



SHORT-FORM ANNOUNCEMENT: AUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR TO 30 JUNE 2024

MAS P.L.C. Registered in Malta Registration number: C99355

JSE share code: MSP ISIN: VGG5884M1041 LEI code: 213800T1TZPGQ7HS4Q13 (MAS, the Company or the Group)

MAS P.L.C.

INTRODUCTION AND BACKGROUND

MAS (hereafter referred to as the Group or Company) performed satisfactorily during the second half of the financial year (ended 30 June 2024, achieving adjusted distributable earnings for the year of 8.01eurocents per share, resulting from the continued exceptional operational results in commercial retail properties operated by the Group, combined with net results from the residential business of the development joint venture (DJV) with developer Prime Kapital.

With the release of MAS' financial results for the financial year to 30 June 2023, the outcome of the Group's strategy review at the time was discussed in detail. A revised debt management plan was put in place to raise bank funding secured against all of MAS' unencumbered properties in Central and Eastern Europe (CEE) aimed at reducing refinancing risks associated with its bond maturity in May 2026. The plan also takes into account MAS' other funding commitments to the same date, as well as suspension of dividend payments to cover the shortfall. Updates with respect to progress thereon, as well as financial results to 30 June 2024 are elaborated in detail 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 the Company Profile, for the year ended 30 June 2024, including highlights and supplemental operational information, are available on MAS' corporate website. Unless otherwise stated, all amounts in the Directors' commentary are presented on an adjusted proportionate consolidated basis.

MAS primarily invests in, and operates, retail assets in CEE. The Group is well positioned to leverage the region's long-term, continual, high growth in consumption and generate strong like-for-like (LFL) net rental income (NRI) growth from retail holdings through increasing tenants' sales and implementing asset management initiatives. MAS remains committed to maximising total long-term returns from property investments on a per share basis. This is aimed to be achieved by concentrating on capital allocation, operational excellence, sensible leveraging, and cost efficiency, thereby sustainably growing distributable earnings per share.

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 income from DJV's residential business, development activities and income from funding provided to the DJV); (iii) the remaining directly-owned income property operations in Western Europe (WE), and (iv) investments in listed securities and other elements disclosed as Corporate.

Adjusted total earnings for the six months to 30 June 2024 were €63.9million and consisted of adjusted distributable earnings of €20.7million and adjusted non-distributable earnings of €43.2million. Tangible net asset value (NAV) was €1.73 per share on 30 June 2024, an 8.1% increase from 31 December 2023 (19.3% increase from Tangible NAV on 30 June 2023). Adjusted distributable earnings for the financial year were 8.01eurocents per share (10.3% decrease compared to financial year to 30 June 2023) and resulted from 3.22eurocents per share for the six months to 30 June 2024 and 4.79eurocents per share for the preceding six months. MAS achieved diluted adjusted distributable earnings for the financial year of 7.87eurocents per share. Of this, commercial and corporate operations contributed 9.65eurocents per share. Excluding DJV's residential business net realisable value impairments, adjusted distributable earnings from the Group's operations were 9.19eurocents per share, within the earnings guidance range of 8.83-9.31eurocents per share provided in March 2024.

The variance in MAS' adjusted total earnings compared to the six months to 31 December 2023, is due to positive outcomes arising from:

- (i) continued outstanding performance of, and increase in, fair value and passing NRI from retail properties in CEE, enhanced by excellent retail and service charge collections and exceptional trading at commercial centres operated by MAS, partly attributable to the newly opened Carolina Mall (August 2023) and Arges Mall (April 2024);
- (ii) interest rate derivatives' valuations for the Group's secured debt stabilising in the second half of the financial year, therefore not repeating losses in the previous six-month period, leading to a positive variation more than offsetting increases in net interest expenses (increased interest on debt financing and lower interest capitalised on developments as a result of Carolina Mall and Arges Mall completing development during the financial year and a number of residential projects being on hold) for the six months to 30 June 2024;
- (iii) lower fair value losses than recognised in the previous period resulting from Flensburg Galerie, the last Western European asset remaining to be sold, as well as foreign exchange gains related to the disposal of Arches street retail units (UK), and
- (iv) increased income from preferred equity, resulting from additional investments during the current and previous six-month periods.

These positives have been offset by (i) gains in the previous period resulting from the removal of management's estimate for disposal realisation costs and losses for Western European assets remaining to be sold, not being repeated, (ii) net losses derived from the DJV's residential business caused by the continuing challenging residential sales market environment requiring the DJV to recognise a significant decrease in net realisable value for its residential projects, (iii) realised gains on MAS bonds repurchased during the six months to 31 December 2023 not being repeated in the current six-month period.

RETAIL OPERATIONS

There was excellent trading in all Central and Eastern European countries where the Group operates retail properties during the first six months of the 2024 calendar year, with all the Group's properties benefiting from robust footfall and tenant sales.

Information regarding MAS' Central and Eastern European like-for-like (LFL) footfall and tenants' sales (compared to the same period of the previous financial year), and collection rates for the six months to 30 June 2024, is detailed in Table 1.

| | | Jan 24 | Feb 24 | Mar 24 | Apr 24 | May 24 | Jun 24 | Total |
|---|---|--------|--------|--------|--------|--------|--------|-------|
| Footfall (2024 compared to 2023) | % | 106 | 111 | 106 | 99 | 104 | 109 | 106 |
| Open-air malls | % | 107 | 112 | 105 | 100 | 105 | 111 | 106 |
| Enclosed malls | % | 105 | 108 | 107 | 98 | 103 | 104 | 104 |
| Tenants' sales per m² (2024 compared to 2023) | % | 106 | 107 | 112 | 100 | 110 | 110 | 108 |
| Open-air malls | % | 108 | 108 | 110 | 101 | 112 | 113 | 108 |
| Enclosed malls | % | 104 | 106 | 115 | 98 | 108 | 106 | 106 |
| Collection rate | % | 99.8 | 99.8 | 99.7 | 99.7 | 99.8 | 99.8 | 99.8 |

Footfall (LFL) performance was satisfactory for the six months to 30 June 2024, increasing 6% compared to the same period in the previous year, confirming the continued robust demand for the Group's retail offering.

Overall, LFL tenants' sales outperformed levels achieved in the six-month period to 30 June 2023 by 8% in open-air malls and 6% in enclosed malls. Certain categories, services, home appliances, health and beauty, shoes, toys and food service have delivered impressive results, surpassing the overall growth trend during the six months to 30 June 2024, with complements, clothing and DIY categories also continuing to outperform during the six months to 30 June 2024.

Passing NRI increased significantly, by 8.7% compared to 31 December 2023 and by 16.6% compared to 30 June 2023. Over half of the improvement is attributable to new developments becoming operational during the financial year (Carolina Mall in August 2023, and Arges Mall in April 2024), with the balance of improvement being attributable to exceptional operational performance of standing assets, and delivering passing NRI increases on a LFL basis by 7.2% compared to 30 June 2023.

Tenants' excellent sales performance underpinned both the stability of occupancy cost ratios (OCR) (excluding certain tenant categories: supermarkets, DIYs, entertainment, and services), at 10.6% on 30 June 2024 (10.7% on 31 December 2023), as well as exceptional collection rates at over 99.8% for the entire six-month period.

In addition, occupancy of Central and Eastern European retail assets continues to be impressive at 97.4% (97.7% on 31 December 2023). The Group's occupancy with respect to CEE retail assets on a LFL basis increased during the financial year to 98.2% on 30 June 2024 (97.4% on 30 June 2023), and leasing efforts to sustainably increase occupancy are ongoing.

At Flensburg Galerie (Germany), the property's occupancy increased substantially, to 97.1% (89.6% on 31 December 2023), and passing NRI by 10.3% compared to 31 December 2023, positioning the property well for a disposal when the German market is suitable. The property's operational metrics continued to be healthy, with footfall levels for the six months to 30 June 2024 increasing by 6.2%, and tenants' sales increasing by 11.6% compared to the same period in 2023.

The DJV's residential operations reflected a €10.6million loss (on a proportionate basis) for the six months to 30 June 2024 (€11.7million for the financial year). Of this, net losses on residential sales comprise €3.1million, attributable to units handed over at Avalon Estate, Silk District and Marmura Residence. Residential results also include €7.3million in net realisable value loss adjustments on residential units in respect of all projects. The results from sales of units do not include Silk District Phase 2 and Pleiades Residence, previously scheduled for delivery to clients starting July 2024. However, the projects were also tested for net realisable value loss adjustments.

DEBT, COST OF DEBT AND LIQUIDITY

On 30 June 2024, MAS had €101.5million in cash and undrawn credit facilities (figures not proportionally consolidated). On the same date, the Group's outstanding debt amounted to €487.5million on a proportionate consolidation basis. This comprised €212.5million in unsecured bonds, and €275million in bank loans secured on the Group's properties, which includes €12.1million DJV's secured debt.

MAS monitors its financial resources closely and has communicated updates to shareholders regularly since 30 June 2023. With the 30 June 2023 results, management set out the expected new capital requirements to be in a position to repay the bond in May 2026 and to fulfil other commitments (including its capital commitments to DJV, capital expenditure requirements, and debt amortisation payments), assuming MAS suspends dividend payments and receives no dividends from the DJV until the bond's maturity.

Since then, management has made significant progress with raising new secured debt finance, finalising and drawing down €156million in new secured loans. A further €40.5million is available for drawdown (all approvals and agreements are in place).

With respect to unsecured funding, conditions for sub-investment grade real estate companies remain challenging. However, in April 2024 the Group issued €40.2million in unsecured debt via a private placement to an existing noteholder ('New Notes'). The New Notes mature in April 2029 and were issued in exchange for existing notes maturing in May 2026. The New Notes have a coupon of 6.5% per annum and include a dividend payment restriction in the form of a financial covenant. Should the Company declare and pay a dividend in respect of a period for which the adjusted consolidated coverage ratio was less than the relevant covenant level, a put option would be triggered, potentially requiring the Company to immediately redeem the New Notes.

On 30 June 2024 MAS' remaining capital commitments to 30 June 2026 were €354million. Envisaged sources of capital comprised €69million in cash and near cash instruments available, €109.5million in additional secured debt, of which €40.5million is available for drawdown and €69million is under negotiation, with the balance including retained earnings and other ongoing processes for sourcing additional capital.

The Group's LTV ratio on 30 June 2024 was 25.7% on a proportionate consolidation basis and 26.3% on an IFRS consolidation basis. The weighted average cost of debt was 5.52% per annum for the financial year ended 30 June 2024 (on an IFRS consolidation basis).

Covenant ratios on the Group's unsecured debt (comprising the Group's bond maturing in May 2026, the New Notes maturing in April 2029 as well as the revolving credit facility) demonstrated comfortable headroom compared to covenant tolerances, as illustrated in Table 2 below.

| | Tolerance | Actual IFRS | Actual proportionate consolidation basis |
|---|----------------------|-------------|--|
| Solvency ratio | Shall not exceed 0.6 | 0.29 | 0.29 |
| Consolidated coverage ratio | At least 2.5:1 | 3.70 | 3.70 |
| Unencumbered consolidated total assets/ unsecured consolidated total debt | Minimum 180% | 422% | 440% |
| Adjusted consolidated coverage ratio | At least 2.8:1 | n/a | 3.22 |
| Unencumbered consolidated total adjusted assets/unsecured consolidated total debt | Minimum 120% | n/a | 308% |

FUNDING COMMITMENTS TO THE DJV

On 30 June 2024, PK Investments Limited, a wholly-owned subsidiary of PKM Development, owned a total of 133,978,198 MAS shares, as a result of additional acquisitions during the six-month period then ended. One of the funding sources for the additional investment was preferred equity funding drawn down from MAS, which MAS has a contractual obligation to provide. Consequently, by 30 June 2024, MAS had invested a total of €428.1million in preferred equity and had ongoing undrawn commitments to DJV of €71.9million, of which €30million in the undrawn revolving credit facility (figures not proportionally consolidated).

PROPERTY VALUATIONS

The income property fair value uplift of €42.0million for the six months to 30 June 2024 reflects positive fair value adjustments to income property in CEE of €44.7million (an improvement of 4.4% compared to the CEE valuations on 31 December 2023 and 9% compared to 30 June 2023). Western European property had a fair value decrease of €2.7million (4.6% decrease compared to 31 December 2023), mainly driven by an increase in the valuation discount rate used for Flensburg Galerie, the Group's last property in WE after finalising the disposal process for the Arches street retail units in June 2024.

Valuations of MAS' (and the DJV's) properties are 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.

Income property fair value gains were a result of passing NRI increases on a LFL basis of 3.2% since December 2023 (7.2% since June 2023) driven by strong operational performance, while the weighted average unlevered discount rate for income property valuations in CEE imperceptibly increased to 9.59% from 9.56% compared to valuations for the six months to 31 December 2023 (and decreased from 9.94% on 30 June 2023).

DEVELOPMENTS, EXTENSIONS AND REFURBISHMENTS IN THE DJV

Progress with commercial and residential developments and changes to secured commercial development pipeline are detailed below.

Completed commercial developments

Arges Mall, the dominant 51,200m² GLA regional enclosed mall, was completed and opened on 25 April 2024 with 95% of the GLA occupied. The mall is the DJV's largest commercial development to date and has consolidated the region's modern retail offering in the city of Pitesti, the capital and largest city of Arges county, with a population of approximately 170,000. The mall's catchment area comprises approximately 621,000 residents. Since opening, the centre's footfall and tenants' sales were exceptional.

Commercial developments

Construction continues at Mall Moldova, in Iasi, Romania, to extend and redevelop Era Shopping Centre (previously 29,600m² GLA) into a super-regional enclosed mall, part of a retail node incorporating approximately 125,700m² of destination GLA. Leasing is progressing well with high demand from national and international tenants.

Zoning is ongoing for the DJV's commercial projects in Bucharest (28,000m² GLA open-air mall component on 54ha of a former industrial platform, where a mixed-use urban regeneration project is planned), Bacau (51,200m² enclosed mall component of a transformational project on a former industrial platform of approximately 34.2ha) and Cluj (130,000m² GLA enclosed mall component on a 17ha land plot where the DJV plans a large-scale mixed-use urban regeneration project).

Several other retail development opportunities are being pursued, and further updates will be provided in due course.

Residential developments

The first phase of the Avalon Estate residential project, comprising 352 residential units as well as the perimeter walls, clubhouse, and internal and external infrastructure works are complete, with over 80% sold and handed over to clients, and an additional 8% of units currently rented.

Construction on the first two phases of Silk District's residential component was finalised during the financial year, and of the first phase's 315 units, 300 were handed over to clients. The second phase's 346 units are substantially contracted (320 units: 92%), with handover to clients scheduled to commence in September 2024. Sales commenced for the project's third phase (380 units) in March 2024, whilst construction works have started in July 2024 with 126 units contracted.

At Pleiades Residence, construction of the 142 units in two buildings planned for the residential component of the 10.1ha mixed use urban regeneration in downtown Ploiesti, completed by 30 June 2024. Sales continue and 66% of the completed units were contracted, and the first units are scheduled to be handed over to clients starting September 2024.

EXTENSIONS AND REFURBISHMENTS TO DIRECTLY-OWNED ASSETS

Galleria Burgas's refurbishment was completed in May 2024, as scheduled, improving the centre's overall leisure and entertainment facilities. Similarly, the Group's 2,900m² extension to Prahova Value Centre, was completed as scheduled in May 2024. Further updates regarding other extension and refurbishment projects to directly owned assets in CEE, will be provided when appropriate.

CHANGES TO THE BOARD OF DIRECTORS AND COMMITTEES

Brett Nagle has stepped down as Non-Executive Director from MAS' Board of Directors with effect from 22 August 2024. The Board expressed its gratitude for Brett's contribution to MAS during his tenure and wished him the best in his future endeavours. Following this change and having considered the most appropriate restructuring of the Audit and Risk Committee, the Board has appointed Claudia Pendred as Committee member.

As a result of changes mentioned, the Board's Committees are structured as follows:

- Audit and Risk Committee Chair: Vasile Iuga; Members: Claudia Pendred, Mihail Vasilescu
- Remuneration and Nomination Committee Chair: Dan Pascariu; Members: Mihail Vasilescu, Werner Alberts
- Environmental, Social and Ethics Committee Chair: Claudia Pendred; Members: Werner Alberts, Irina Grigore

EARNINGS GUIDANCE

Diluted adjusted distributable earnings per share for the 2025 financial year is expected to range from 9.54eurocents to 10.45eurocents per share. This guidance is based on the assumptions that MAS implements its current debt management plan as scheduled, no additional material macroeconomic disruption occurs, a stable political environment prevails in the Group's markets, developments are delivered as scheduled, residential units are handed over to clients by DJV as scheduled and at current estimated selling prices and no major corporate failures occur.

Shareholders should note that the Company's estimates and distributable earnings per share targets 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 may 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.

Irina Grigore
Chief Executive Officer

Nadine Bird
Chief Financial Officer

29 August 2024, Malta
Released on 2 September 2024

¹ DJV is an abbreviation for a separate corporate entity named PKM Development Ltd (PKM Development), an associate of MAS since 2016 with independent governance. MAS owns 40% of PKM Development's ordinary equity (€20million), an investment conditional on it irrevocably undertaking to provide preferred equity to PKM Development on notice of drawdown. By 30 June 2024, MAS had invested €428.1million in preferred equity and had an obligation of €41.9million outstanding. In addition, MAS has committed to provide PKM Development a revolving credit facility of €30million at a 7.5% fixed rate, which was undrawn on 30 June 2024 (figures not proportionally consolidated). The balance of the ordinary equity in PKM Development (€30million) was taken up by Prime Kapital in 2016 in cash.

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.

All amounts in € thousand unless otherwise stated.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Audited 30 Jun 24 | Audited 30 Jun 23 |
|---|-------------------|-------------------|
| Non-current assets | 1,543,847 | 1,280,460 |
| Current assets | 99,263 | 193,565 |
| Total assets | 1,643,110 | 1,474,025 |
| Equity attributable to owners of the Group | 1,086,655 | 964,656 |
| Total equity | 1,086,655 | 964,656 |
| Non-current liabilities | 519,904 | 441,850 |
| Current liabilities | 36,551 | 67,519 |
| Total liabilities | 556,455 | 509,369 |
| Total shareholder equity and liabilities | 1,643,110 | 1,474,025 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Audited Year to 30 Jun 24 | Audited Year to 30 Jun 23 |
|--|---------------------------|---------------------------|
| Continuing operations | | |
| Rental income | 72,237 | 66,519 |
| Service charge income and other recoveries | 23,557 | 21,369 |
| Gross revenue | 95,794 | 87,888 |
| Impairment of receivables | (427) | (76) |
| Service charge and other property operating expenses | (28,247) | (25,617) |
| Net rental income | 67,120 | 62,195 |
| Corporate expenses | (7,143) | (6,965) |
| Other income | 7,694 | 10,097 |
| Investment expenses | (1,414) | (1,129) |
| Fair value adjustments | 55,237 | 40,392 |
| Foreign currency exchange differences | (53) | (2,213) |
| Share of profit from equity-accounted investee, net of tax | 7,686 | 4,315 |
| Reversal of impairment/(impairment) of share-based payment prepayments | 184 | (9,624) |
| Profit before finance income/(costs) | 129,311 | 97,068 |
| Finance income | 31,571 | 20,628 |
| Finance costs | (25,325) | (19,993) |
| Profit before tax | 135,557 | 97,703 |
| Current tax | (3,402) | (4,165) |
| Deferred tax | (10,981) | (6,542) |
| Profit from continuing operations | 121,174 | 86,996 |
| Discontinued operations | | |
| Profit from discontinued operations, net of tax | 2,009 | 3,836 |
| Profit for the year | 123,183 | 90,832 |
| Attributable to: | | |
| Owners of the Group | 123,183 | 90,832 |
| Profit for the year | 123,183 | 90,832 |

FINANCIAL PERFORMANCE

| | Audited 30 Jun 24 | Audited 30 Jun 23 |
|---|-------------------|-------------------|
| IFRS Net Asset Value attributable to owners of the Group (€ thousand) | 1,086,655 | 964,656 |
| IFRS Net Asset Value per share (eurocents) | 157.9 | 140.2 |
| IFRS Gross revenue from continuing operations (€ thousand) | 95,794 | 87,888 |
| IFRS Earnings per share (eurocents) | 17.91 | 13.20 |
| Adjusted distributable earnings (€ thousand) | 52,223 | 58,937 |
| Adjusted distributable earnings per share (eurocents) | 8.01 | 8.93 |
| Cash dividend (eurocents) | - | 4.36 |
| Headline earnings (€ thousand) | 51,593 | 76,879 |
| Headline earnings per share (eurocents) | 7.50 | 11.18 |
| Closing number of shares in issue* | 688,045,349 | 687,906,892 |

* Excluding treasury shares.
The condensed consolidated statement of profit or loss for the comparative year, has been represented as a result of reclassifying certain assets between discontinued and continuing operations, in accordance with IFRS 5.

SEGMENTAL ANALYSIS STATEMENT OF PROFIT OR LOSS (JAN - JUN 2024)

| | Proportionate accounts | | | | | Adjustments | | | | | Adjusted proportionate accounts | | | | |
|---|------------------------|---------------|---------------|--------------|-----------------|--------------|--------------|--------------|------------|------------|---------------------------------|---------------|---------------|--------------|----------------|
| | Total | CEE | DJV | WE | Co ¹ | Total | CEE | DJV | WE | Co | Total | CEE | DJV | WE | Co |
| EARNINGS | 54,548 | 47,605 | 14,981 | (384) | (7,654) | 9,312 | 5,959 | 2,827 | 201 | 325 | 63,860 | 53,564 | 17,808 | (183) | (7,329) |
| DISTRIBUTABLE EARNINGS | 20,343 | 24,253 | 2,612 | (181) | (6,341) | 313 | - | - | - | 313 | 20,656 | 24,253 | 2,612 | (181) | (6,028) |
| Net rental income - income property | 35,914 | 32,900 | 2,381 | 633 | - | - | - | - | - | - | 35,914 | 32,900 | 2,381 | 633 | - |
| Net result - residential property | (10,574) | - | (10,574) | - | - | - | - | - | - | - | (10,574) | - | (10,574) | - | - |
| Net income - preferred equity and revolving credit facility | 9,220 | - | 9,220 | - | - | - | - | - | - | - | 9,220 | - | 9,220 | - | - |
| Net corporate expenses | (3,614) | (1,393) | (232) | (70) | (1,919) | - | - | - | - | - | (3,614) | (1,393) | (232) | (70) | (1,919) |
| Interest on debt financing | (12,400) | (6,092) | (295) | (759) | (5,254) | - | -</ | | | | | | | | |