MAS REAL ESTATE INC

INTERIM CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED 31 DECEMBER 2013

- *Net asset value increase of 6% to 102,8 euro cents per share*
- *Shareholder equity surpasses €100 million*
- *Completed acquisition of Karoo fund*
- *Disposal of Aldi Tuttlingen at healthy profit*
- *Financial year-end changed to 30 June 2014 to align with that of major shareholder Attacq Limited*
- *Main board listing targeted after capital raise*

COMPANY INFORMATION

MAS Real Estate Inc. (Formerly MAS plc)		
Registered in British Virgin Islands	Registration number	1750199
Registered as an external company in the Republic of South Africa	Registration number	2010/000338/10
SEDOL (XLUX)		B96VLJ5
SEDOL (ALT^{X})		B96TSD2
JSE share code		MSP
ISIN		VGG5884M1041

("MAS" or "the Company")

MAS is a real estate investment company with a portfolio of commercial properties in Western Europe. The Company aims to provide investors with an attractive, sustainable euro-based dividend and strong growth in value over time through its acquisition and asset management strategy. Its current investment focus is on Germany, Switzerland and the United Kingdom. MAS has a primary listing on the Euro MTF market of the Luxembourg Stock Exchange and a secondary listing on the Alternative Exchange of the LSE.

REPORTING CURRENCY

The company's results are reported in euro.

MARKET OVERVIEW

There is good reason to be optimistic about the global real estate market at the end of 2013, as the world economy regains some vigour, business confidence improves and strong corporate balance sheets encourage increasing capital expenditure. Most major markets are recording sales volume growth – Europe had a 3% higher investment volume compared to 2012, while the peripheral markets achieved a strong 19% year on year growth. The top three European markets, being the UK, Germany and France, continued to dominate, accounting for some three-quarters of the total investment volume.

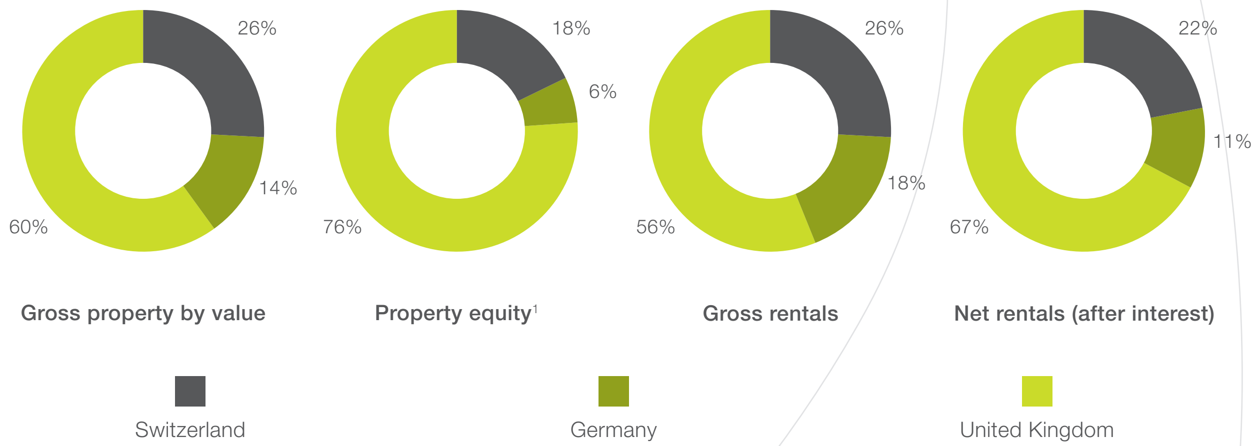
Most real estate investors are still chasing prime opportunities across all market segments. In the UK, there has been continued strong investment into London, especially by overseas investors. However, 2013 has also seen increased levels of activity in other areas of the country. The combination of a widening yield gap between London and the regions (as well as between prime and secondary assets) has led to a rise in investor interest in assets outside London, which in turn is leading to a re-pricing of some regional assets, with prime provincial office, retail and industrial yields all expected to trend downwards over the next period of time.

Germany's strong economic and property fundamentals remain. There is thus a strong demand from both domestic and international investors for German real estate, although it is still dominated by domestic buyers, who account for about two thirds of the total transaction volume. Prime yields across all the main sectors remained stable during 2013, which encouraged banks and private equity funds to sell off historically distressed assets into a strong market.

In Switzerland, direct real estate investments remain in demand with the annual growth rate for prices of investment properties still well in positive territory, even though momentum has ebbed from that seen in 2012. With long-term interest rates expected to continue rising in the medium term, and initial yields still decreasing, the flow of new money coming into the market has started to slow as some investors perceive the market to be close to its peak.

PORTFOLIO OVERVIEW (EUROS)

Property portfolio



[1]Property equity is the property value less the amount of bank debt borrowed against the property

PORTFOLIO VALUE	31 December 2013	28 February 2013
Less than €5 000 000	–	3 488 444
€5 000 001 – €10 000 000	40 526 215	38 386 359
Greater than €10 000 000	30 032 690	18 626 334
Total	**70 558 905**	**60 501 137**

Investment portfolio

INVESTMENT	31 December 2013	28 February 2013
Karoo Fund	34 650 536	–

The portfolio remains in a build-up phase. As a result of the purchase of the remaining shares in Artisan Investment Projects 10 Limited ("Artisan IP10") and the continued development of both this asset and the Santon North Street property in Lewes, the weighting of the portfolio has shifted towards the United Kingdom. A rebalance towards Germany and Switzerland in the coming year is likely with a number of prospective investment acquisitions on continental Europe in the pipeline.

Artisan IP10, the owner of the former Caltongate site in Edinburgh is performing particularly well. December saw the conclusion of an Agreement for Lease with the UK's largest hospitality company, Whitbread Group plc. It involves the development of two new hotels – a 127-room Premier Inn, and a 130-room Hub by Premier Inn. Both hotel leases are on 20-year, fully repairing and insuring terms and are guaranteed by Whitbread Group plc. Such a development will give the Company solid exposure to the robust hospitality industry in Scotland's capital.

Towards the end of the period MAS completed the acquisition of 41% of the Karoo Investment Fund S.C.A SICAV-SIF ("Karoo Fund") for €34.2 million. The Karoo Fund owns a high-quality portfolio of both listed and unlisted property assets in Germany and the UK. The deal appealed to the Company as the shares were purchased at a discount to its NAV. It will provide MAS with both an attractive income over the next three years and a potential gain in the Karoo Fund when it ultimately redeems.

MAS has also exchanged contracts for the sale of one of its six Aldi stores in the German state of Baden-Württemberg, located in the town of Tuttlingen, for a disposal price of just over €3 million. This transaction will result in the company booking a healthy profit with the property currently carried at a book value of €2.16 million. This confirms the latent value in the high-quality sites that were selected in the original sale-and-leaseback transaction with Aldi. The Company expects the Tuttlingen sale to be completed by the end of January 2014 and the financial effects of the transaction are accordingly not included in the results in the period under review.

Metchley Hall, the student residential development in Birmingham, saw excellent occupancy levels in the new university year. This continues a trend seen in previous years where high-quality student accommodation continues to perform well despite the increased tuition fees that hurt the broader market.

The balance of the portfolio continues to perform broadly in line with both previous years and budgeted expectations. Rental escalations built into a number of the existing lease contracts will help produce inflation-protected returns on relatively low-risk tenant exposures.

INTEREST RATE HEDGES

The commercial benefit of the existing interest rate hedges on the portfolio's conservative gearing is considerable, as highly visible positive yield spreads are locked in over the life of the investments between rising rents and fixed or capped interest rates on borrowings. However, extremely long leases, long-term borrowings and hence long interest rate hedges, result in substantial fluctuations in non-cash mark-to-market valuations for the hedging instruments causing some non-cash income statement volatility. However, the directors remain focused on cash generation within the business, and not the volatility arising from the revaluation of long-term financial hedging instruments.

PROSPECTS

The Company intends raising capital in February 2014, and intends following this by migrating its listing to the JSE's Main Board, subject to the necessary approvals. The purposes of the proposed capital raising are to fund the acquisition of a strong pipeline, and the construction of phase one of the Caltongate development. The increasing scale and profile of the Company alongside a portfolio that reflects the capability of management to deliver on investment objectives, is beginning to reflect in an increased demand for MAS shares, as well as in a slowly improving liquidity in its trade.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim consolidated unaudited financial statements have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the principles of IAS 34: Interim Financial Reporting, and the Listings Requirements of the JSE Limited, except to the extent that interim comparative information has not been presented as indicated below. This is a departure from the requirements of IAS 34: Interim Financial Reporting. The accounting policies adopted in the preparation of the interim consolidated unaudited financial statements are consistent with those applied in the financial statements for the year ended 28 February 2013. The interim consolidated unaudited financial statements have not been reviewed or reported on by the Company's external auditors

CHANGE IN YEAR-END AND COMPARATIVES

In order to align the year-end of the Company with that of its major shareholder, Attacq Limited, the Company has changed its year-end from 28 February to 30 June. Accordingly, the next year-end of the Company will be 30 June 2014. The ten months under review constitute an interim period and these accounts have been prepared in order to transition to the 30 June 2014 year-end. As a result of the change, no comparative figures for the same period in the previous year are readily available and have therefore not been presented.

VALUATION OF INVESTMENT PROPERTIES

Investment properties are valued annually, at financial year-ends, by approved independent third-party valuers. In the interim accounts, the directors remain comfortable with the valuations of the properties for the year ended 28 February 2013. Considerable judgement is required in interpreting market data to determine the estimates of value and; accordingly the estimates of value presented in the financial statement are not necessarily indicative of the amounts that the Company could realise in a market exchange. The use of different market assumptions and / or estimation methodologies may have a material effect on the estimated fair values.

EVENTS AFTER THE REPORTING DATE

The directors are not aware of any matters or circumstances arising subsequent to the interim period that require any additional disclosure or adjustment to the interim consolidated unaudited financial statements.

DIVIDEND

A dividend of €1 680 229 has been proposed. Further information in this regard will be published in due course.

By order of the board

Ron Spencer
Chairman

Lukas Nakos
Chief executive officer

Douglas, Isle of Man
27 January 2014

Registered office
In the British Virgin Islands:
Midocean Chambers
Road Town
Tortola
British Virgin Islands

Directors
Jaco Jansen (non-executive)
Malcolm Levy (chief financial officer)
Lukas Nakos (chief executive officer)
Gideon Oosthuizen (non-executive)
Ron Spencer (non-executive chairman)

Company secretary
Helen Cullen

JSE sponsor
Java Capital

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ABRIDGED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Ten months ended 31 December 2013 Euro	Audited Year ended 28 February 2013 Euro
Revenue		
Gross rental income	3 450 408	4 090 484
Expenses		
Portfolio related expenses	(402 560)	(676 254)
Investment adviser fees	(831 786)	(618 836)
Administration expenses	(535 581)	(685 462)
Net operating income	1 680 481	2 109 931
Net fair value adjustments on investment property	—	(1 170 695)
Gain/(loss) from financial instruments	726 899	(60 616)
Equity accounted earnings	1 479	20 128
Exchange differences	1 341 039	(848 219)
Profit before net financing expenses	**3 749 898**	**50 530**
Finance income	186 220	11 614
Finance expense	(556 241)	(755 724)
Profit/(loss) before taxation	**3 379 877**	**(693 581)**
Taxation	(127 842)	(193 313)
Profit/(loss) for the period	**3 252 035**	**(886 893)**
Other comprehensive income		
Foreign currency translation differences	46 707	(217 330)
Total comprehensive income/(loss) for the period	**3 298 742**	**(1 104 223)**
Earnings/(loss) per share (euro cents)*	4.40	(2.06)
Headline earnings per share (euro cents)*	4.40	0.66
Adjusted core income per share (euro cents)*	2.27	4.21
Weighted average number of ordinary shares in issue	73 936 931	43 055 472
Adjusted core income	1 680 229	1 811 492

**The Company has no dilutionary instruments in issue*

ABRIDGED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Ten months ended 31 December 2013 Euro	Audited Year ended 28 February 2013 Euro
Non-current assets		
Goodwill	1 371 537	—
Investment property	70 640 221	57 012 693
Investments	34 650 536	—
Investment in associate	—	1 055 174
Loan to associate	—	2 433 270
Plant and equipment	55 512	47 577
Total non-current assets	**106 717 806**	**60 548 715**
Current assets		
Short term loans receivable	262 341	256 885
Trade and other receivables	1 243 925	753 610
Cash and cash equivalents	18 385 502	24 708 091
Total current assets	**19 891 768**	**25 718 585**
Total assets	**126 609 574**	**86 267 300**
Equity		
Share capital	107 980 979	67 423 236
Retained (losses)	(1 415 864)	(3 674 324)
Foreign currency translation reserve	513 312	466 605
Shareholder equity	**107 078 427**	**64 215 517**
Non-current liabilities		
Long term loans payable	15 671 626	17 465 162
Financial instruments	1 513 121	2 522 790
Total non-current liabilities	**17 184 747**	**19 987 952**
Current liabilities		
Short term loans payable	638 086	491 460
Trade and other payables	1 708 314	1 572 371
Total current liabilities	**2 346 400**	**2 063 831**
Total liabilities	**19 531 147**	**22 051 783**
Total equity and liabilities	**126 609 574**	**64 215 517**
Actual number of ordinary shares in issue	104 158 624	66 238 363
Net asset value per share (euro cents)	102.8	96.9

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Ten months ended 31 December 2013 Euro	Audited Year ended 28 February 2013 Euro
Cash generated from operating activities	937 643	1 947 319
Cash (used in) investing activities	(46 933 089)	(5 755 370)
Cash generated from financing activities	39 626 100	22 673 370
Cash and equivalents at the beginning of the period	24 708 091	5 742 861
Effect of exchange rate fluctuations	46 707	99 911
Cash and cash equivalents at the end of the period	**18 385 502**	**24 708 091**

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Euro	Retained losses Euro	Foreign currency transaction reserve Euro	Total Euro
Restated opening balance at 01 March 2012 (audited)	**42 154 015**	**(1 295 506)**	**683 935**	**41 542 444**
(Loss) for the period	—	(886 893)	—	(886 893)
Other comprehensive (loss)	—	—	(217 330)	(217 330)
Total comprehensive income	—	(886 893)	(217 330)	(1 104 223)
Issue of shares	25 269 221	—	—	25 269 221
Dividends paid	—	(1 491 925)	—	(1 491 925)
Closing balance at 28 February 2013 (audited)	**67 423 236**	**(3 674 324)**	**466 605**	**64 215 517**
Profit for the period	—	3 252 035	—	3 252 035
Other comprehensive income	—	—	46 707	46 707
Total comprehensive (loss)	—	3 252 035	46 707	3 298 742
Issue of shares	39 668 696	—	—	39 668 696
Dividends paid	889 047	(993 575)	—	(104 528)
Closing balance at 31 December 2013 (unaudited)	**107 980 979**	**(1 415 864)**	**513 312**	**107 078 427**

SEGMENT REPORT – 31 DECEMBER 2013

	Switzerland Euro	Germany Euro	United Kingdom Euro	Investments Euro	Corporate Euro	Total Euro
Statement of comprehensive income						
Revenue	621 682	889 396	1 939 330	—	—	3 450 408
Net profit/(loss) for the period	947 807	638 988	1 774 715	180 033	(289 508)	3 252 035
Statement of financial position						
Total assets	19 010 166	10 031 720	41 356 947	34 650 536	21 558 625	126 607 994

SEGMENT REPORT – 28 FEBRUARY 2013

	Switzerland Euro	Germany Euro	United Kingdom Euro	Investments Euro	Corporate Euro	Total Euro
Statement of comprehensive income						
Revenue	1 079 540	732 108	2 278 836	—	—	4 090 484
Net profit/(loss) for the period	811 821	(117 805)	598 218	—	(2 179 127)	(886 893)
Statement of financial position						
Total assets	18 881 246	9 959 003	33 231 251	—	24 195 800	86 267 300

RECONCILIATION OF PROFIT/(LOSS) FOR THE PERIOD TO HEADLINE EARNINGS

	Unaudited Ten months ended 31 December 2013 Euro	Audited Year ended 28 February 2013 Euro
Profit/(loss) for the period	3 252 035	(886 893)
Adjusted for:		
Revaluation of investment property	—	1 170 695
Headline earnings	**3 252 035**	**283 802**
Weighted average number of ordinary shares in issue	73 936 931	42 989 676
Headline earnings per share (cents)	4.40	0.66

RECONCILIATION OF PROFIT/(LOSS) FOR THE PERIOD TO CORE INCOME AND ADJUSTED CORE INCOME – SUPPLEMENTARY INFORMATION (UNAUDITED)

	Ten months ended 31 December 2013 Euro	Year ended 28 February 2013 Euro
Profit/(loss) for the period	3 252 035	(886 893)
Adjusted for:		
Movement in fair value adjustments	(726 899)	1 170 695
Fair value adjustments in associate	—	60 616
Exchange differences	(1 341 039)	848 219
Capital raising fees & structure costs	191 801	359 085
Core income	1 375 898	1 551 721
Income shortfall guarantee	304 330	259 771
Adjusted core income	**1 680 229**	**1 811 492**