MAS Real Estate Inc.
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("**MAS**" or the "**group**")

TRADING UPDATE

MAS continues to grow its highly accretive pipeline, supporting the growth in earnings and distributions derived from the income-generating and development portfolios as follows:

DEVELOPMENT PORTFOLIO

Prime Kapital Development Joint Venture ("Development JV")

The secured development pipeline in Central and Eastern Europe ("**CEE**") currently amounts to approximately €785 million, up €120 million from June 2017. The most notable updates are discussed below.

Redevelopment of Era Shopping Park Iasi into Mall of Moldova, a super-regional mall

Further to the acquisition of the senior secured debt announced previously, the Development JV has acquired the entire interests of the former indirect owners of Era Shopping Park Iasi with the view to redevelop the asset which currently include retailers such as Carrefour, Decathlon and Mobexpert, into the Mall of Moldova. This is planned to be a 100,000 square metre GLA super-regional mall with an extensive retail and leisure offering, the largest retail and leisure development in Romania outside Bucharest. Iasi is the second largest city in Romania and is growing rapidly, with the highest population growth in the country since 2014. It is the third largest university centre and the most important industrial centre in the Moldova region. The property is located near to densely populated and growing residential areas, on the main road that connects Iasi to other regional cities. Catchment area analysis indicates a population of 331,000, 450,000 and 746,000 within 15, 30 and 60-minute drives respectively. The acquisition has accelerated the redevelopment timetable anticipated at the time of acquiring the senior debt, bringing forward the expected opening of the enlarged centre to the end of the 2019 calendar year.

Pitesti shopping mall

The Development JV has secured approximately 13 hectares of land in Pitesti, Romania, with the intention of developing and operating a 50,000 square metre GLA, regionally dominant shopping mall. Pitesti, with 165,000 inhabitants, is the capital of Arges County. The city and the wider area is at the heart of the national automotive industry, being home to the Dacia Renault plant, the largest exporter and the third largest employer in the country. The city retail offering at present is fragmented into four centres with weak locations and limited offerings. As such, the planned development is located centrally in close approximation to the highest density residential area, next to the main train station and the city's main boulevard with high visibility and very good road access to both the centre and the ring road connecting Pitesti with other cities in the county. Catchment area analysis indicates a population of 200,000, 345,000 and 637,000 within 15, 30 and 60-minute drives respectively.

Targoviste shopping mall

The Development JV has acquired, further to a public tender process, long term building rights over approximately 7 hectares of land owned by the Dambovita County Council in Targoviste, Romania. With this the Development JV plans to develop a 31,000 square metre GLA regional shopping mall, which will be the sole development of this kind in the city and the county. Targoviste, with 88,000 inhabitants, is the capital of Dambovita County. The planned development is located next to the main train station within 2 km of the city centre in a densely populated residential area earmarked for urban regeneration by the city council, including, inter alia, public infrastructure including connection roads to both the city centre and the ring road and a new football stadium. Catchment area analysis indicates a population of 127,000, 259,000 and 344,000 inhabitants within 15, 30 and 60-minute drives respectively. The county hosts the largest white goods manufacturer in Romania, as well as several other major companies active in the automotive, steel products manufacturing and textile industries.

UK developments

New Waverley, Edinburgh, Scotland
The office component of the New Waverley development, pre-let to the UK government on a 25-year lease, has been forward-sold under a funding agreement to Legal and General for approximately €23.5 million, with further development profits to be paid upon completion of the construction. The transaction reflects the strong income stream, covenant strength and rare prime city centre location afforded by the New Waverley development. The risk-free nature of the income stream from the UK government lease and guarantee has attracted significant interest from large institutional investors. The disposal facilitates the recycling of capital into further opportunities as part of the group's stated investment and growth strategy.

The last remaining undeveloped component of New Waverley is the residential element. Proposals from residential developers are currently being reviewed and compared against in-house delivery options.

Langley Park, Chippenham, UK
The development site with residential planning consent at Langley Park, in Chippenham, UK, is in the process of being sold and initial offers from housebuilders have been received. The construction of the hotel, pre-let to Travelodge, will also commence shortly together with the sale of the supermarket land site to Aldi. This will complete the business plan for this property, with strong income continuing to be generated from tenants, including Siemens, on the adjacent Technology Park, where further extensions are under consideration.

INCOME-GENERATING PORTFOLIO

Recycling capital out of mature assets is a strategic priority. In Germany, the Aldi portfolio has now been disposed of in its entirety, together with a non-core office building, all at a profit to book value. Further assets are being prepared for capital recycling and are set to complete at the beginning of 2018.

The income-generating pipeline under due diligence, across both Western Europe and CEE, totals €150 million.

STRATEGY AND FUNDING

The group has committed up to €350 million of funding to the Development JV, of which €100 million has been invested and a further €250 million is to be drawn down over the next 4 years. It now appears that the opportunity set is likely to expand beyond the current commitment levels.

The board of directors has been considering the optimal way in which to manage the funding of these commitments. In response, the group has taken investment stakes in a portfolio of liquid European REITs, totalling €100 million at present, or a little over 10% of total assets, with a pre-dominantly retail focus. This strategy achieves many objectives and:

- generates a return on funds earmarked for the Development JV before drawdown, compared to the negative euro interest rates on cash;
- efficiently matches the asset/liability profile of the group;
- provides a collateral pool for a debt facility at extremely low margins of between 1.2%-1.6% over Euribor. Such a facility will place the business at a substantial advantage to its peers with regard to its ability to act quickly to secure investment opportunities, and to efficiently manage the capital requirements of the group going forward; and
- provides exposure to high quality positions in investments with similar risk exposures to those of the group.

Ron Spencer, chairman of the group, commented “We are both delighted with our performance thus far this year, and looking forward to Morne Wilken’s arrival in January. The business continues to grow from strength to strength, and the opportunities currently available position the group to continue to grow the distribution in line with the previously disclosed targets.

MAS is listed on the Euro MTF market of the Luxembourg Stock Exchange and on the main board of the Johannesburg Stock Exchange.

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