in relation to the geared purchase plan is disclosed below.

	On 30 June 2022	On 30 June 2021
Shares granted	4.70 – 9.69 years	5.69 – 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 €559 thousand (30 June 2021: €308 thousand) was recognised in the share-based payment reserve in relation to the options.

21.3. Earnings per share

Accounting policy

The Group presents IFRS 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 IFRS 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 computation of the IFRS 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 IFRS weighted average number of ordinary shares outstanding, adjusted for treasury shares held, for the effects of all dilutive potential ordinary shares.

IFRS Basic earnings per share

The computation of IFRS basic earnings per share is based on the profit attributable to ordinary shareholders and the IFRS weighted average number of ordinary shares outstanding on the relevant date.

All amounts in € thousand unless otherwise stated.

	Year to 30 June 2022	Year to 30 June 2021
Opening ordinary shares in issue	704,493,798	704,493,798
Effect of shares repurchased	(1,081,820)	-
IFRS Weighted average number of ordinary shares	703,411,978	704,493,798

The shares issued as part of the geared share purchase plan and shares repurchased and not cancelled are not included in the computation of the weighted average number of ordinary shares as they are deemed to be unissued (treasury shares).

	Year to 30 June 2022	Year to 30 June 2021
Profit from continuing operations attributable to owners of the Group (thousand euro)	130,814	65,811
Profit from discontinued operations attributable to owners of the Group (thousand euro)	10,357	5,931
IFRS Weighted average number of ordinary shares	703,411,978	704,493,798
IFRS Basic earnings per share (eurocents)	20.07	10.18
IFRS Basic earnings per share (eurocents) – continuing operations	18.60	9.34
IFRS Basic earnings per share (eurocents) – discontinued operations	1.47	0.84

IFRS Diluted earnings per share

The computation of IFRS diluted earnings per share has been based on the IFRS weighted average number of ordinary shares outstanding on the relevant date after adjusting for the effects of all potential dilutive ordinary shares.

	Year to 30 June 2022	Year to 30 June 2021
IFRS Weighted average number of ordinary shares (basic)	703,411,978	704,493,798
Effect of share options	2,319,596	2,856,440
IFRS Weighted average number of ordinary shares (diluted)	705,731,574	707,350,238

	Year to 30 June 2022	Year to 30 June 2021
Profit from continuing operations attributable to owners of the Group (thousand euro)	130,814	65,811
Profit from discontinued operations attributable to owners of the Group (thousand euro)	10,357	5,931
IFRS Weighted average number of ordinary shares	705,731,574	707,350,238
IFRS Diluted earnings per share (eurocents)	20.01	10.14
IFRS Diluted earnings per share (eurocents) – continuing operations	18.54	9.30
IFRS Diluted earnings per share (eurocents) – discontinued operations	1.47	0.84

The IFRS diluted weighted average number of ordinary shares include the effect of the 3,500,000 shares granted in the period (30 June 2021: 4,701,931 ordinary shares granted in the year).

The average market value of the Company’s shares for the purpose of computing the dilutive effect of the share options is based on quoted market prices on the date the options were outstanding.

Headline earnings and IFRS diluted headline earnings per share

		Year to 30 June 2022		Year to 30 June 2021	
	Note	Gross	Net	Gross	Net
Profit for the year attributable to ordinary shareholders – continuing operations		130,814	130,814	65,811	65,811
Profit for the year attributable to ordinary shareholders – discontinued operations		10,357	10,357	5,931	5,931
Adjusted for:					
Fair value gain on investment property	10	(75,453)	(63,906)	(15,921)	(12,272)
Fair value gain on investment property in associate		(30,854)	(28,071)	(9,489)	(6,795)
Fair value loss on investment property held for sale	10	1,763	1,763	10,022	7,136
Loss from associate's disposal of subsidiaries		138	138	-	-
Gain on disposal of investment property held for sale	5.2	(11,347)	(11,254)	(30,143)	(20,711)
Loss on disposal of investment property held for sale	5.2	204	204	10,533	9,314
Foreign exchange gain previously recognised in OCI recycled on disposal of subsidiary	5.2	(2,625)	(2,625)	-	-
Loss from disposal of subsidiary	5.2	2,630	2,630	-	-
Headline earnings		25,628	40,050	36,744	48,414
Headline earnings per share					
IFRS Weighted average number of ordinary shares		703,411,978	703,411,978	704,493,798	704,493,798
Headline earnings per share (eurocents)		3.64	5.69	5.22	6.87
IFRS Diluted headline earnings per share					
IFRS Weighted average number of ordinary shares		705,731,574	705,731,574	707,350,238	707,350,238
Diluted headline earnings per share (eurocents)		3.63	5.67	5.19	6.84

The JSE Listings Requirements require the computation of headline earnings and IFRS diluted headline earnings per share and the disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the computation of IFRS 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 assessment 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.

22. Contingent liabilities and contingent assets

There are no contingent liabilities or assets.

23. Commitments

The Group has committed to fund PKM Development through 7.5% cumulative preferred equity issued by PKM Development. As described in note 4, the total committed amount increased, with effect from 30 June 2022, with €50million, up to a total of €470million (30 June 2021: €420million). The outstanding commitment on the reporting date is €233.9million (30 June 2021: €186.7million) and it is expected this will be invested by 23 March 2030. The drawdown period was extended in relation to the funding committed to the DJV by five years to 2030. The commitments are not considered to be onerous on the reporting date.

MAS provided the DJV with a €30million revolving credit facility at a fixed interest rate of 7.5%, for the duration of the drawdown period. This revolving facility is aimed at improving cash management in the DJV and providing short-term flexibility not previously available. The DJV may require short-term funding for bridging significant cash inflows, such as those generated from refinancing operational properties after their completion. In accordance with the DJV Agreement in its previous form (i.e., without taking account of the effect of the DJV Relationship Extension Letter), its funding option would be requesting investment in preferred equity to MAS, leading to inefficient use of cash resources in the short-term and incurring interest on cash available, thus potentially lowering MAS’ overall returns.

On 28 February 2019, the Group acquired nine properties (collectively referred to as the ‘Spark I Portfolio’) from PKM Development through the acquisition of 100% of the share capital of their holding companies. In the years following the acquisition, PKM Development may develop extensions for three 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 five years following the acquisition, and thereafter at an acquisition yield equating to the latest valuation yield of the relevant property. The extensions are under permitting. 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.

Future minimum lease payments

With the Spark II Portfolio acquisition, a concession agreement was transferred from the DJV, effective 30 June 2022, relating to the land for Dambovita Mall. On 17 November 2017, Dambovita Mall SRL (formerly PK Grizzly SRL) was awarded the tender for 49-year building rights on a 6.88 ha land plot in Targoviste owned by the Dambovita County Council. The initial annual fee was approximately €104 thousand (on transfer, the annual fee was of €114 thousand). This fee is increased annually with inflation and is subject to a one-off increase of up to 20% on the tenth anniversary of the contract. The terms of the contract have the option of extension for a further 49 years. For lease liabilities related to the recognised concession agreement, refer to note 17.

24. Events after the reporting date

Fair value of financial investments

On 22 August 2022, gross exposure on financial investments had increased to €104,549 thousand as compared to reported amounts on 30 June 2022.

25. 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 on 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 disclosed below.

Determination of whether acquisition of Spark II Portfolio is a business combination or an asset acquisition

The Group applied judgements and elected to apply the optional concentration test under IFRS 3 ‘Business Combinations’ B2B paragraph to determine whether the acquisition of the six entities in Spark II Portfolio, is a business combination or an asset acquisition. As disclosed in note 4 as the optional concentration test criteria was met, management concluded that the acquisition is an asset acquisition and was accounted for under IAS 40 ‘Investment property’.

Determination of whether disposal of investment property represents discontinued operations

Management concluded that the sale of the Western European assets represents an identifiable segment of the business and forms part of a co-ordinated disposal plan. As noted below, the WE assets segment 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 segment 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 Covid-19, as gross rental income and gross service charge income were recognised in full for the lockdown periods in accordance with the principles of IFRS 16 for revenue recognition, and the principles of IFRS 15 for gross service charge income. In accordance with the standards, impairment of receivables is recognised as an effect of the lockdowns and other economic consequences caused by Covid-19. 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 disclosed below.

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 assets is inherently subjective, as they are based on valuers’ 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 13.

Valuation of 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 inputs in determining fair value. The methods and significant assumptions used in estimating fair value are set out in note 20.

Loan commitments

The Group has committed to advancing funds to PKM Development in the future by investing in preferred equity; refer to note 23. 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 preferred equity commitment is at a market related rate.

Presentation of share capital and share premium

As described in note 21.1, effective 12 October 2021, MAS P.L.C., the Group’s parent company has been redomiciled from British Virgin Islands to Malta and the issued and fully paid-up share capital of the Company amounted to €7,131,457 divided into 713,145,729 ordinary shares having a nominal value of €0.01 each. Until redomiciliation the ordinary share capital of the Company had no par value, as such the Group has reflected the issued and fully-paid up share capital of €7,131,457 separately from share premium on the consolidated statement of financial position, as a movement between share capital and share premium in the consolidated statement of changes in equity.

26. 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, and
- Credit risk.

Liquidity risk

The risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities, 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 and 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, it may result in the Group’s inability to cover interest and capital payments, as well as subscribing for PKM Development preferred equity. The Group has to have sufficient liquidity to meet preferred equity subscription requests from PKM Development. 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. On 30 June 2022, the Group had an undrawn unsecured debt facility of €20,000 thousand, that can be increased to €60,000 thousand (30 June 2021: €60,000 thousand).

The Group intends to invest up to a further €233,933 thousand in PKM Development preferred equity. Other than commitments to PKM Development, the Group has no significant concentration of liquidity risk as the Group holds all cash and cash equivalents on demand.

The following reflects contractual maturities of payments and includes interest and bond coupon payments for the entire duration of contractual maturities, where applicable.

On 30 June 2022	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	23	150,000	113,933	-	-	263,933
- PKM Development preferred equity		120,000	113,933	-	-	233,933
- PKM Development revolving credit facility		30,000	-	-	-	30,000
Bonds		7,068	7,031	28,268	312,615	354,982
Bank loans		6,452	6,711	55,102	112,710	180,975
Trade and other payables		101,842	-	-	-	101,842
		265,362	127,675	83,370	425,325	901,732

On 30 June 2021	Note	1-6 months	6-12 months	1-3 years	>3 years	Total
Capital commitments	23	120,000	66,650	-	-	186,650
- PKM Development preferred equity		120,000	66,650	-	-	186,650
Bonds		7,050	7,016	28,252	326,729	369,047
Bank loans		46,479	19,428	44,469	6,682	117,058
Trade and other payables		14,135	-	-	-	14,135
Financial instruments		848	-	-	-	848
- Current financial liabilities	19.3	848	-	-	-	848
		188,512	93,094	72,721	333,411	687,738

Preferred equity may be issued by a single counterparty, PKM Development. Preferred equity has no contractual drawdowns, therefore concentration risk is managed mainly by maintaining sufficient liquidity to match PKM Development’s budgeted preferred equity issuance. The maturity disclosure represents PKM Development’s maximum issuance and does not reflect budgeted or expected issuance of preferred equity. However, there is no limit on the number of preferred equity issues that can be made until the end of the contractually agreed period (i.e. 2030), except 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 on 30 June 2022 amounts to €233,933 thousand (30 June 2021: €186,650 thousand).

Market price risk

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

The risk for the Group arises as a result of an imbalance between supply and demand for the relevant investments and financial instruments in the portfolio, which could potentially lead to a disorderly market. Market price risk is mitigated through a combination of extensive initial market research prior to the asset acquisition and ongoing monitoring of the share price of the listed real estate equity securities.

The carrying amounts of assets and liabilities affected by market price risk are as follows below.

	On 30 June 2022	On 30 June 2021
Assets		
Direct financial investments	97,655	33,580
	97,655	33,580
Liabilities		
Interest rate swaps	-	848
	-	848

The breakdown of market risk exposure to direct financial investments is as below.

	Notional exposure		Gross exposure	
	On 30 June 2022	On 30 June 2021	On 30 June 2022	On 30 June 2021
Direct financial investments				
NEPI Rockcastle S.A. (formerly NEPI Rockcastle plc)	97,655	33,580	97,655	33,580
	97,655	33,580	97,655	33,580

On 30 June 2022, if market prices had been 5% (30 June 2021: 5%) higher/lower, with all other variables held constant, pre-tax profit for the year would have been €4,883 thousand (30 June 2021: €1,679 thousand) higher/lower. The change in pre-tax profit for the year has a linear relationship with the percentage change in market price.

Interest rate risk

A significant part of the funding of the Group’s portfolio derives from debt. Debt is actively managed, with interest rate derivatives (caps or 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 below.

	On 30 June 2022				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
Assets					
Financial investments	-	-	97,655	-	97,655
Financial assets	236,067	-	-	-	236,067
Other non-current assets (Interest rate caps)	-	-	4,562	-	4,562
Trade and other receivables	-	-	31,051	7,011	38,062
Cash and cash equivalents	-	174,176	-	-	174,176
	236,067	174,176	133,268	7,011	550,522
Liabilities					
Bonds	296,019	-	-	-	296,019
Bank loans	34,126	123,564	-	-	157,690
Trade and other payables	-	-	101,842	8,121	109,963
	330,145	123,564	101,842	8,121	563,672

	On 30 June 2021				
	Fixed rate	Variable rate	No exposure	Non-financial instruments	Total
<b>Assets</b>					
Financial investments	-	-	33,580	-	<b>33,580</b>
Financial assets	247,734	-	-	-	<b>247,734</b>
Trade and other receivables	-	-	29,980	6,050	<b>36,030</b>
Cash and cash equivalents	-	287,077	-	-	<b>287,077</b>
	<b>247,734</b>	<b>287,077</b>	<b>63,560</b>	<b>6,050</b>	<b>604,421</b>
<b>Liabilities</b>					
Bonds	294,738	-	-	-	<b>294,738</b>
Bank loans	49,901	62,270	-	-	<b>112,171</b>
Financial instruments	47,919	(47,919)	-	-	-
Effect of derivative financial instruments	47,919	(47,919)	-	-	-
Trade and other payables	-	-	14,135	8,793	<b>22,928</b>
	<b>392,558</b>	<b>14,351</b>	<b>14,135</b>	<b>8,793</b>	<b>429,837</b>

*Fair value sensitivity for fixed rate instruments*  
The Group does not account for any fixed rate bank loans at fair value through profit or loss and does not designate derivatives as hedging instruments. Therefore, a change in interest rates on fixed rate bank loans would not affect profit or loss. A change in the fair value of the hedging instruments would not have a significant impact on profit or loss.

*Cash flow sensitivity for variable rate instruments*  
On 30 June 2022, if interest rates had been 25 basis points higher/lower (30 June 2021: 25 basis points), with all other variables held constant, pre-tax profit for the year would have been €577 thousand (30 June 2021: €423 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 the euro, the presentation currency. The Group 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. Currency risk is mitigated as management regularly monitors foreign exchange rates in relation to assets and liabilities. In addition, efforts are made to match foreign currency assets and liabilities to mitigate any foreign exchange risk.

On 30 June 2022, the Group had the following functional currency exposures.

	GBP	CHF	ZAR	PLN	BGN	RON
Closing exchange rate	1.1652	1.0040	0.0588	0.2132	0.5113	0.2022
<b>FINANCIAL INSTRUMENTS – ASSETS</b>						
<b>Trade and other receivables</b>						
Foreign currency	11,399	723	-	5,694	4,706	56,117
Euro equivalent	13,283	726	-	1,214	2,406	11,345
<b>Cash and cash equivalents</b>						
Foreign currency	4,897	2,093	5,866	4,225	3,196	22,468
Euro equivalent	5,706	2,101	345	901	1,634	4,542
<b>FINANCIAL INSTRUMENTS – LIABILITIES</b>						
<b>Trade and other payables</b>						
Foreign currency	1,345	250	-	5,985	3,687	50,310
Euro equivalent	1,567	251	-	1,276	1,885	10,171
<b>Total net financial asset exposure</b>						
Foreign currency	<b>14,951</b>	<b>2,566</b>	<b>5,866</b>	<b>3,934</b>	<b>4,215</b>	<b>28,275</b>
Euro equivalent	<b>17,422</b>	<b>2,576</b>	<b>345</b>	<b>839</b>	<b>2,155</b>	<b>5,716</b>

On 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
<b>FINANCIAL INSTRUMENTS – ASSETS</b>						
<b>Trade and other receivables</b>						
Foreign currency	15,396	-	-	6,542	3,098	17,776
Euro equivalent	17,943	-	-	1,447	1,584	3,608
<b>Cash and cash equivalents</b>						
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
<b>FINANCIAL INSTRUMENTS – LIABILITIES</b>						
<b>Financial liabilities</b>						
Foreign currency	728	-	-	-	-	-
Euro equivalent	848	-	-	-	-	-
<b>Bank loans</b>						
Foreign currency	53,432	-	-	-	-	-
Euro equivalent	62,270	-	-	-	-	-
<b>Trade and other payables</b>						
Foreign currency	4,759	-	-	6,736	2,419	21,875
Euro equivalent	5,546	-	-	1,490	1,237	4,440
<b>Total net financial (liability)/asset exposure</b>						
Foreign currency	<b>(36,299)</b>	<b>1,094</b>	<b>1,036</b>	<b>4,644</b>	<b>4,303</b>	<b>10,056</b>
Euro equivalent	<b>(42,302)</b>	<b>996</b>	<b>61</b>	<b>1,027</b>	<b>2,200</b>	<b>2,041</b>

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 as follows below.

	30 June 2022			30 June 2021		
	Movement	Strengthening	Weakening	Movement	Strengthening	Weakening
GBP	10%	(1,742)	1,742	10%	4,230	(4,230)
CHF	10%	(258)	258	10%	(100)	100
ZAR	10%	(34)	34	10%	(6)	6
PLN	10%	(84)	84	10%	(103)	103
BGN <sup>1</sup>	0%	-	-	0%	-	-
RON	10%	(575)	575	10%	(204)	204
		<b>(2,693)</b>	<b>2,693</b>		<b>3,817</b>	<b>(3,817)</b>

<sup>1</sup> 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 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 and its investment in the PKM Development preferred equity.

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

	On 30 June 2022			
	Credit risk exposure	No exposure	Non-financial instruments	Total
<b>Non-current financial assets</b>				
Financial assets	236,067	-	-	236,067
	<b>236,067</b>	-	-	<b>236,067</b>
<b>Current financial assets</b>				
Trade and other receivables	31,051	-	7,011	38,062
Financial investments	97,655	-	-	97,655
Cash and cash equivalents	174,176	-	-	174,176
	<b>302,882</b>	-	<b>7,011</b>	<b>309,893</b>
	<b>538,949</b>	-	<b>7,011</b>	<b>545,960</b>
	On 30 June 2021			
	Credit risk exposure	No exposure	Non-financial instruments	Total
<b>Non-current financial assets</b>				
Financial assets	247,734	-	-	247,734
	<b>247,734</b>	-	-	<b>247,734</b>
<b>Current financial assets</b>				
Trade and other receivables	29,980	-	6,050	36,030
Financial investments	33,580	-	-	33,580
Cash and cash equivalents	287,077	-	-	287,077
	<b>350,637</b>	-	<b>6,050</b>	<b>356,687</b>
	<b>598,371</b>	-	<b>6,050</b>	<b>604,421</b>

The Group’s preferred equity €236,067 thousand (30 June 2021: €247,734 thousand) included within financial assets are with a single counterparty, PKM Development. The maximum credit risk exposure would be the maximum commitment of €470,000 thousand (30 June 2021: €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 preferred equity has no material expected credit losses.

The expected credit loss from preferred equity is analysed on a 36-month basis, historical and forward-looking. There is no historical credit loss rate on preferred equity commitment with the DJV. Management has considered the quantitative factors, such as DJV’s actual and forecasted profits, and qualitative factors, such as progress with DJV’s development pipeline, and concluded that there is no expected credit loss rate.

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 52.7% of the Group’s cash and cash equivalents on 30 June 2022 was held with banks rated investment grade (30 June 2021: 93.9%).

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 using 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 expected credit losses (‘ECL’).

The expected loss rates are based on the tenants’ payment profiles over a period of 24 months before 30 June 2022 and 30 June 2021 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 on 30 June 2022 amounts to 0.88% (30 June 2021: 2.07%). The analysis by credit quality of trade and other receivables, cumulated for rent and service charge is detailed below.

	On 30 June 2022					
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
<b>Expected credit loss rate</b>	<b>0.04%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>0.25%</b>	<b>0.44%</b>	<b>0.88%</b>
Trade and other receivables gross	9,017	1,799	166	82	2,830	13,894
Specific impairment of receivables	-	-	-	-	-	(2,208)
Loss allowance	(4)	(1)	-	-	(12)	(17)
	<b>9,013</b>	<b>1,798</b>	<b>166</b>	<b>82</b>	<b>2,818</b>	<b>11,669</b>
	On 30 June 2021					
	Current	0-30 days	31-60 days	61-90 days	More than 90 days	Total
<b>Expected credit loss rate</b>	<b>0.10%</b>	<b>0.15%</b>	<b>0.21%</b>	<b>0.58%</b>	<b>1.04%</b>	<b>2.07%</b>
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)	(24)	(37)
	<b>5,291</b>	<b>676</b>	<b>491</b>	<b>1,092</b>	<b>2,244</b>	<b>7,281</b>

All amounts in € thousand unless otherwise stated.

Movements in receivables allowance are disclosed in the table below.

	Year to 30 June 2022	Year to 30 June 2021
<b>Opening balance</b>	<b>(2,549)</b>	<b>(5,916)</b>
Impairment of receivables allowance constituted - continuing operations	(122)	(2,407)
Reversal of impairment of receivables allowance - continuing operations	476	756
Reversal of impairment of receivables allowance - discontinued operations	217	-
Receivables allowance written-off <sup>1</sup>	395	5,018
Receivables allowance transferred resulted from the Transactions <sup>3</sup>	(642)	-
<b>Closing balance</b>	<b>(2,225)</b>	<b>(2,549)</b>
Impairment of receivables - continuing operations <sup>2</sup>	(691)	(4,439)
Impairment of receivables - discontinued operations <sup>2</sup>	(241)	(259)

<sup>1</sup> Receivables allowance written-off refers to amounts previously provided for, of €395 thousand (30 June 2021: €5,018 thousand), resulting in a nil impact within the consolidated statement of profit or loss.

<sup>2</sup> Impairment of receivables reflects the impact in consolidated profit or loss of the discounts and conditional waivers granted to tenants following negotiations for lockdown periods. The impairment of receivables for continuing and discontinued operations amounting to €932 thousand (30 June 2021: €4,698 thousand) recognised in the consolidated statement of profit or loss does not impact the balance of receivables allowance, as these have been disclosed, on a net basis, as part of Trade and other receivables.

<sup>3</sup> Receivables allowance taken over by MAS following the acquisition of six subsidiaries of PKM Development on 30 June 2022 has a nil impact in the consolidated statement of profit or loss.

The tenants’ receivable balances, which are overdue, but not impaired, are related to tenants committed to pay their outstanding balances subsequent to year-end. Furthermore, 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 computing 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.

Capital management

The Group’s capital management strategy is to monitor bonds and bank covenants and maintain strong credit ratings, and capital base. As a result, market and investors relations, as well as creditor confidence remain adequate, and support long-term business 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.

During the financial year to 30 June 2022, 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 increased from 13% on 30 June 2021 to 22% on 30 June 2022, mostly due to bank loans assumed on 30 June 2022 as part of the Transactions.

27. 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’).

**Related party considerations**  
The acquisition of Spark II Portfolio and the DJV extension are classified as related party transactions given that:

- Martin Slabbert (a current Non-Executive Director and former CEO of MAS) and Victor Semionov (a former Executive Director of MAS) are founders of and partners in Prime Kapital. Martin and Victor have indirect beneficial interests in Prime Kapital, and
- PKM Development is an associate of Martin Slabbert and Victor Semionov via Prime Kapital which holds 60% of the common shares in the DJV.

All amounts in € thousand unless otherwise stated.

Transactions with key management

								Year to 30 June 2022	
	Role	During the year	Basic salary	Benefits	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Irina Grigore <sup>1</sup>	CEO	Appointed	179	72	-	-	251	-	251
Raluca Buzuleac <sup>2</sup>	CFOO	Appointed	75	-	-	-	75	-	75
Dan Petrisor <sup>3</sup>	Executive Director	Appointed	155	61	-	-	216	-	216
		Resigned as CEO, Appointed							
Martin Slabbert <sup>4</sup>	NED	NED	-	-	-	-	-	316	316
Victor Semionov <sup>5</sup>	Executive Director	Resigned	-	-	-	-	-	268	268
Jonathan Knight <sup>6</sup>	Alternative director	Resigned	30	-	-	-	30	-	30
Malcolm Levy	NED		41	-	-	-	41	-	41
Pierre Goosen	NED		41	-	-	-	41	-	41
Werner Alberts	NED		47	-	-	-	47	-	47
Melt Hamman	NED		44	-	-	-	44	-	44
Claudia Pendred	NED		41	-	-	-	41	-	41
Brett Nagle	NED		44	-	-	-	44	-	44
Vasile Iuga	NED		47	-	-	-	47	-	47
Dan Pascariu	NED		41	-	-	-	41	-	41
			785	133	-	-	918	584	1,502

<sup>1</sup> Effective 21 April 2022, Irina Grigore was appointed CEO, replacing Martin Slabbert. The benefits of €72 thousand refer to relocation and cost of living expenses with respect to her relocation to Malta, comprising of relocation costs, rent allowance and other fringe benefits. Figure shown on 'Basic salary' column above comprises the Director's fixed cash-based compensation, as well as allowance granted to compensate for additional living costs due to their relocation to Malta.

<sup>2</sup> Effective 6 December 2021, Raluca Buzuleac was appointed Executive Director (Deputy CFO) of the Group and on 21 April 2022 was appointed CFOO. The table above presents basic salary information since her appointment as Executive Director.

<sup>3</sup> Dan Petrisor's benefits amounting to €61 thousand refer to relocation and cost of living expenses with respect to his relocation to Malta, comprising of relocation costs, rent allowance and other fringe benefits. Figure shown on 'Basic salary' column above comprises the Director's fixed cash-based compensation, as well as allowance granted to compensate for additional living costs due to their relocation to Malta.

<sup>4</sup> Effective 21 April 2022 Martin Slabbert stepped down as Executive Director and CEO of the Group, and as a result the related share-based payment has been expensed, as described in note 21.2.

<sup>5</sup> Effective 26 August 2021, Victor Semionov stepped down as Executive Director of the Group, and as a result the related share-based payment has been expensed, as described in note 21.2.

<sup>6</sup> Effective 26 August 2021, Jonathan Knight stepped down as Alternative Director of the Group. Jonathan had a contract of employment with Corona Real Estate Partners Limited, which was a service provider to MAS Property Advisors Limited up to his resignation. The total remuneration charged by Corona in relation to services provided to MAS was €58 thousand, out of which Jonathan Knight received a salary of €12 thousand. Jonathan Knight received a salary of €30 thousand through a subsidiary of MAS P.L.C.'s payroll. All amounts are reflected for the period up to step down date.

								Year to 30 June 2021	
Role		During the year	Basic salary	Benefits <sup>2</sup>	Short-term incentive	Long-term incentive	Sub Total	IFRS 2 option expense	Total
Martin Slabbert	CEO	Appointed	-	-	-	-	-	357	357
Victor Semionov	Executive Director		-	-	-	-	-	357	357
Irina Grigore <sup>1</sup>	CFO		46	-	12*	-	46	-	46
Jonathan Knight <sup>2</sup>	Alternative director		103	-	-	-	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

<sup>1</sup> Irina Grigore was appointed CFO of the Group on 24 February 2021. The table above presents basic salary information since her appointment.

<sup>2</sup> Jonathan Knight had 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, and incurred in the financial year ended to 30 June 2021.

The Group may use certain corporate service providers in respect of some of its subsidiaries and has concluded these service providers are not considered key management for the Group.

Effective 6 December 2021, Nathalie Vella was appointed Company Secretary of the Group, replacing Timothy Callister.

Related party relationships

*Corona Real Estate Partners Limited*

Corona Real Estate Partners Limited is a real estate management company owned 100% by Jonathan Knight who was an Alternate Director of the Group until 26 August 2021.

*Prime Kapital Development SRL*

Prime Kapital Development SRL is a subsidiary of Prime Kapital Holdings Limited, providing property management, construction and development services to the Company and PKM Development.

*PKM Development Limited*

PKM Development is an associate and the Group owns 40% of its ordinary shares. PKM Development owns shares in MAS; refer to note 14.

*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 (up to obtaining the provisional certificate of continuation in Malta on 1 August 2022) and MAS CEE Investments Limited, 100% owned subsidiaries of the Company. Services are provided by its subsidiary Eystone Ltd.

*Prime Kapital Holdings Limited and PK Development Holdings Ltd*

Prime Kapital Holdings Limited is an integrated real estate developer, investor and operator. Martin Slabbert, former CEO and current Non-Executive Director is partner of Prime Kapital. Prime Kapital became a related party of the Group on 27 November 2019, the date on which Martin was appointed Executive Director on MAS' Board.

*PK Development Holdings SRL*

PK Development Holdings SRL is a subsidiary of the DJV, and the former sole shareholder of the six entities acquired by MAS on 30 June 2022, as described in note 4.

		Income / (expenses) for		Net (receipts) / payments for		Balances receivable / (payable) on	
	Note	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2022	Year to 30 June 2021
<i>Corona Real Estate Partners Limited</i>							
· Legal and professional expenses		(337)	(825)	569	964	6	(226)
		(337)	(825)	569	964	6	(226)
<i>Prime Kapital Development SRL</i>							
· Rental income		175	174	(168)	(159)	22	15
· Capitalised expenses		(1,628)	(461)	1,754	335	-	(126)
· Property management platform expenses		(1,535)	-	1,535	-	-	-
· Other expenses		(28)	-	11	-	(17)	-
· Service charge and other property operating expenses		(2,041)	(1,959)	2,079	1,747	(342)	(380)
· Balance transferred following Spark II Portfolio acquisition		-	-	-	-	(238)	-
		(5,057)	(2,246)	5,211	1,923	(575)	(491)
<i>PKM Development Limited</i>							
· Equity-accounted investee	14	40,901	10,629	(53,064)	-	25,202	37,365
· Preferred equity	11; 18.4	21,642	15,322	(33,309)	46,362	236,067	247,734
		62,543	25,951	(86,373)	46,362	261,269	285,099
<i>PK Development Holdings SRL</i>							
· Assets transferred following Spark II Portfolio acquisition		-	-	-	-	(89,764)	-
		-	-	-	-	(89,764)	-
<i>PK Energy Control SRL</i>							
· Electrical energy transformation fee		(280)	(297)	256	274	(51)	(27)
· Rental income energy equipment		274	256	(228)	(232)	71	25
		(6)	(41)	28	42	20	(2)
<i>Harneys Fiduciary</i>							
· Directors' fees and legal and professional fees		(50)	(17)	47	11	-	3
		(50)	(17)	47	11	-	3
<i>Prime Kapital Holdings Limited</i>							
· Prepaid development services	16; 18.2	-	-	-	-	10,170	10,170
		-	-	-	-	10,170	10,170

	Income / (expenses) for		Net (receipts) / payments for		Balances receivable / (payable) on	
Note	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2022	Year to 30 June 2021
<i>PK Development Holdings Ltd</i>						
· Recharged costs	(688)	(990)	1,085	339	(254)	(651)
	(688)	(990)	1,085	339	(254)	(651)
<i>PK White SRL</i>						
· Balance transferred following Spark II Portfolio acquisition	-	-	-	-	87	-
	-	-	-	-	87	-
<i>PKM Holdings Ltd</i>						
· Recharged costs	-	-	-	-	(253)	-
	-	-	-	-	(253)	-
	56,405	21,832	(79,433)	49,641	180,706	293,902

Key management shareholdings

On 30 June 2022

	Direct	Indirect	Associate	Total
Irina Grigore <sup>3</sup>	100,000	1,740,789	-	<b>1,840,789</b>
Raluca Buzuleac <sup>4</sup>	-	638,671	-	<b>638,671</b>
Dan Petrisor <sup>5</sup>	-	693,272	-	<b>693,272</b>
Martin Slabbert <sup>7</sup>	-	14,287,550*	318,808 <sup>1</sup>	<b>14,606,358</b>
Malcolm Levy	11,633	-	1,568,928 <sup>1</sup>	<b>1,580,561</b>
Pierre Goosen	-	-	104,815 <sup>1</sup>	<b>104,815</b>
Werner Alberts	-	-	-	-
Melt Hamman	-	5,800 <sup>2</sup>	100,000 <sup>1</sup>	<b>105,800</b>
Claudia Pendred	-	-	-	-
Brett Nagle	63,470	-	86,675 <sup>1</sup>	<b>150,145</b>
Vasile Iuga	-	-	-	-
Dan Pascariu	834,320	-	-	<b>834,320</b>
Victor Semionov <sup>7</sup>	-	1,462,037	-	<b>1,462,037</b>
Jonathan Knight <sup>8</sup>	674,575	1,200,000	-	<b>1,874,575</b>
	<b>1,683,998</b>	<b>20,028,119</b>	<b>2,179,226<sup>1</sup></b>	<b>23,891,343</b>

<sup>1</sup> Non-beneficial to director

<sup>2</sup> Family trust

<sup>3</sup> Appointed CFO and Executive Director on 24 February 2021 and also appointed Deputy CEO on 26 August 2021. Currently CEO of the Group since 21 April 2022.

<sup>4</sup> Appointed Executive Director (Deputy CFO) of the Group on 6 December 2021 and appointed CFO0 on 21 April 2022.

<sup>5</sup> Appointed Executive Director on 26 August 2021 (no longer Alternate Director).

<sup>6</sup> Stepped down from his CEO role on 21 April 2022, remains a Non-Executive Director of MAS.

<sup>7</sup> Stepped down his CFO role on 24 February 2021 and from the Board (as Executive Director) on 26 August 2021.

<sup>8</sup> Resigned from his role as Alternate Director with effect from 26 August 2021.

On 30 June 2021

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

<sup>1</sup> Non-beneficial to director

<sup>2</sup> Family trust

<sup>3</sup> Alternate Directors appointed on 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 153,643,517 shares in MAS, representing 21.5% of MAS’ ordinary shares (30 June 2021: 21.6%). In accordance with IAS 28 any shareholding exceeding 20% of the ordinary shares is presumed to have significant influence.

28. Reconciliation of amounts reported under IFRS to Segmental analysis – proportionate accounts

Year to 30 June 2022			IFRS amounts				
Consolidated Statement of Profit or Loss	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
Rental income	Net rental income - income property		36,344	5,478	7,676	(4,859)	44,639
Service charge income and other recoveries			11,575	1,239	3,040	(15,854)	-
<b>Gross revenue</b>			<b>47,919</b>	<b>6,717</b>			
Impairment of receivables			(338)	(23)	(35)	396	-
Service charge and other property operating expenses			(13,478)	(3,121)	(3,242)	19,841	-
<b>Net rental income</b>			<b>34,103</b>	<b>3,573</b>			
Corporate expenses			(6,564)	(451)			
Corporate expenses	Net corporate expenses		(6,564)	(451)	(877)	2,486	(5,406)
	Share-based payment expense		-	-	-	(2,486)	(2,486)
Net margin - residential sales	Net margin - residential sales		-	-	2,547	412	2,959
Other income			5,006	1,009			
Dividend income	Net dividends - listed securities	8	5,006	-	-	1,887	6,893
Other income	Other distributable net income/(cost)	8	-	1,009	2,743	(3,921)	(169)
	Other non-distributable income/(cost)		-	-	-	(493)	(493)
Investment expenses	Investment expenses		(1,858)	(1,407)	(16)	505	(2,776)
Fair value adjustments			61,223	(1,674)			
Gain/(loss) on fair value of inv. prop, incl. inv. prop. held for sale	Fair value adjustments - income property	10	75,453	(1,763)	30,854	9,872	114,416
Gain/(loss) on fair value of fin. investments	Fair value adjustments - listed securities	10	(14,230)	-	2,782	(2,782)	(14,230)
Change in fair value of interest rate swaps	Fair value adjustments - interest rate derivatives	10	-	89	-	828	917
	Fair value adjustments - other financial liabilities	10	-	-	-	-	-
Other financial liabilities/assets			-	11,143	-	(11,143)	-
Gain/(loss) from disposal of assets			-	(2,630)	-	2,630	-
Gain/(loss) from disposal of subsidiary			-				
Foreign currency exchange differences	Foreign currency exchange differences		(770)	5	36	2,574	1,845
Exchange gain/(loss) on disposal of subsidiary			-	2,625	-	(2,625)	-
Share of profit from eq.-acc. investee			40,901	-	(40,901)	-	-
<b>Profit before finance income/(costs)</b>			<b>132,041</b>	<b>12,193</b>			
Finance income			21,733				
Interest on preferred equity	Net income - preferred equity		21,733	-	-	(8,748)	12,985
Interest on bank deposits			-	-	21	(21)	-
	Interest capitalised on developments		-	-	-	2,726	2,726
Finance costs			(15,256)	(2,725)			
Interest on bank loans		11	(256)	(1,667)	(6,800)	(8,047)	(16,770)
Bond borrowing costs	Interest on debt financing	11	(14,073)	-	-	14,073	-
Debt break fees		11	-	(1,002)	-	1,002	-
Negative interest on bank deposits		11	(927)	(56)	(766)	1,749	-
<b>Profit before tax</b>			<b>138,518</b>	<b>9,468</b>			
Current tax			(872)	1,550			
Current tax	Income tax	12	(872)	1,550	(87)	(1,711)	(1,120)
	Tax on sale of property		-	-	-	1,709	1,709
Deferred tax	Deferred tax		(6,832)	(661)	3,025	-	(4,468)
<b>Tax expense</b>			<b>(7,704)</b>	<b>889</b>			
<b>Profit for the year, attributable to:</b>	Earnings		<b>130,814</b>	<b>10,357</b>	-	-	<b>141,171</b>
Owners of the Group			<b>130,814</b>	<b>10,357</b>	-	-	<b>141,171</b>

On 30 June 2022			IFRS amounts				
Consolidated Statement of Financial Position	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
<i>Non-current assets</i>							
Investment property			860,498	-			
Income-generating property	Income property	13	859,778	-	14,536	78,508	952,822
Dev. property and land bank	Developments - income property	13	720	-	40,853	-	41,573
	Developments - residential property		-	-	50,293	-	50,293
Intangible assets			1,696	-			
Goodwill	Goodwill	15	1,696	-	-	-	1,696
Inv. in equity-accounted investee			25,202	-	(25,202)	-	-
Financial assets			236,067	-			
PKM Dev preferred equity	Preferred equity	18.4	236,067	-	-	(94,427)	141,640
Interest rate swaps			-	-	-	5,066	5,066
Other non-current assets			13,934	-	1,147	(15,081)	-
Deferred tax asset	Deferred tax asset		3,801	-	23	-	3,824
<b>Total non-current assets</b>			<b>1,141,198</b>				
<i>Current assets</i>							
Financial assets	Other assets		-	-	1,162	1,383	2,545
Investment property held for sale			-	78,509	-	(78,509)	-
Financial investments	Listed securities		97,655	-	19,570	-	117,225
Trade and other receivables			38,062				
Trade and other receivables	Trade and other receivables		34,544	-	48,230	(317)	82,457
VAT receivable	VAT receivable		3,518	-	1,968	(2,341)	3,145
	Share-based payment prepayments		-	-	-	11,287	11,287
Cash and cash equivalents	Cash and cash equivalents		174,176	-	8,481	-	182,657
<b>Total current assets</b>			<b>309,893</b>	<b>78,509</b>			
<b>Total assets</b>	<b>Assets</b>		<b>1,451,091</b>	<b>78,509</b>	<b>161,061</b>	<b>(94,431)</b>	<b>1,596,230</b>
<i>Non-current liabilities</i>							
Bonds	Debt financing		295,904	-	-	(295,904)	-
Bank loans			117,144	-	94,535	251,858	463,537
	Interest rate derivative fin. liabilities		-	-	-	-	-
Financial liabilities			-	-	-	-	-
Other non-current liabilities			7,155	-	782	(7,937)	-
Deferred tax liability	Deferred tax liability		30,623	-	1,580	-	32,203
<b>Total non-current liabilities</b>			<b>450,826</b>				
<i>Current liabilities</i>							
Bonds			115	-	-	(115)	-
Bank loans			40,546	-	9,828	(50,374)	-
Financial liabilities	Other liabilities		-	-	-	109	109
Trade and other payables	Trade and other payables		109,963	-	54,336	7,932	172,231
<b>Total current liabilities</b>			<b>150,624</b>				
<b>Total liabilities</b>	<b>Liabilities</b>		<b>601,450</b>	<b>-</b>	<b>161,061</b>	<b>(94,431)</b>	<b>668,080</b>
<b>Total equity, attributable to:</b>			<b>928,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Owners of the Group	Net asset value		<b>928,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>928,150</b>

All amounts in € thousand unless otherwise stated.

Year to 30 June 2021			IFRS amounts				
Consolidated Statement of Profit or Loss	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
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)	-
<b>Gross revenue</b>			<b>45,363</b>	<b>25,826</b>			
Impairment of receivables			(6,090)	(259)	(442)	6,791	-
Service charge and other property operating expenses			(12,355)	(6,063)	(2,429)	20,847	-
<b>Net rental income</b>			<b>26,918</b>	<b>19,504</b>			
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	Net dividends - listed securities	8	2,690	-	-	-	2,690
Other income	Other distributable net income/(cost)	8	-	-	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	Fair value adjustments - income property	10	15,921	(10,193)	9,489	11,244	26,461
Gain on fair value of fin. investments	Fair value adjustments - listed securities	10	12,114	-	-	496	12,610
Change in fair value of interest rate swaps	Fair value adjustments - interest rate	10	354	315	-	(137)	532
	Fair value adjustments - other financial liabilities	10	43	-	-	(362)	(319)
Other financial liabilities/assets			-	19,610	-	(19,610)	-
Gain/(loss) from disposal of assets							
Foreign currency exchange differences	Foreign currency exchange differences		3,100	(7)	(75)	472	3,490
Share of profit from eq.-acc. investee			10,629	-	(10,629)	-	-
<b>Profit before finance income/(costs)</b>			<b>65,438</b>	<b>24,430</b>			
Finance income			15,397	3			
Interest on preferred equity	Net income - preferred equity		15,397	-	-	(6,204)	9,193
Interest on bank deposits			-	3	3	(6)	-
	Interest capitalised on developments		-	-	-	1,304	1,304
Finance costs			(9,401)	(15,332)			
Interest on bank loans		11	(6,520)	(4,983)	(2,878)	(135)	(14,516)
Bond borrowing costs	Interest on debt financing	11	(1,588)	-	-	1,588	-
Debt break fees		11	(956)	(10,315)	-	11,271	-
Negative interest on bank deposits		11	(337)	(34)	(350)	721	-
<b>Profit before tax</b>			<b>71,434</b>	<b>9,101</b>			
Current tax			(180)	(11,565)			
Current tax	Income tax	12	(180)	(11,565)	(25)	10,713	(1,057)
	Tax on sale of property		-	-	-	(10,713)	(10,713)
Deferred tax	Deferred tax		(5,443)	8,395	9	-	2,961
<b>Tax expense</b>			<b>(5,623)</b>	<b>(3,170)</b>			
<b>Profit for the year, attributable to:</b>	<b>Earnings</b>		<b>65,811</b>	<b>5,931</b>	<b>-</b>	<b>-</b>	<b>71,742</b>
Owners of the Group			<b>65,811</b>	<b>5,931</b>	<b>-</b>	<b>-</b>	<b>71,742</b>

All amounts in € thousand unless otherwise stated.

On 30 June 2021			IFRS amounts				
Consolidated Statement of Financial Position	Proportionate accounts line item	Note	Continuing operations	Discontinued operations	Add 40% DJV	Other reclass	Proportionate accounts
<i>Non-current assets</i>							
<i>Investment property</i>			458,603	-			
Income-generating property	Income property Developments - income property	13	455,696	-	88,388	211,639	755,723
Dev. property and land bank	Developments - residential	13	2,907	-	25,811	1	28,719
			-	-	28,739	-	28,739
Intangible assets			1,696	-			
Goodwill	Goodwill	15	1,696	-	-	-	1,696
Inv. in equity-accounted investee			37,365	-	(37,365)	-	-
Financial assets			247,734	-			
PKM Dev preferred equity	Preferred equity	18.4	247,734	-	-	(99,094)	148,640
Other non-current assets			9,385	-	347	(9,732)	-
Deferred tax asset	Deferred tax asset		3,470	-	130	-	3,600
<b>Total non-current assets</b>			<b>758,253</b>				
<i>Current assets</i>							
Financial assets	Other assets		-	-	-	738	738
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		-	-	-	12,654	12,654
	Cash and cash equivalents						
Cash and cash equivalents			287,077	-	4,032	-	291,109
<b>Total current assets</b>			<b>356,687</b>	<b>211,640</b>			
<b>Total assets</b>	<b>Assets</b>		<b>1,114,940</b>	<b>211,640</b>	<b>132,708</b>	<b>(99,099)</b>	<b>1,360,189</b>
<i>Non-current liabilities</i>							
Bonds	Debt financing		294,587	-	-	(294,587)	-
Bank loans			-	-	110,502	308,841	419,343
	Interest rate derivative fin.		-	-	-	848	848
Financial liabilities			-	-	-	848	848
Other non-current liabilities			2,036	-	1,138	(3,174)	-
Deferred tax liability	Deferred tax		24,436	-	4,158	(6)	28,588
<b>Total non-current liabilities</b>			<b>321,059</b>				
<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
<b>Total current liabilities</b>			<b>136,098</b>				
<b>Total liabilities</b>	<b>Liabilities</b>		<b>457,157</b>	<b>-</b>	<b>132,708</b>	<b>(99,099)</b>	<b>490,766</b>
<b>Total equity, attributable to:</b>			869,423	-			
Owners of the Group	Net asset value		<b>869,423</b>	-	-	-	<b>869,423</b>

## 29. 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. After taking into consideration the applicable legal and regulatory requirements of the Maltese Companies Act 1995, including IFRS requirements adopted by the EU (European Union), management concluded that the consolidated annual financial statements are in compliance with the latter.

### 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 at fair value through profit or loss ('FVTPL'), refer to note 20;
- Financial investments, refer to note 20;
- Share-based payments on grant date, refer to note 21.2, and
- Investment property and investment property held for sale, refer to notes 13.1 and 5.2.

### 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 on 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 on 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

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

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
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	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

<<< >>>

Company information and advisors

Identification

MAS P.L.C.  
Registration number C99355  
JSE share code: MSP  
ISIN: VGG5884M1041  
LEI code: 213800T1TZPGQ7HS4Q13

Registered office in Malta and Correspondence address

MAS P.L.C.  
Suite 11, Marina Business Centre  
Abate Rigord Street  
Ta' Xbiex, XBX1129  
Malta

Company secretary

Nathalie Vella resigned on 25 August 2022  
Roxana Bordeanu appointed on 25 August 2022

Independent auditor

PricewaterhouseCoopers  
78 Mill Street, zone 5  
Central Business District, Qormi  
Malta, CBD 5090

JSE Sponsor

Java Capital Trustees and Sponsors Proprietary Limited  
6th Floor, 1 Park Lane, Weirda Valley, Sandton  
Johannesburg, 2196  
South Africa

Registrar / Transfer Secretaries

British Virgin Islands  
Computershare Investor Services (BVI) Limited  
Registration number 003287V Woodbourne Hall  
PO Box 3162  
Road Town, Tortola British Virgin Islands

South Africa  
Computershare Investor Services Proprietary Limited  
Registration number 2004/003647/07  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
PO Box 61051 Marshalltown 2107

Depository

Computershare Investor Services PLC  
The Pavilions Bridgewater Road, Bristol,  
BS13 8AE, United Kingdom

Property Valuers

Romania and Bulgaria

Cushman & Wakefield Echinox  
Banu Antonache Street  
No 40-44, 3<sup>rd</sup> Floor Sector 1,  
Bucharest

Poland

Cushman & Wakefield Polska Sp. z o.o.  
Metropolitan  
Plac Pilsudskiego 1  
Warsaw, 00-078  
Poland

Germany

Cushman & Wakefield (UK) LLP – German Branch  
Rathenauplatz 1  
D-60313 Frankfurt am Main  
Germany

United Kingdom

CBRE Limited  
7 Castle Street,  
Edinburgh, EH2 3AH  
Scotland

Avison Young (GVA Grimley Limited)  
Sutherland House 149  
St. Vincent Street  
Glasgow, G2 5NW  
Scotland

# Income Property Schedule Jun 22

	Destination						Asset					MAS' share					
	Location	Type	Acq/Dev	Stake	Acquired	GLA	GLA	Occupancy	NI	BV	Cost	NI	BV	Cost	NI/BV	NI/Cost	
				%	year	m²	m²	%	€m	€m	€m	€m	€m	€m	%	%	
INCOME ASSETS																	
DJV preferred equity (60% of the notional)																	
Listed securities																	
Income property							602,200	404,700	96.3%	64.0	896.1	688.2	62.2	874.3	669.7	7.1%	9.3%
Enclosed Malls							200,300	151,500	94.1%	25.9	355.8	276.6	25.9	355.8	276.6	7.3%	9.4%
EM-Galleria Burgas	BG, Burgas	Regional	A	100%	2017	64,200	36,700	96.3%	6.5	87.7	46.6	6.5	87.7	46.6	7.4%	13.9%	
EM-Nova Park	PL, Gorzow	Regional	A	100%	2016	50,000	32,400	93.7%	6.5	84.5	90.7	6.5	84.5	90.7	7.7%	7.2%	
EM-Dambovita Mall*	RO, Targoviste	Regional	A/D	100%	2022	31,100	31,100	96.7%	5.7	85.0	70.6	5.7	85.0	70.6	6.7%	8.1%	
EM-Atrium Mall	RO, Arad	Regional	A	100%	2018	29,600	27,400	93.8%	5.5	74.3	45.6	5.5	74.3	45.6	7.4%	12.1%	
EM-Galleria Stara Zagora	BG, Stara Zagora	Regional	A	100%	2017	25,400	23,900	88.6%	1.7	24.3	23.1	1.7	24.3	23.1	7.0%	7.4%	
Open-air Malls							335,100	225,400	97.2%	34.8	497.6	376.9	33.0	475.8	358.4	6.9%	9.2%
OM-Militari Shopping	RO, Bucharest	Regional	A	100%	2018	67,900	54,000	97.4%	9.7	140.0	95.9	9.7	140.0	95.9	6.9%	10.1%	
OM-DN1 Value Centre*	RO, Balotesti	Community	A/D	100%	2022	46,700	27,400	97.3%	5.1	75.4	59.7	5.1	75.4	59.7	6.8%	8.5%	
OM-Prahova Value Centre*	RO, Ploiesti	Community	A/D	100%	2022	26,800	21,700	95.6%	3.4	50.5	43.7	3.4	50.5	43.7	6.7%	7.8%	
OM-Zalau Value Centre*	RO, Zalau	Community	A/D	100%	2022	26,300	19,300	97.8%	3.2	44.5	35.0	3.2	44.5	35.0	7.2%	9.1%	
OM-Roman Value Centre	RO, Roman	Community	A/D	100%	2019	18,800	18,800	99.4%	3.1	45.1	27.6	3.1	45.1	27.6	6.9%	11.2%	
OM-Mall Moldova - phase I	RO, Iasi	Regional	A	40%	2017	48,800	29,600	96.7%	3.0	36.3	30.8	1.2	14.5	12.3	8.3%	9.8%	
OM-Baia Mare Value Centre	RO, Baia Mare	Community	A/D	100%	2019	47,900	21,300	97.4%	2.8	41.6	29.3	2.8	41.6	29.3	6.7%	9.6%	
OM-Sepsi Value Centre*	RO, Sf. Gheorghe	Community	A/D	100%	2022	35,500	16,900	94.4%	2.4	34.1	28.8	2.4	34.1	28.8	7.0%	8.3%	
OM-Barlad Value Centre*	RO, Barlad	Community	A/D	100%	2022	16,400	16,400	99.5%	2.1	30.1	26.1	2.1	30.1	26.1	7.0%	8.0%	
Strip Malls							66,800	27,800	100%	3.3	42.7	34.7	3.3	42.7	34.7	7.8%	9.6%
SM-Focsani	RO, Focsani	Convenience	A/D	100%	2019	12,900	6,100	100%	0.9	11.9	9.1	0.9	11.9	9.1	7.8%	10.1%	
SM-Slobozia	RO, Slobozia	Convenience	A/D	100%	2019	14,600	6,700	100%	0.7	9.7	7.7	0.7	9.7	7.7	7.5%	9.5%	
SM-Ramnicu Sarat	RO, Ramnicu Sarat	Convenience	A/D	100%	2019	9,600	4,000	100%	0.5	5.7	4.7	0.5	5.7	4.7	7.9%	9.7%	
SM-Sebes	RO, Sebes	Convenience	A/D	100%	2019	7,900	3,200	100%	0.4	4.6	3.9	0.4	4.6	3.9	8.2%	9.6%	
SM-Targu Secuiesc	RO, Targu Secuiesc	Convenience	A/D	100%	2019	7,800	3,200	100%	0.4	4.5	3.9	0.4	4.5	3.9	7.8%	9.2%	
SM-Fagaras	RO, Fagaras	Convenience	A/D	100%	2019	8,200	3,200	100%	0.3	4.0	3.4	0.3	4.0	3.4	8.2%	9.8%	
SM-Gheorgheni	RO, Gheorgheni	Convenience	A/D	100%	2019	5,800	1,400	100%	0.2	2.3	2.0	0.2	2.3	2.0	8.0%	9.1%	

**Cost:** acquisition costs, including transaction & transfer fees, plus all costs capitalised post acquisition, except for interest.

**A/D:** partially acquired, partially developed.

Note: NI refers to NRI for Income properties, Fixed dividends for DJV preferred equity and Expected dividends for Listed securities.

\* Income properties acquired from the DJV on 30 June 2022. The book value of these assets is reflected as the consideration price, including transaction costs at initial recognition, in accordance with IFRS.

# Development Property Schedule Jun 22

	Destination						Asset					MAS' share				
	Location	Type	Status	Stake	Completion	GLA	GLA/GSA	Units	ERV	Budget	Spent	ERV	Budget	Spent	Margin	ERV/Budget
DEVELOPMENTS													930.8	95.9		
DJV preferred equity outstanding commitment (60% of notional)												10.5	140.0			7.5%
Development property							1,592,800	14,398	71.3	1,970.3	238.5	28.8	790.8	95.9		
Enclosed Malls							319,000	207,700	34.9	412.1	56.7	14.2	167.3	22.6		8.4%
EM-Cluj Mall	RO, Cluj-Napoca	Super-regional	Zoning	40%	Oct 26	73,300	73,300		12.5	140.3	-	5.0	56.1	-		8.9%
EM-Mall Moldova - phase II	RO, Iasi	Super-regional	Permitted	40%	May 24	101,300	53,700		9.9	118.6	21.1	4.0	47.4	8.4		8.3%
EM-Arges Mall	RO, Pitesti	Regional	Permitted	40%	May 24	51,300	51,300		8.2	101.9	18.0	3.3	40.8	7.2		8.0%
EM-Alba Iulia Mall	Ro, Alba Iulia	Regional	WIP	40%	Sep 23	28,900	28,900		4.0	47.2	17.6	1.6	18.9	7.0		8.5%
EM-Galleria Burgas - refurbishment	BG, Burgas	Regional	Zoning	100%	Apr 24	64,200	500		0.3	4.1	-	0.3	4.1	-		6.2%
Open-air Malls and Strip Malls							202,300	74,000	9.4	109.9	13.0	3.8	44.0	5.7		8.4%
OM-IMGB Value Centre	RO, Bucharest	Community	Zoning	40%	Dec 24	60,600	28,000		3.9	47.0	-	1.6	18.8	-		8.2%
OM-Brasov Value Centre	RO, Brasov	Community	Zoning	40%	Apr 24	29,200	19,800		2.4	28.2	-	0.9	11.3	-		8.3%
OM-Giurgiu Value Centre	RO, Giurgiu	Community	Zoning	40%	Oct 24	18,600	14,200		1.7	19.6	-	0.7	7.8	-		8.7%
OM-Baia Mare Value Centre - extension	RO, Baia Mare	Community	WIP	40%	Oct 22	52,200	4,300		0.5	5.4	4.9	0.2	2.2	2.0		8.3%
SM-Slobozia - extension	RO, Slobozia	Convenience	Permitting	40%	Sep 23	19,500	4,300		0.5	5.4	2.2	0.2	2.2	0.9		9.2%
OM-Roman Value Centre - extension	RO, Roman	Community	WIP	40%	Dec 22	22,200	3,400		0.4	4.3	1.1	0.2	1.7	0.5		9.4%
Land	RO	Land		40%							4.1			1.6		
Land	PL	Land		100%							0.7			0.7		
Office							380,200	153,600	27.0	254.0	27.9	10.8	101.6	11.2		10.6%
Office-Silk District	RO, Iasi	Office	WIP	40%	2023/26	217,500	104,400		19.1	177.7	27.9	7.6	71.1	11.2		10.7%
Office-Cluj	RO, Cluj-Napoca	Office	Zoning	40%	2026/28	162,700	49,200		7.9	76.3	-	3.2	30.5	-		10.3%
Residential							1,157,500	14,398		1,194.3	140.9		477.9	56.4	24.3%	
RZ-Spumotim Residential	RO, Timisoara	Residential	Zoning	40%	2026/28		181,700	2,287		193.5	-		77.4	-	22.3%	
RZ-IMGB Residential	RO, Bucharest	Residential	Zoning	40%	2025/27		242,400	3,149		188.0	-		75.2	-	24.5%	
RZ-Roman Residential	RO, Brasov	Residential	Zoning	40%	2024/27		166,000	2,137		156.7	0.2		62.7	0.1	24.9%	
RZ-Silk District	RO, Iasi	Residential	WIP	40%	2023/25		113,100	1,491		128.1	27.1		51.3	10.8	23.0%	
RZ-Elba Residential	RO, Timisoara	Residential	Zoning	40%	2025/26		104,900	1,251		127.6	-		51.1	-	25.7%	
RZ-Avalon Estate	RO, Bucharest	Residential	WIP	40%	2022/24		93,300	746		125.7	60.4		50.3	24.2	25.8%	
RZ-Cluj Residential	RO, Cluj-Napoca	Residential	Zoning	40%	2027/29		113,500	1,461		119.2	0.1		47.7	-	24.7%	
RZ-Other Residential Pipeline	RO	Residential	Zoning	40%	2025/27		65,500	920		67.5	-		27.0	-	23.8%	
RZ-Marmura Residence*	RO, Bucharest	Residential	WIP	40%	2022		36,100	458		49.9	49.4		20.0	19.8	24.0%	
RZ-Pleiades Residence	RO, Ploiesti	Residential	Permitting	40%	2023/25		41,000	498		38.1	3.7		15.2	1.5	25.5%	

**Spent:** includes land, hard & soft costs.  
Note: The planned extensions of directly-owned properties Militari Shopping and Nova Park remain on hold, with further updates to be provided in due course.  
\* At Marmura Residence 308 units have been handed over to clients by 30 June 2022.

Income Property  
Held for Sale Schedule Jun 22

	Location	Type	Acq/Dev	Stake	Acquired	Asset						MAS' share						
						GLA	Occupancy	NRI	BV	Agreed sale price	Cost	NRI	BV	Agreed sale price	Cost	NRI/BV	NRI/ Cost	
						m²	%	€m	€m	€m	€m	€m	€m	€m	€m	%	%	
PROPERTY HELD FOR SALE						24,700	81.6%	2.5	78.5	23.5	91.0		2.5	78.5	23.5	91.0	3.2%	3.5%
Not contracted to be sold as of Jun 22						24,700	81.6%	2.5	61.0		71.1		2.5	61.0		71.1	4.1%	4.9%
Flensburg Galerie	DE, Flensburg	Community	A	100%	2019	24,200	81.5%	2.7	59.2		69.0		2.7	59.2		69.0	4.6%	3.9%
Arches	UK, Edinburgh	Mixed	D	100%	2016	500	87.9%	0.2	1.8		2.1		0.2	1.8		2.1	11.1%	9.5%
Other property management costs				100%		(0.4)							(0.4)					
Contracted to be sold as of Jun 22																		
Langley Park*	UK, Chippenham	Land	A	100%	2014													

**Cost:** acquisition costs, including transaction & transfer fees, plus all costs capitalised post acquisition, except for interest.  
\* Sale expected to be completed by 31 December 2022.



# GRI Index

MAS has reported the information cited in this GRI content index for the period 1 July 2021 to 30 June 2022 with reference to the GRI Standards.

General Disclosures		Location in the report
→ 2-1	Organisational details	Corporate information (Consolidated Annual Financial Statements)
→ 2-2	Entities included in the organisation’s sustainability reporting	Income property overview (excluding WE properties: Flensburg Galerie and Arches)
→ 2-3	Reporting period, frequency and contact point	Risk assessment and reporting
→ 2-4	Restatements of information	Risk assessment and reporting
→ 2-5	External assurance	The 2022 Sustainability Report has not been reviewed for external assurance.
→ 2-6	Activities, value chain and other business relationships	Corporate information (Consolidated Annual Financial Statements)
→ 2-7	Employees	Compensation Implementation Report (information of number of employees)
→ 2-9	Governance structure and composition	Governance, Board of Directors
→ 2-10	Nomination and selection of the highest governance body	Board of Directors, Remuneration and Nomination Committee report
→ 2-11	Chair of the highest governance body	Board of Directors
→ 2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability governance
→ 2-13	Delegation of responsibility for managing impacts	Sustainability governance
→ 2-14	Role of the highest governance body in sustainability reporting	Sustainability governance
→ 2-15	Conflicts of interest	Ethics and integrity Conflicts of interest (Board of Directors)
→ 2-18	Evaluation of the performance of the highest governance body	Board of Directors
→ 2-19	Remuneration policies	Compensation policy, Compensation Implementation Report, Staff engagement and retention
→ 2-20	Process to determine remuneration	Compensation policy, Compensation Implementation Report, Staff engagement and retention
→ 2-23	Policy commitments	Sustainability governance; Ethics and integrity
→ 2-24	Embedding policy commitments	Ethics and integrity
→ 2-27	Compliance with laws and regulations	Compliance with social and economic laws and regulations
→ 2-29	Approach to stakeholder engagement	Materiality

Material Topics		Location in the report
→ 3-1	Process to determine material topics	Materiality
→ 3-2	List of material topics	Materiality
→ 3-3	Management of material topics	Energy management (electricity, gas and GHG emissions) Water management Waste management Protection of biodiversity Workforce inclusiveness and non-discrimination Staff engagement and retention Community engagement Health and safety Ethics and integrity Confidentiality and privacy Compliance with social and economic laws and regulations Excellence in execution
→ 302-1	Energy consumption within the organisation	Energy management (electricity, gas and GHG emissions)
→ 302-3	Energy intensity	Energy management (electricity, gas and GHG emissions)
→ 305-1	Direct (Scope 1) GHG emissions	Energy management (electricity, gas and GHG emissions)
→ 305-2	Energy indirect (Scope 2) GHG emissions	Energy management (electricity, gas and GHG emissions)
→ 305-3	Other indirect (Scope 3) GHG emissions	Energy management (electricity, gas and GHG emissions)
→ 305-4	GHG emissions intensity	Energy management (electricity, gas and GHG emissions)
→ 303-5	Water consumption	Water management
→ 306-3	Waste generated	Waste management
→ 306-4	Waste diverted from disposal	Waste management
→ 306-5	Waste directed to disposal	Waste management
→ 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protection of biodiversity
→ 406-1	Incidents of discrimination and corrective actions take	Workforce inclusiveness and non-discrimination
→ 404-1	Average hours of training per year per employee	Staff engagement and retention
→ 404-3	Percentage of employees receiving regular performance and career development reviews	Staff engagement and retention
→ 203-1	Infrastructure investments and services supported	Community engagement
→ 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and safety
→ 205-2	Communication and training about anti-corruption policies and procedures	Ethics and integrity
→ 205-3	Confirmed incidents of corruption and actions taken	Ethics and integrity
→ 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Confidentiality and privacy
→ 413-1	Operations with local community engagement, impact assessments, and development programs	Excellence in execution
→ 413-2	Operations with significant actual and potential negative impacts on local communities	Excellence in execution
→ 419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with social and economic laws and regulations

# Glossary

<b>Adjusted distributable earnings</b>	Adjusted distributable earnings are the adjusted underlying earnings of the Group as a result of net rental income from income property, net margin from residential sales, net income from preferred equity, net dividends from listed securities, net corporate expenses, interest on debt financing, interest capitalised on developments, other distributable net income or cost and income tax
<b>Adjusted number of shares in issue</b>	Number of shares in issue excluding MAS’ 40% proportion of shares owned by the DJV in MAS
<b>BREEAM / LEED / EDGE</b>	Independent third-party providing sustainability certification of individual buildings, communities and infrastructure projects
<b>BV</b>	Book value
<b>BVI</b>	British Virgin Islands
<b>CEE</b>	Central and Eastern Europe or Central and Eastern European
<b>CFD</b>	Contract for Difference
<b>CGU</b>	Cash Generating Unit
<b>Company</b>	MAS P.L.C.
<b>Covid-19</b>	Pandemic resulted following the global spread of the infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
<b>DCF</b>	Discounted cash flows
<b>Development property</b>	Property in process of being developed for future use as income property or for sale and Land bank
<b>Diluted adjusted number of shares in issue</b>	Adjusted number of shares in issue increased by the number of share purchase plan shares
<b>Diluted tangible net asset value per share</b>	Tangible NAV divided by the Diluted adjusted number of shares in issue on the reporting date
<b>Diluted weighted average adjusted number of shares</b>	Diluted adjusted number of shares in issue for the applicable period, outstanding on a daily weighted average basis during such period
<b>DIY</b>	Do-it-yourself, hardware stores selling household hardware for home improvement
<b>DJV</b>	Development Joint Venture; PKM Development Ltd, an associate of MAS housing the development joint venture with Prime Kapital Holdings Limited
<b>ECL</b>	Expected credit losses
<b>EPRA</b>	European Public Real Estate Association
<b>EPS</b>	Earnings per share
<b>ERV</b>	Estimated rental value
<b>ESG</b>	Environmental, Social and Governance
<b>FVTPL</b>	Fair value through profit or loss
<b>GDV</b>	Gross development value
<b>GHG</b>	Greenhouse gas
<b>GLA</b>	Gross leasable area, the amount of retail floor space available to be rented in commercial properties, excluding short-term leases, terraces, storage areas and parking (rounded to the nearest hundred m²)
<b>GRI</b>	Global Reporting Initiative
<b>Group</b>	MAS P.L.C. and its subsidiaries
<b>GSA</b>	Total gross sellable area, including residential and commercial and/or office areas
<b>ha</b>	Hectare, or 10,000m²
<b>IASB</b>	International Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standards as issued by the IASB

<b>IFRS NAV per share</b>	IFRS Net Asset Value on the reported date, divided by the number of shares in issue on the reporting date, excluding share purchase plan shares and shares repurchased and not cancelled
<b>IJV</b>	Investment joint venture, former joint venture with Prime Kapital for investing in CEE Income properties, 80% owned and controlled by the Company
<b>Income property</b>	Property held to earn rental income
<b>Investment property</b>	Income property, Development property and Land bank
<b>IOM</b>	Isle of Man
<b>JSE</b>	Johannesburg Stock Exchange
<b>Land bank</b>	Land plots held for future developments
<b>Lease incentive</b>	Incentives offered to lessees to enter a lease, typically in the form of a rent-free period or cash contribution towards fit-out costs
<b>LFL</b>	Like-for-like, measure of growth adjusted to exclude new or disposed properties
<b>LTV</b>	Loan to value, the ratio of the nominal value of debt net of cash to investment property, listed securities and preferred equity
<b>m</b>	million
<b>m²</b>	square metres
<b>m³</b>	cubic metres
<b>MWh</b>	megawatt hour
<b>NAV</b>	Net asset value
<b>NRI</b>	Net rental income
<b>NRP</b>	NEPI Rockcastle N.V.
<b>NRV</b>	Net realisable value
<b>Number of shares in issue</b>	Ordinary number of shares issued excluding shares held as treasury shares (repurchased shares not cancelled and share purchase plan shares)
<b>Passing NRI</b>	Passing net rental income, annualised forward-looking net rental income
<b>PKM Development</b>	P K M Development Limited
<b>PMP</b>	Property Management Platform
<b>Prime Kapital / PK</b>	Prime Kapital Holdings Limited
<b>Pro forma collection rate</b>	Tenants’ payment performance compared to pre-Covid expectation
<b>REIT</b>	Real estate investment trust. A company that owns, operates or finances income-producing real estate. A large majority of REITs are listed on major stock exchanges
<b>SA REIT</b>	South African Real Estate Investment Trust Association, the representative umbrella body comprised of voluntary members of South African listed REIT companies and trusts
<b>Spark II Portfolio</b>	Collectively, the six subsidiaries or properties (as the context requires), acquired on 30 June 2022 as part of the Transactions
<b>Tangible NAV</b>	Net asset value which includes only assets and liabilities likely to crystallise on disposal (corresponds to net asset value under adjusted proportionate accounts)
<b>Tangible net asset value per share</b>	Tangible NAV divided by the Adjusted number of shares in issue on the reporting date
<b>tCO<sub>2</sub>eq</b>	tonne carbon dioxide equivalent
<b>Transactions</b>	Collectively, or individually as the context requires, the acquisition of 100% of the share capital and shareholder loans of six subsidiaries from DJV (‘Spark II Portfolio’) and the execution of the DJV Relationship Extension Letter, effective 30 June 2022
<b>UK</b>	United Kingdom
<b>vs.</b>	Compared to
<b>WACD</b>	Weighted average cost of debt
<b>WE</b>	Western Europe or Western European
<b>Weighted average adjusted number of shares</b>	Adjusted number of shares in issue for the applicable period, outstanding on a daily weighted average basis during such period
<b>2019 Transaction</b>	The acquisition of Prime Kapital’s effective economic interest in the IJV on 27 November 2019