



ROYAL MILE DEVELOPMENT

MAS has acquired sole ownership of Artisan IP 10, a company that owns a large-scale development on the Royal Mile in Edinburgh in the heart of its historic city centre. MAS previously owned 37,5% as a member of a consortium that included other South African partners including Atterbury.

It is now the highest profile property in MAS' portfolio and offers significant scope for future development of prime located high quality investment properties.

MAS acquired its original stake in Artisan IP 10 in December 2011, when the development site was procured from the administrators of the previous owners who were planning an enormously ambitious project but who went into administration before it could be realised.

In addition to buying out its partners in Artisan IP 10, MAS has also, in close collaboration with the City of Edinburgh Council, secured an option to acquire the Council's land adjacent to its own thereby substantially increasing the size of the property. The Council land previously formed part of the earlier master plan for the development of the area.

The enlarged site will link Edinburgh's famous Royal Mile to the city's main Waverley railway station. The Royal Mile is the name of the main thoroughfare through the Old Town. As the name implies, it is about one Scots mile long (although this terminology is no longer used, the Scots mile was about 1,8 kilometres) and connects two of the best known monuments in the city – Edinburgh Castle at the one end and the Palace of Holyroodhouse at the other.

Our property forms part of a UNESCO World Heritage site and any development therefore has to be approached with the utmost sensitivity from a heritage and architectural point of view. And then there is, of course, the interests of the people of Edinburgh who value the historical significance of their city so highly. For this reason we embarked on an extensive public and civic engagement process which led us to incorporate many stakeholders' views in our proposed development.

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The redrawn plans are highly sympathetic to the environment for which they have been planned. The response of the city and other local stakeholders has been largely positive, and people welcomed the opportunity for one of the city's most important gap sites to be transformed into a vibrant area in which to live, work and play but which nevertheless fits seamlessly into the historic fabric of the city.

The new plans will provide significant public spaces, including a new public square, in addition to office buildings, three hotels, 150 homes and a range of retail properties, bringing a new vibrancy to the historic Royal Mile and the old city centre.

The professional team has been appointed and various temporary uses of the site have generated both activity on site and revenue before construction begins. Most notably, the site has been host to the innovative "Snoozebox hotel" which provides temporary accommodation around the time of the annual Edinburgh Festival as well as to the "Rat Race", which involves community participation in various sports and fitness programmes.

We plan to break ground early next year with three exciting projects. We shall at the same time be installing the bulk of the required infrastructure and creating the public spaces provided for in the overall design. Architects' drawings and details of the plans have been finalised and have been submitted to the city's planners with the decision expected by end of this year.

The development will be rolled out in phases with the first properties taking some 18 to 24 months to complete by which time MAS will already be receiving excellent yields on the cost of development.

Demand from potential occupiers of the site is particularly strong, notably from the hotel and retail sectors. This is not surprising given the prominent central location of the site. We have chosen to market the office and residential components of the project only once planning permission is granted and ground is broken for the construction of the hotel and retail components.

This deal has a number of advantages for MAS, including control over the nature of the development, which we will fit to our investment objective of long-term income generation. We shall therefore be favouring a mix of tenants and operators that will make this possible.

OUTLOOK

We expect continued positive trading from our existing portfolio that will allow us to take advantage of opportunities in an improving climate. Looking ahead, we expect continued improvement in core performance as the existing portfolio of assets matures and as further capital is raised and placed in our strong investment pipeline.

Due to the change in year end, the next dividend paid will be in respect of the 10 months to December 2013 and then six-monthly thereafter.

Should you require further information please do not hesitate to contact our company secretary, Helen Cullen. She can be reached on +44 1624 625 000. Her email address is helen@masrei.com.

RESULTS FOR 4 MONTHS TO JUNE 2013

MAS has changed its financial year-end to 30 June to align it with that of major shareholder, Attacq (formerly Atterbury Investment Holdings), which intends listing on the main board of the JSE later this year. This decision has little impact on shareholders other than comparable interim information for the prior period not being presented during the current extended financial year.

The interim results for the four months to 30 June this year showed the NAV of MAS increasing from 96,9 to 98,4 euro cents per share. The portfolio continues to perform well with core income in line with previous periods as a result of stable returns from existing investment properties.

The portfolio remains in the build-up stage with the cash on the balance sheet raised earlier this year already allocated to investments such as the Artisan IP 10 acquisition. Despite the relatively small number of investments currently held, there is already diversity within the portfolio with a geographic spread taking in the UK, Germany and Switzerland, exposure to a number of different market sectors and a maturing income profile.

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