

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this circular apply, *mutatis mutandis*, to this cover page.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Action required

If you have disposed of all your MAS shares, then this circular, together with the attached form of proxy, should be handed to the purchaser of such MAS shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial shareholders who hold dematerialised MAS shares through a CSDP or broker who wish to attend the Shareholders' Meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the Shareholders' Meeting or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Dematerialised shareholders who have elected "own-name" registration in the sub-register of MAS maintained by a CSDP, are referred to page 2 of this circular, which sets out the detailed action required of them in respect of the corporate action set out in this circular.

MAS does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised MAS shares to notify such shareholder of the transaction set out in this circular.



MAS REAL ESTATE INC.

Registered in the British Virgin Islands
Registration number 1750199
SEDOL (EMTF): B96VLJ5
SEDOL (JSE): B96TSD2
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13
("MAS" or "the Company")

CIRCULAR TO MAS SHAREHOLDERS

relating to:

- **the Category 2 acquisition by MAS of PK's effective economic interest in the Investment JV, together with the Property Management Platform, in consideration for the Consideration Shares. MAS and PK have agreed on the Transaction being conditional on MAS shareholder approval and the board obtaining a fairness opinion in accordance with the framework as provided for in terms of section 10.4 of the JSE Listings Requirements; and**
- **the reconstitution of the board,**

and enclosing:

- **a notice of Shareholders' Meeting; and**
- **a South African form of proxy to vote at the Shareholders' Meeting (for use by certificated MAS shareholders and dematerialised MAS shareholders on the South African share register who have elected "own-name" registration only).**

Corporate advisor and JSE sponsor

JAVACAPITAL

Independent reporting accountants



Independent expert

BDO

Legal advisors

CDH
CLIFFE DEKKER HOFMEYR

Date of issue: Monday, 28 October 2019

This circular is available in English only. Copies of this circular may be obtained from the registered office of the Company between 09:00 and 16:30 on business days from Monday, 28 October 2019 to Wednesday, 20 November 2019, both days inclusive. The circular will also be available on the Company's website <http://www.masrei.com/investor-relations/corporate-documents/> from Monday, 28 October 2019.

CORPORATE INFORMATION

Registered office

MAS Real Estate Inc.
Craigmuir Chambers
Road Town
Tortola
British Virgin Islands
and having its place of business at:
2nd Floor, Clarendon House
Victoria Street, Douglas
Isle of Man
IM1 2LN

Corporate advisor

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent, Sandown, 2196
(PO Box 522606, Saxonwold, 2132)

Luxembourg Stock Exchange listing agent

Harney Westwood & Riegels SARL
56 rue Charles Martel
L-2134
Luxembourg

Auditors

PricewaterhouseCoopers LLC
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Independent expert

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road, Parktown, 2193
(Private Bag X60500, Houghton, 2041)

BVI registrar

Computershare Investor Services (BVI) Limited
Woodbourne Hall
PO Box 3162
Road Town, Tortola
British Virgin Islands

Date and place of incorporation of the Company

Incorporated on 3 July 2008 in the Isle of Man and continued
in the BVI on 18 December 2012

Company secretary

Helen Cullen
2nd Floor, Clarendon House
Victoria Street, Douglas
Isle of Man
IM1 2LN

JSE sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent, Sandown, 2196
(PO Box 522606, Saxonwold, 2132)

Legal advisor

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent reporting accountants

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
4 Lisbon Lane
Waterfall City
Jukskei View
Midrand, 2090

South African transfer secretaries

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

TABLE OF CONTENTS

The definitions and interpretations commencing on page 4 of this circular have been used in the following table of contents:

	<i>Page</i>
Corporate information	Inside front cover
Action required by MAS shareholders	2
Salient dates and times	3
Definitions and interpretations	4
Circular to MAS shareholders	8
1. Introduction	8
2. Rationale	9
3. Strategy and prospects	10
4. Details of the Transaction	10
5. Conditions precedent	12
6. Other relevant considerations	12
7. Consolidated <i>pro forma</i> financial information	12
8. Reconstitution of the board	13
9. Additional information relating to directors	14
10. Major and controlling shareholders	16
11. Shareholders' Meeting	16
12. Directors' responsibility statement	16
13. Directors' recommendations	16
14. Litigation statement	17
15. Consents	17
16. Material changes	17
17. Preliminary and issue expenses	17
18. Conflicts of interest	17
19. Documents available for inspection	18
Annexure 1 Independent fairness opinion	19
Annexure 2 Consolidated <i>pro forma</i> financial information of MAS	25
Annexure 3 Independent reporting accountant's assurance report on the consolidated <i>pro forma</i> financial information of MAS	37
Notice of Shareholders' Meeting	39
South African form of proxy for certificated and "own-name" registered dematerialised MAS shareholders on the South African share register	Attached

ACTION REQUIRED BY MAS SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this circular apply, *mutatis mutandis*, to this section.

THE SHAREHOLDERS' MEETING

A Shareholders' Meeting will be held at 10:00 a.m. (GMT)/12:00 p.m. (SA time) on Wednesday, 20 November 2019, at 2nd Floor, Clarendon House, Victoria Street, Douglas, Isle of Man for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to be approved by shareholders in order to approve the Transaction and the reconstitution of the board.

A notice convening the Shareholders' Meeting is attached to and forms part of this circular.

VOTING AND PROXIES

There are different forms of proxy for shareholders on the European and South African share registers. If you are a shareholder, whether or not you intend to attend the meeting of shareholders, you are requested to complete the relevant form of proxy or form of instruction in accordance with the instructions printed thereon.

The South African form of proxy for shareholders on the South African share register is attached to and forms part of this circular.

Shareholders on the European share register and depository interest register may vote electronically by following the instructions printed upon their applicable voting form. Forms of proxy for certificated shareholders will be posted to shareholders with this document for use at the meeting. An example of the forms of proxy for shareholders on the European share register and holders of depository interest share register will be available on the MAS website www.masrei.com/investorrelations/corporatedocuments from Monday, 28 October 2019.

To be valid, the forms of proxy for use by shareholders on both the European and South African share registers must be completed and returned, in accordance with the instructions printed thereon to be received by the BVI registrar and South African transfer secretaries, respectively, by no later than 10:00 a.m. (GMT)/12:00 p.m. (SA time) on Monday, 18 November 2019. Forms of instruction for use by holders of depository interests must be completed and returned in accordance with the instructions printed thereon to be received by the Depository by no later than 10:00 a.m. (GMT)/12:00 p.m. (SA time) on Friday, 15 November 2019.

Shareholders on the South African register who hold their shares in dematerialised form registered in a name other than their own name, who wish to attend the shareholders' meeting in person, will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker. Such shareholders who are unable to attend the annual meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

Holders of depository interests who wish to attend the meeting in person, will need to request that their broker/nominee make a formal request by notifying the Depository in writing or email by no later than 10:00 a.m. (GMT)/12:00 p.m. (SA time) on Friday, 15 November 2019.

MAS does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of dematerialised shareholders to notify such shareholders of the Shareholders' Meeting or any business to be conducted thereat.

QUORUM FOR THE SHAREHOLDERS' MEETING

A meeting of shareholders or class of shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person (in the case of a shareholder who is an individual) or by a duly appointed representative (in the case of a shareholder who is a body corporate) or by proxy (in either case) a shareholder or shareholders not less than three shareholders holding in aggregate not less than 25% of the voting rights entitled to be exercised at the meeting.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this circular apply, *mutatis mutandis*, to this section.

2019

Record date to receive the circular and notice of Shareholders' Meeting	Friday, 18 October
Circular and notice of Shareholders' Meeting issued	Monday, 28 October
Announcement relating to the issue of the circular and notice of Shareholders' Meeting released on SENS and the LuxSE website	Monday, 28 October
Last day to trade in order to be eligible to participate in and vote at the Shareholders' Meeting	Tuesday, 12 November
Voting record date	Friday, 15 November
Last day to lodge forms of proxy for the Shareholders' Meeting by 10:00 a.m. (GMT)/12:00 p.m. (SA time)	Monday, 18 November
Shareholders' Meeting held at 10:00 a.m. (GMT)/12:00 p.m. (SA time)	Wednesday, 20 November
Results of the Shareholders' Meeting released on SENS and the LuxSE website	Wednesday, 20 November
Closing date on or about	Wednesday, 20 November
Completion date on or about	Wednesday, 27 November
Listing of the Consideration Shares on the JSE and listing and admission to trading of the Considerations Shares on the LuxSE expected from the commencement of trade on or about	Wednesday, 27 November

Notes:

1. All dates and times in this circular are subject to change. Any changes will be released on SENS and the LuxSE website.
2. MAS shareholders are referred to page 2 of this circular for information on the action required to be taken by them.
3. The completion of the Transaction is subject to the fulfilment or waiver of various conditions precedent, as further detailed in paragraph 5 below. As fulfilment or waiver of the conditions precedent is difficult to build into the timetable, the Company has assumed that the conditions precedent will be fulfilled or waived, as the case may be, on Wednesday, 20 November 2019.

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, unless inconsistent with the context, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“ Articles of Association ”	the Articles of Association of the Company dated 18 December 2012 and amended by resolution of the shareholders dated 17 February 2017;
“ auditors ” or “ PwC Isle of Man ”	PricewaterhouseCoopers LLC, further details of which are set out in the “Corporate Information” section;
“ board ” or “ board of directors ” or “ directors ”	the board of directors of MAS;
“ BVI registrar ”	Computershare Investor Services (BVI) Limited (Registration number 1450841), the BVI registrar to the Company, further details of which are set out in the “Corporate Information” section;
“ business day ”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“ BVI ”	British Virgin Islands;
“ BVI Companies Act ”	the BVI Business Companies Act, No. 16 of 2004, as amended from time to time;
“ CEE ”	Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Serbia, Macedonia, Montenegro and Albania together with any other country from the Central and Eastern European region which joins the European Union by way of full membership or in respect of which an accession process is initiated prior to the Closing Date;
“ CEO ”	chief executive officer;
“ certificated shareholder(s) ”	MAS shareholders who hold certificated shares;
“ certificated share(s) ”	MAS shares which have not yet been dematerialised into the Strate system, title to which is represented by physical documents of title;
“ CFO ”	chief financial officer;
“ CIO ”	chief investment officer;
“ circular ”	this circular dated Monday, 28 October 2019 and the annexures thereto, which has been prepared in compliance with the JSE Listings Requirements and the LuxSE Rules and Regulations;
“ closing date ”	the date of fulfilment or waiver (if applicable) of the conditions precedent, further details of which are set out in paragraph 5 of this circular;
the “ Company ” or “ MAS ”	MAS Real Estate Inc (Registration number 1750199), a public company incorporated and registered in accordance with the laws of BVI and listed on the JSE and the LuxSE, further details of which are set out in the “Corporate Information” section;
“ completion date ” or “ completion ”	the date which falls five business days after the closing date or on such later date as MAS and PK may agree;
“ conditions precedent ”	the conditions precedent set out in paragraph 5 of this circular;
“ Consideration Shares ”	the consideration shares to be issued by MAS to PK Holdings in consideration for PK’s effective economic interest in Investment JV and for the Property Management Platform, being 67 million MAS shares, representing 10.51% of the total number of the issued shares of MAS (excluding treasury shares) as at the last practicable date;
“ COO ”	chief operating officer;

“CSDP”	a Central Securities Depository Participant in South Africa, appointed to hold and administer dematerialised shares;
“dematerialised shareholder(s)”	shareholders who hold dematerialised shares;
“dematerialised share(s)”	shares which have been incorporated into the Strate system, title to which is not represented by physical documents of title;
“Development JV”	the property investment, development and management joint venture established between MAS and PK in March 2016;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the board;
“Euro” or “€”	Euro, the currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome in 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992);
“Europe”	all the Member States of the European Union;
“European share register”	the share register maintained on behalf of the Company in Europe by the BVI Registrar, further details of which are set out in the “Corporate Information” section;
“Framework Agreement”	the agreement entered into between MAS and PK in respect of the Transaction, as announced on 5 September 2019;
“GMT”	Greenwich Mean Time;
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB);
“Incentive Shares”	being an amount of 5.00% of the Consideration Shares;
“independent expert” or “BDO”	BDO South Africa Incorporated (Registration number 1995/002310/21), further details of which are set out in the “Corporate Information” section;
“independent reporting accountants” or “PwC”	PricewaterhouseCoopers Inc. (Registration number 1998/012055/21), further details of which are set out in the “Corporate Information” section;
“Investment JV”	the property investment joint venture and management joint venture operation constituted under the IJV Agreement, including the IJV Company and any other entities which hold any assets that are the subject of the Investment JV;
“IJV Agreement”	the amended and restated joint venture framework agreement in respect of property investment and management, dated 24 October 2018, between MAS, MAS CEE, IJV Company and PK Investco;
“IJV Company”	PKM CEE Investments Ltd (Registration number 013926V), a company incorporated and registered in accordance with the laws of the Isle of Man and a wholly-owned subsidiary of MAS CEE;
“Java Capital” or “JSE sponsor”	Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), in its capacity as sponsor to the Company and Java Capital Proprietary Limited (Registration number 2012/089864/07) in its capacity as corporate advisor to the Company, both private companies incorporated and registered in accordance with the laws of South Africa, further details of which are set out in the “Corporate Information” section;
“JSE”	the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;

“last practicable date”	Friday, 18 October 2019, being the last practicable date prior to the finalisation of this circular;
“legal advisor” or “CDH”	Cliffe Dekker Hofmeyr Incorporated (Registration number 2008/018923/21), further details of which are set out in the “Corporate Information” section;
“Lock-in Period”	being a period of three years commencing on the closing date;
“LuxSE”	the Euro MTF market of the Luxembourg Stock Exchange;
“LuxSE Rules and Regulations”	the Rules and Regulations of the LuxSE governing, amongst other things, the Euro MTF market of the LuxSE;
“LuxSE website”	the website of the LuxSE where issuer notices are published (www.bourse.lu);
“major subsidiaries”	a major subsidiary as defined in the JSE Listings Requirements, namely a subsidiary that represents 25% or more of total assets or revenue of the consolidated MAS Group based on the latest published interim or year-end financial results;
“Management Participants”	key individuals that are employees of, or service providers to, the Property Management Platform;
“MAS CEE”	MAS CEE Investments Limited (Registration number 197333456), a company incorporated and registered in accordance with the laws of the BVI and a wholly-owned subsidiary of MAS;
“MAS Group”	MAS and each of its subsidiaries from time to time;
“MAS shares” or “shares”	ordinary shares of no-par value in the issued share capital of the Company;
“MAS shareholders” or “shareholders”	the registered holder of a share;
“NAV”	net asset value, as determined in accordance with IFRS;
“new directors”	Martin Slabbert, Victor Semionov and Dan Petrisor, further details of whom are set out in paragraph 8 of this circular;
“own-name dematerialised shareholder(s)”	dematerialised shareholders who have elected own-name registration;
“parties”	collectively, MAS and PK;
“PK”	Prime Kapital Ltd (Registration number 012175V), a company incorporated and registered in accordance with the laws of the Isle of Man;
“PK’s effective economic interest in the Investment JV”	an effective 20% participation in the Investment JV, before taking into account the interest cost on the participation funding that is provided by MAS in terms of the IJV Agreement;
“PK Group”	PK and each of its subsidiaries from time to time;
“PK Holdings”	Prime Kapital Holdings Ltd (Company number 013332V), a company incorporated under the laws of the Isle of Man and the holding company of PK;
“PK Investco”	Prime Kapital CEE Property Investment Management Ltd (Registration number 1971907), a company incorporated under the laws of the BVI and a wholly-owned subsidiary of PK;
“PK Investco Share”	a share in the share capital of PK Investco;
“PK Loan Claim”	the claims of a member of the PK Group (other than PK Investco) under a PK Investco group loan or a profit-sharing loan made to the Investment JV in terms of the IJV Agreement;
“PKM Development”	PKM Development Limited (Registration number 013285V), a company incorporated under the laws of the Isle of Man. MAS CEE owns 40% of the ordinary share capital, with the balance of 60% being owned by PK;

“PMP” or “Property Management Platform”	all of the contracts, human resources (being the PMP Employees), systems, processes and intellectual property, including but not limited to data, models and software, utilised in the management of the real estate investment properties held by the Investment JV, which as at the closing date are held by Prime Kapital Development SRL, PK Property Management (Poland) Sp. z.o.o and PK Property Management (Bulgaria) EOOD and which are required to provide the “Services” under (and as defined in) the IJV Agreement;
“PMP Asset”	the rights and interests of a member of the PK Group (other than PK Investco), in and to the Property Management Platform, or any component thereof, the Investment JV or otherwise under the Investment JV Agreement, as at the closing date, that are necessary to operate the Property Management Platform;
“PMP Employee”	each person employed by members of the PK Group within the Property Management Platform (and as specifically listed in the Framework Agreement);
“R” or “Rand” or “ZAR”	South African Rand, the official currency of South Africa;
“reconstitution of the board”	the reconstitution of the board of directors, further details of which are set out in paragraph 8 of this circular;
“register”	the share register of the Company;
“SENS”	the Stock Exchange News Service, the news service operated by the JSE;
“share registers”	collectively, the European share register and the South African share register;
“Shareholders’ Meeting”	the meeting of MAS shareholders to be held at 10:00 a.m. (GMT)/12:00 p.m. (SA time) on Wednesday, 20 November 2019 called for the purpose of adopting with or without modification, the resolutions set out in the notice of Shareholders’ Meeting attached to this circular;
“South Africa” or “SA”	the Republic of South Africa;
“South African share register”	the share register maintained on behalf of the Company in South Africa by the South African transfer secretaries;
“South African transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in accordance with the laws of South Africa, further details of which are set out in the corporate information section of this circular;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement system used by the JSE;
“Transaction”	the acquisition by MAS of PK’s effective economic interest in Investment JV, together with the Property Management Platform in exchange for the Consideration Shares, as more fully detailed in this circular; and
“voting record date”	the date on which a MAS shareholder must be recorded in the share register of the Company in order to vote at the Shareholders’ Meeting, being the close of business on Friday, 15 November 2019.



MAS REAL ESTATE INC.

Registered in the British Virgin Islands
Registration number 1750199
SEDOL (EMTF): B96VLJ5
SEDOL (JSE): B96TSD2
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13
("MAS" or "the Company")

Directors

Ron Spencer (*Independent non-executive chairman*)
Werner Alberts (*Lead independent non-executive director*)
Werner Behrens (*CEO*)
Paul Osbourn (*CFO*)
Jonathan Knight (*CIO*)
Glynnis Carthy (*Independent non-executive director*)
Pierre Goosen (*Independent non-executive director*)
Jaco Jansen (*Independent non-executive director*)
Melt Hamman (*Non-executive director*)
Malcom Levy (*Non-executive director*)

CIRCULAR TO MAS SHAREHOLDERS

1. INTRODUCTION

- 1.1 MAS is a commercial property investor, developer and operator listed on the Main Board of the JSE and listed and admitted to trading on the LuxSE.
- 1.2 MAS was established in 2008 and has assembled, through acquisition and development, a high-quality portfolio of retail, office, industrial, logistics and hotel properties in Romania, Germany, the United Kingdom, Bulgaria, Poland and Switzerland.
- 1.3 As previously announced on SENS and the LuxSE website, in March 2016, MAS, MAS CEE and PK entered into a development joint venture agreement in terms of which MAS obtained exposure to PK's development activities in CEE through the establishment of the development joint venture company, being PKM Development.
- 1.4 This was followed by MAS and PK forming the Investment JV in November 2016, a property investment and management joint venture which is governed by the IJV agreement. MAS owns 100% of the IJV Company which was established for the purposes of acquiring, investing in and disposing of yielding high quality investment grade commercial real estate assets in CEE. The IJV Agreement provides for a participation model, whereby 20% of the funding requirement of investments made in the Investments JV is provided to PK by MAS CEE. This funding is made by way of 20-year participation loans, with interest charged at the weighted average cost of external debt of the Investment JV. Under the terms of the IJV agreement, PK Investco shall procure the provision of the services, as outlined in paragraph 2.2 below, to the Investment JV. Accordingly, MAS CEE earns 80% of the return on investments made by the IJV Company, plus the interest on the participation loans, whilst PK Investco earns 20% of the return, less the interest on the participation loans.
- 1.5 In line with its strategy (detailed in paragraph 3 below) and as announced on SENS and the LuxSE website on 5 September 2019 MAS has entered into a Framework Agreement in terms of which:
 - 1.5.1 MAS will purchase PK's effective economic interest in the Investment JV, together with the Property Management Platform in consideration for the Consideration Shares, as more fully described in paragraph 4 of this circular; and

- 1.5.2 MAS will reconstitute its board of directors on the completion date, as more fully described in paragraph 8 of this circular.
- 1.6 The board, having regard to the significance of the Transaction for MAS, its rationale for the Transaction (as set out in paragraph 2 below), as well as the Company's stated strategy (as set out in paragraph 3 below), considered it prudent for the Transaction to be conditional on MAS shareholder approval and applying the framework as provided for in section 10.4 of the JSE Listings Requirements, which includes obtaining a fairness opinion.
- 1.7 Accordingly, whilst the Transaction constitutes a Category 2 transaction for MAS in terms of section 9 of the JSE Listings Requirements and as such does not, in terms of the JSE Listings Requirements, require MAS shareholder approval, MAS and PK have agreed to the Transaction being conditional on the following:
- 1.7.1 the Transaction being approved by MAS shareholders by way of a resolution, which requires the support of more than 50% of the voting rights exercised on the resolution by shareholders;
- 1.7.2 PK and its associates, undertaking to preclude themselves from voting on the Transaction. As at the last practicable date, no MAS shares are held by PK or any of its associates; and
- 1.7.3 the board appointing the independent expert to provide a fairness opinion on the Transaction in accordance with the framework as provided for in section 10.4 of the JSE Listings Requirements.
- 1.8 The purpose of this circular is to:
- 1.8.1 provide MAS shareholders with information relating to the Transaction and the reconstitution of the board to enable shareholders to make an informed decision as to whether they should vote in favour of the Transaction and the reconstitution of the board; and
- 1.8.2 give notice convening the Shareholders' Meeting at which the resolutions necessary to approve and implement the Transaction and the reconstitution of the board will be considered and, if deemed fit, approved with or without modification. The notice convening the Shareholders' Meeting is attached to and forms part of this circular.

2. RATIONALE

- 2.1 The Transaction is consistent with MAS' strategy, as set out in paragraph 3 below, to increase its geographical focus in higher growth CEE markets, with a predominant focus on retail property assets, and to integrate the capability to manage and enhance its own assets and earnings by providing MAS with:
- 2.1.1 additional exposure to the portfolio of income-generating CEE retail properties held in the Investment JV;
- 2.1.2 the necessary human resources, systems, processes and intellectual property to manage the assets in the Investment JV without reliance on third parties; and
- 2.1.3 an experienced management team that is well known to MAS with a proven track record of delivery in the CEE markets and strong alignment of interests with MAS.
- 2.2 The Property Management Platform to be acquired, which will comprise approximately 110 PMP Employees, includes all the human resources, systems, processes, intellectual property and contracts which are utilised in the management of the real estate investment properties held by the IJV Company and are required to provide the services as envisaged in the IJV Agreement. These services include, *inter alia*, management services (including tenancing and tenant relations, optimisation of assets and maintenance of the assets), identifying on a non-exclusive basis suitable assets for acquisition by the IJV Company and undertaking the initial analysis and due diligence work using proprietary business tools and managing legal, accounting and technical due diligences, managing the acquisition process and negotiations of acquisitions, detailed financial reporting for MAS in respect of the Investment JV interests including preparation of consolidated management accounts for the IJV Company and subsidiaries and for the MAS Group, debt raising services, group cash management and treasury services, negotiating and implementing financial hedging transactions (if required by the board of the IJV Company), preparation of management reports and all other activities required by the IJV Company's board for the orderly day-to-day operation of the Investment JV.
- 2.3 Both qualitative and quantitative efficiencies are expected to be realised as a result of the Transaction.
- 2.4 The Transaction provides further momentum to MAS as it divests from the slower growth Western European markets.

3. STRATEGY AND PROSPECTS

- 3.1 As stated in MAS' annual results for the year ended 30 June 2019, which were published on SENS and the LuxSE website on 5 September 2019, the revised strategic direction of the business includes the ability for MAS to manage its income-generating investment properties in CEE without reliance on third parties.
- 3.2 This strategic intent envisages that MAS will strengthen its institutional capacity to manage and grow its CEE investments.
- 3.3 With MAS having delivered on its strategy and distribution targets for the year ended 30 June 2019, it has set itself a three-year target of growing its distribution per share by 30% for the year ending 30 June 2022, as compared to the 8.75 euro cents distribution per share achieved for the year ended 30 June 2019. This information has not been reviewed or reported on by the MAS Group's auditors and has been extracted from its annual results for the year ended 30 June 2019.
- 3.4 It should be noted that this targeted growth will not be linear, given that the strategic changes referred to above will include implementing a phased re-deployment of capital from Western Europe into CEE over time. This target is based on the assumption that a stable macroeconomic environment will prevail, no major corporate failures will occur and that budgeted rental income, based on contractual escalations and market-related renewals, will be collected. In addition, the target assumes that investments in Western Europe will be disposed of at least for book value and redeployed contemporaneously in CEE markets at a rate of return on equity at least equivalent to what is currently being achieved in Western Europe.
- 3.5 MAS will continue to pursue profitable growth through further acquisition and development opportunities in CEE.

4. DETAILS OF THE TRANSACTION

- 4.1 In terms of the Framework Agreement, MAS, or any entity within the MAS Group, will acquire PK's effective economic interest in the Investment JV, together with the Property Management Platform, in return for the Consideration Shares.
- 4.2 Subject to the fulfilment or waiver (as applicable) of the conditions precedent set out in paragraph 5 below, the Transaction will be implemented as follows:
 - 4.2.1 PK will sell and transfer to MAS all the PK Investco Shares (or otherwise enter into arrangements for the termination, or transfer to MAS of the net economic benefits PK Investco effectively enjoys pursuant to the IJV Agreement);
 - 4.2.2 each applicable member of the PK Group will assign and transfer to MAS all its rights, title and interests in, and to, its PK Loan Claims; and
 - 4.2.3 each applicable member of the PK Group will:
 - 4.2.3.1 assign and transfer to MAS all its rights, title and interests in, and to, its PMP Assets; and
 - 4.2.3.2 transfer to MAS the PMP Employees employed by it or otherwise (if deemed to be more efficient) facilitate access to the asset management capability through appropriate sub-contracting or shared services arrangements (on the basis that MAS may at any time require the relevant PMP employees to be transferred to it),on and with effect from the completion date or such subsequent date on which the Transaction completes.
- 4.3 The Framework Agreement provides that the parties may, if considered necessary in order to provide for a more efficient transaction structure, implement the transfer of PK's effective economic interest in the Investment JV and/or the Property Management Platform by such alternative mechanism(s) as they may agree.
- 4.4 PK undertakes to MAS that it (or its nominees, if applicable) will not during the Lock-in Period, transfer any interest in the Consideration Shares (other than the Incentive Shares to be issued to the Management Participants) to another person. This restriction does not apply to a transfer of Consideration Shares:
 - 4.4.1 pursuant to an intervening court order;
 - 4.4.2 pursuant to the acceptance of a general offer made to shareholders (or to all such shareholders other than the offeror and/or any persons acting in concert with the offeror) to acquire all the issued shares in MAS (other than any such shares already owned by the offeror and any person acting in concert with the offeror) or to the execution of an irrevocable undertaking to accept such offer;

- 4.4.3 pursuant to an offer by MAS to purchase its own shares which is to be made on identical terms to the holders of shares in MAS of the same class; and
- 4.4.4 by PK to a connected party or a direct or indirect shareholder of PK, provided that such person agrees to be bound by the Lock-in Period.
- 4.5 PK, in consultation with MAS, will identify the Management Participants and will allocate to them the Incentive Shares.
- 4.6 On the completion date, MAS shall:
 - 4.6.1 allot and issue, credited as fully paid:
 - 4.6.1.1 to PK Holdings, all the Consideration Shares (other than the Incentive Shares); and
 - 4.6.1.2 to the Management Participants, the Incentive Shares (or, pending identification of, and allocation to, eligible Management Participants, all applicable Incentive Shares are to be held in trust or warehoused by PK Holdings for the benefit of future Management Participants); and
 - 4.6.2 deliver to PK any regulatory or shareholder approvals necessary for it to complete the Transaction.
- 4.7 On the completion date, PK shall:
 - 4.7.1 transfer all the PK Investco Shares to MAS or its nominees and take such action, as is necessary for that MAS transferee to acquire legal and beneficial ownership of all those shares;
 - 4.7.2 take whatever steps are legally required to complete and perfect the assignment and/or transfer of the applicable PK Loan Claims, PMP Assets and PMP Employees (or, if deemed to be more efficient, facilitate access to the asset management capability through appropriate sub-contracting or shared services arrangements on the basis that MAS may at any time require the relevant PMP Employees to be transferred to it);
 - 4.7.3 unless otherwise directed by MAS, procure that the directors and other officers of PK Investco resign their offices and deliver to MAS deeds of resignation executed by each of them, confirming that they have no claims against PK Investco as a result of their holding of office or the loss thereof; and
 - 4.7.4 procure that each person nominated by MAS as director or other officer of PK Investco is appointed to the relevant office.
- 4.8 Following the closing date and for the duration of the Lock-in Period, MAS will continue to provide, on a cost recovery basis, such property management platform services to the Development JV as were provided to the Development JV by PK Investco before the closing date.
- 4.9 Following the closing date PK shall, or procure that a PK Group entity shall, provide to the MAS Group, on a cost recovery basis, such commercial property development and general contractor service as may be required and currently contemplated in relation to the refurbishment, extension and redevelopment of the commercial real estate assets held within the Investment JV on the closing date.
- 4.10 PK and its affiliates, associates and related parties, including Martin Slabbert, shall not at any time during the Lock-in Period, operate or own, directly or indirectly, in aggregate between them, a substantial stake (being a stake of more than 15%) in any business that provides asset management services in relation to commercial real estate similar to those provided by the Property Management Platform to a person which is not a member of the PK Group.
- 4.11 PK shall ensure that, for the duration of the Lock-in Period, the Property Management Platform remains able and retains the capacity to provide to the Investment JV all the services currently provided by it under the IJV Agreement.
- 4.12 Given that MAS is already invested in the Investment JV and has had a level of involvement in the activities of PK Investco and the Property Management Platform, the Framework Agreement contains only such limited warranties as MAS considered necessary and appropriate.
- 4.13 MAS will indemnify:
 - 4.13.1 each Management Participant in respect of any taxes, social insurance contributions, pension premiums or contributions or similar charges incurred by a Management Participant pursuant to benefits that accrue in connection with the Incentive Shares; and

- 4.13.2 Martin Slabbert and Victor Semionov in respect of any taxes, social insurance contributions, pension premiums or contributions or similar charges incurred by them pursuant to the amounts disclosed in **Annexure 2** as “implied compensation” attributable to each of them (it being noted that the amounts so referred to in **Annexure 2** are notional amounts, and accounted for as executive remuneration by MAS for accounting compliance purposes only). As stated in paragraph 8.5 below, neither Martin Slabbert nor Victor Semionov are entitled to receive any remuneration in connection with their board appointments.
- 4.14 In relation to the Development JV, the following principles have been agreed as part of the Transaction:
 - 4.14.1 any potential acquisition by MAS from PKM Development during the Lock-in Period will be subject to MAS shareholder approval;
 - 4.14.2 any extensions or alterations to the funding commitments provided by MAS to PKM Development during the Lock-in Period will be subject to MAS shareholder approval; and
 - 4.14.3 any director of MAS that has a direct or indirect interest or participation in PKM Development will not be appointed as a director of PKM Development and is prevented from representing MAS with respect to PKM Development.
- 4.15 Save as provided for in paragraph 4.14 above, the Development JV is unaffected by the Transaction.
- 4.16 It will be necessary from time to time for members of the PK Group on the one hand, and members of the MAS Group on the other hand, to enter into further agreements and arrangements to give practical effect to the binding principles agreed in the Framework Agreement. Any such further agreements and arrangements will, provided that they do not give rise to material rights or obligations which are not envisaged in the Framework Agreement, not for purposes of the JSE Listings Requirements be regarded as further transactions between the PK Group on the one hand, and members of the MAS Group on the other hand, or as amendments to the Transaction as approved by shareholders pursuant to this circular.

5. CONDITIONS PRECEDENT

- 5.1 The Transaction is subject to the fulfilment or waiver (as applicable) of the following conditions precedent:
 - 5.1.1 MAS and PK obtaining all applicable corporate authorisations, including board and shareholder approval (it has been agreed by the parties that the usual requirements applicable to related party transactions as envisaged in section 10.4 of the JSE Listings Requirements will be complied with in relation to the Transaction);
 - 5.1.2 MAS and PK obtaining all applicable regulatory consents, including the approval of the Transaction by any applicable competition law authority;
 - 5.1.3 the reconstitution of the board of directors of MAS (as described in paragraph 8 below) (and each of its subsidiaries if applicable);
 - 5.1.4 MAS (a) remaining listed on the JSE and the LuxSE and trading in its shares not being suspended at the closing date; (b) not being exposed to circumstances that may reasonably be expected to have a material adverse effect on liquidity of trading in, or the value of, its shares; and (c) not announcing that it is in the process of merging or combining its business with another company or is in the process of undertaking any other corporate action that implies a change in its strategy outlined in paragraph 3 above; and
 - 5.1.5 PK (where required) obtaining the consent of any third party required to permit the transfer of a PMP Asset (in the form of contracts, licences or other intellectual property) or, where this is not possible, the parties agreeing to appropriate sub-contracting or service provision and indemnification provisions, by no later than 31 December 2019 or such later date as may be agreed in writing between the parties.

6. OTHER RELEVANT CONSIDERATIONS

The independent expert has concluded, in terms of the fairness opinion, that the terms of the Transaction are fair to MAS shareholders. The fairness opinion is set out in **Annexure 1**.

7. CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

- 7.1 The consolidated *pro forma* statement of profit or loss, the consolidated *pro forma* statement of other comprehensive income and consolidated *pro forma* statement of financial position of MAS (the “*pro forma financial information*”), showing the *pro forma* effects of the Transaction are set out in **Annexure 2** to this circular and should be read in conjunction with the independent reporting accountants’ assurance report thereon which is presented in **Annexure 3**.

- 7.2 The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Transaction may have affected the financial position of MAS assuming it was implemented on 30 June 2019 for the purposes of the consolidated *pro forma* statement of financial position, and the performance of MAS assuming it was implemented on 1 July 2018 for the purposes of the consolidated statement of profit or loss and the consolidated *pro forma* statement of other comprehensive income. Because of its nature, the *pro forma* financial information may not fairly represent MAS's financial position, or results of operations after the Transaction.
- 7.3 The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of directors of MAS. The *pro forma* financial information has been prepared in accordance with MAS' accounting policies for the year ended 30 June 2019 which are in compliance with IFRS, the revised Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants ("SAICA"), the JSE Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the BVI Companies Act.
- 7.4 Extracts from the *pro forma* financial information of MAS are set out below:

	Before the transaction	<i>Pro forma</i> after the transaction	Percentage change (%)
Basic earnings per share (Euro cents)	8.63	8.41	(2.6)
Headline earnings per share (Euro cents)	0.84	1.36	61.9
Diluted basic earnings per share (Euro cents)	8.63	8.41	(2.6)
Diluted headline earnings per share (Euro cents)	0.84	1.36	61.9
Distributable earnings per share (Euro cents)	9.01	8.56	(5.0)
Net asset value per share (Euro cents)	134.6	125.0	(7.1)
Net tangible asset value per share (Euro cents)	129.8	120.6	(8.2)
Actual number of shares in issue	637 493 798	704 493 798	10.5
Weighted average number of shares in issue	637 493 798	704 493 798	10.5

- 7.5 Detailed notes and assumptions regarding the *pro forma* financial information are set out in **Annexure 2**.

8. RECONSTITUTION OF THE BOARD

- 8.1 Subject to the Transaction being approved by the requisite majority of shareholders at the Shareholders' Meeting, with effect from the closing date and following the conclusion of the Shareholders' Meeting:
- 8.1.1 Werner Behrens will resign as CEO and director of MAS;
- 8.1.2 Paul Osbourn will resign as CFO and director of MAS; and
- 8.1.3 Ron Spencer will retire from the board.
- 8.2 Subject to the Transaction being approved by the requisite majority of shareholders at the Shareholders' Meeting, the board will be reconstituted with effect from the closing date and following the conclusion of the Shareholders' Meeting. The appointment of the new directors is subject to the approval of shareholders at the Shareholders' Meeting.

The full names, ages, business addresses, qualifications, position and experience of the new directors are set out below:

Name and age	Martin Slabbert (48)
Business address	Globalworth Tower, 11th Floor, 201 Barbu Vacarescu St, 020276 Bucharest, Romania
Qualifications	BCom, LLB (<i>cum laude</i>), MCom (<i>cum laude</i>), Dip FMI, CF (England and Wales)
Position	CEO
Experience	Martin has 24 years of real estate, turn-around and finance industry experience. 2007 – 2015: Co-Founder and CEO, New Europe Property Investments plc; 2005 – 2006: Partner, Deloitte Central Europe (Corporate Finance); Prior to 2005: CFO Premier Foods on secondment from Nedbank; General Manager in the capital management cluster of the Nedbank Group; Senior Vice-President for shareholders' funds, member of the Executive Committee at Nedcor Investment Bank; HSBC Investment Services (Africa) (Pty); Arthur Andersen.

Name and age	Dan Petrisor (29)
Business address	Globalworth Tower, 11th Floor, 201 Barbu Vacarescu St, 020276 Bucharest, Romania
Qualifications	BSc, MSc
Position	CFO
Experience	Dan's expertise is in the real estate investment and finance industry. He has worked as a Portfolio Manager in listed real estate securities at Kempen Capital Management, Amsterdam where his primary focus was on the residential, data centre and self-storage property. In addition, Dan has experience in CEE real estate investment analysis and finance across all property sectors.
Name and age	Victor Semionov (42)
Business address	Globalworth Tower, 11th Floor, 201 Barbu Vacarescu St, 020276 Bucharest, Romania
Qualification	BCom
Position	COO
Experience	Victor has 20 years of real estate, turn-around and finance industry experience. 2007 – 2015: Co-Founder and former CFO and COO of New Europe Property Investments plc. 1999 – 2006: Assistant Director, Deloitte Central Europe (Corporate Finance).

- 8.3 The remuneration and nomination committee of the board has reviewed the independence of each of the non-executive directors and has re-classified Jaco Jansen's status from non-executive director to independent non-executive director.
- 8.4 MAS will appoint two additional reputable and suitably qualified independent non-executive directors to the board as soon as possible and prior to the completion date. Appropriate announcements will be made on SENS and the LuxSE website as soon as the appointments have been finalised.
- 8.5 Accordingly, with effect from the closing date and following the conclusion of the Shareholders' Meeting, it is anticipated that the reconstituted board will comprise an independent non-executive director to be appointed as Chairman, Werner Alberts (lead independent non-executive director), Martin Slabbert (CEO), Dan Petrisor (CFO), Victor Semionov (COO), Jonathan Knight (CIO), Glynnis Carthy (independent non-executive director), Pierre Goosen (independent non-executive director), Jaco Jansen (independent non-executive director), Melt Hamman (non-executive director), Malcom Levy (non-executive director) and an additional independent non-executive director.
- 8.6 Martin Slabbert and Victor Semionov will serve as CEO and COO, respectively, for the duration of the Lock-in Period. If required by MAS, on expiry of the Lock-in Period, Martin Slabbert will be appointed to the board as the Chairman or a non-executive director.
- 8.7 The appointments of Martin Slabbert and Victor Semionov will be on the basis that no remuneration is payable to either of them by MAS for the duration of the Lock-in Period.

9. ADDITIONAL INFORMATION RELATING TO DIRECTORS

9.1 Directors' interests in MAS shares

- 9.1.1 The directors' interests in MAS shares as at 30 June 2019 are set out below. This includes the interests of persons who are no longer directors, but resigned during the last 18 months. Direct and indirect beneficial interests are disclosed. In addition, interests of associates of directors, where the director has no beneficial interest, are separately disclosed (this relates principally to the holdings of spouses and minor children):

Director	Direct beneficial	Indirect beneficial	Held by associates	Total shares	% of total shares
Werner Behrens	19 629	842 980	–	862 609	0.13
Paul Osbourn	–	688 147	–	688 147	0.11
Jonathan Knight	626 525	1 500 000	–	2 126 525	0.33
Ron Spencer	12 061	–	–	12 061	–
Malcolm Levy	11 633	–	1 568 928 ¹	1 580 561	0.25
Jaco Jansen	–	–	–	–	–
Pierre Goosen	–	–	46 679 ¹	46 679	–
Glynnis Carthy	–	–	–	–	–
Werner Alberts	–	–	–	–	–
Melt Hamman	–	3 300 ²	990 ¹	4 290	–
Morne Wilken ³	284 039	–	–	284 039	0.04
Gideon Oosthuizen ³	–	240 000 ⁴	–	240 000	0.04
Total	953 887	3 274 427	1 616 597	5 844 911	0.90

Notes:

1. Non-beneficial to director.
2. Family trust.
3. Resigned with effect from 14 December 2018.
4. Associate company.

9.1.2 There were no changes to the interests of directors in MAS shares between 30 June 2019 and the last practicable date.

9.1.3 The anticipated directors' interests in MAS shares immediately post the completion of the transaction is set out below. This includes the interests of persons who are no longer directors, but resigned during the last 18 months. Direct and indirect beneficial interests are disclosed. In addition, interests of associates of directors, where the director has no beneficial interest, are separately disclosed (this relates principally to the holdings of spouses and minor children):

Director	Direct beneficial	Indirect beneficial	Held by associates	Total shares	% of total shares
Werner Behrens ⁵	–	–	–	–	–
Paul Osbourn ⁵	–	–	–	–	–
Jonathan Knight	626 525	1 500 000	–	2 126 525	0.29
Ron Spencer	12 061	–	–	12 061	–
Malcolm Levy	11 633	–	1 568 928 ¹	1 580 561	0.22
Jaco Jansen	–	–	–	–	–
Pierre Goosen	–	–	46 679 ¹	46 679	–
Glynnis Carthy	–	–	–	–	–
Werner Alberts	–	–	–	–	–
Melt Hamman	–	3 300 ²	990 ¹	4 290	–
Morne Wilken ³	284 039	–	–	284 039	0.04
Gideon Oosthuizen ³	–	240 000 ⁴	–	240 000	0.03
Martin Slabbert ⁶	–	3 047 257 ⁷	–	–	0.43
Dan Petrisor ⁶	–	–	–	–	–
Victor Semionov ⁶	–	1 400 000 ⁸	–	–	0.18
Total	934 258	7 721 684	1 616 597	4 294 155	1.19

Notes:

1. Non-beneficial to director.
2. Family trust.
3. Resigned with effect from 14 December 2018.
4. Associate company.
5. Resigned with effect from the completion date.
6. Appointed with effect from the completion date.
7. The shares are held by a company, owned by a discretionary family trust of which the director is a beneficiary.
8. The shares are held by a company, owned by the director and a discretionary family trust of which the director is a beneficiary.

9.2 Directors' interests in transactions

Save in respect of the directors' interests in MAS shares, as set out in paragraph 9.1.1 above and as disclosed in note 38 of the Company's audited consolidated financial statements for the year ended 30 June 2019, no director of MAS has or had any material beneficial interest, whether direct or indirect, in any transaction that was effected by MAS during the current or immediately preceding financial year or during an earlier financial year and which remains in any respect outstanding or unperformed.

10. MAJOR AND CONTROLLING SHAREHOLDERS

- 10.1 Set out below are the names of shareholders, other than directors, that are directly or indirectly, beneficially interested in 5.00% or more of the issued shares of MAS as at 30 June 2019.

Shareholder	Number of shares	% of issued share capital*
Attacq Limited	146 818 251	22.84
Argosy	54 772 439	8.52
Government Employees Pension Fund	52 962 397	8.24
Total	254 553 087	39.60

*Based on the total number of shares in issue (including treasury shares) as at 30 June 2019.

- 10.2 Set out below are the names of MAS shareholders, other than directors, that are anticipated to be, directly or indirectly, beneficially interested in 5.00% or more of the issued shares following completion of the Transaction:

Shareholder	Number of shares [#]	% of issued share capital*
Attacq Limited	146 818 251	20.68
Argosy	54 772 439	7.72
Government Employees Pension Fund	52 962 397	7.46
Prime Kapital Holdings Ltd	63 650 000	8.97
Total	318 203 087	44.83

*Based on the total number of shares in issue (including treasury shares) as at 30 June 2019.

[#]As at 30 June 2019.

- 10.3 As at the last practicable date, the Company does not have a controlling shareholder. There has been no change in the controlling shareholders of the Company or its major subsidiaries during the five years preceding the last practicable date.
- 10.4 The Transaction will not result in a change in the controlling shareholder of the Company or any of its major subsidiaries.

11. SHAREHOLDERS' MEETING

A Shareholders' Meeting will be held at 2nd Floor, Clarendon House, Victoria Street, Douglas, Isle of Man on Wednesday, 20 November 2019 at 10:00 a.m. (GMT)/12:00 p.m. (SA time) in order for MAS shareholders to consider and, if deemed fit, to pass, with or without modification, the resolutions in the manner required by the JSE Listings Requirements to approve the Transaction and the reconstitution of the board.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 8 of this circular, collectively and individually accept full responsibility for the accuracy of the information provided and certify that to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this circular contains all information required by law and the JSE Listings Requirements and the LuxSE Rules and Regulations.

13. DIRECTORS' RECOMMENDATIONS

The board, having regard to the Company's rationale for the Transaction and its stated strategy, as detailed in paragraphs 2 and 3 above, has considered the terms of the Framework Agreement and considers them to be fair (as advised by the independent expert) and recommends that shareholders vote in favour of the resolutions set out in the notice of Shareholders' Meeting necessary to, *inter alia*, effect the implementation of the Transaction and the reconstitution of

the board.

14. LITIGATION STATEMENT

As disclosed in note 21 and note 40 of the Company's audited consolidated financial statements for the year ended 30 June 2019:

- PKM Developments is subject to litigation brought by an unpaid lender which was acquired as part of a business combination; and
- the MAS Group is subject to possible litigation regarding a disputed lease agreement in one of its subsidiaries. The maximum potential claim is €3 000 000.

Save as aforementioned (which are not considered to be material to the MAS Group), there are no legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this circular, a material effect on the financial position of the MAS Group. The MAS Group is not aware of any proceedings that would have a material effect on the financial position of the MAS Group or which are pending or threatened against the MAS Group.

15. CONSENTS

Each of the JSE sponsor, corporate advisor, company secretary, legal advisor, independent expert, independent reporting accountants, the auditors, the Luxembourg Stock Exchange Listing Agent, the South African transfer secretaries, the BVI registrar and the Depository have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

16. MATERIAL CHANGES

There have been no material changes in the financial or trading position of the MAS Group that has occurred since the financial year ended 30 June 2019, being the last financial period in respect of which the Company has published audited consolidated financial statements.

17. PRELIMINARY AND ISSUE EXPENSES

The estimated total amount of preliminary and issue expenses (excluding VAT) incurred or expected to be incurred by MAS in respect of the Transaction within the three years preceding the last practicable date, are set out below:

Expense	Recipient	€
Corporate advisory	Java Capital	605 587
JSE sponsor	JSE sponsor	45 419
Independent expert	BDO	24 223
Independent reporting accountants	PwC	4 845
Auditors	PwC Isle of Man	22 528
Legal advisor	CDH	20 000
JSE documentation inspection fees	JSE	1 795
JSE listing fees	JSE	25 439
Press announcements and printing	INCE	3 735
LuxSE announcements	LuxSE	1 000
LuxSE listing fee	LuxSE	1 250
LuxSE listing agent	Harney Westwood and Riegels SARL	4 500
Contingency costs		130 488
Total		890 809

* *Converted at a EUR/ZAR exchange rate of €1/R16.5129.*

18. CONFLICTS OF INTEREST

Java Capital is acting in the capacities of corporate advisor and JSE sponsor to MAS. As required in terms of the JSE Listings Requirements, it is confirmed that in order to manage any potential or perceived conflicts of interest that might arise as a result of Java Capital acting in these roles, Java Capital has in place appropriate checks and balances, including procedures to assess the independence of Java Capital in respect of the Transaction and divisions of the responsibility

amongst the persons involved in fulfilling these various functions.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed below will be available for inspection at the offices of the JSE sponsor and the Company during normal office hours on business days from Monday, 28 October 2019 to Wednesday, 20 November 2019:

- 19.1 this circular;
- 19.2 the Company's Articles of Association;
- 19.3 the Articles of Association of each of the Company's major subsidiaries;
- 19.4 the signed Framework Agreement;
- 19.5 the signed fairness opinion prepared by the independent expert, a copy of which is set out in **Annexure 1**;
- 19.6 the consolidated *pro forma* financial information of MAS for the year ended 30 June 2019;
- 19.7 the signed independent reporting accountants' assurance report on the consolidated *pro forma* financial information of MAS, a copy of which is set out in **Annexure 3**;
- 19.8 the annual financial statements of MAS for the years ended 30 June 2019, 30 June 2018 and 30 June 2017; and
- 19.9 the consent letters referred to in paragraph 15 above.

Signed on behalf of the board of directors

Pierre Goosen
Independent non-executive director

22 October 2019

INDEPENDENT FAIRNESS OPINION

The Board of Directors

MAS Real Estate Inc.
2nd Floor, Clarendon House
Victoria Street
Douglas
IM1 2LN
Isle of Man

22 October 2019

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO THE DIRECTORS OF MAS REAL ESTATE INCORPORATED REGARDING THE ACQUISITION OF PRIME KAPITAL LIMITED'S EFFECTIVE ECONOMIC INTEREST IN PKM CEE INVESTMENTS LIMITED

Introduction

In terms of the announcement published by MAS Real Estate Incorporated (“MAS” or the “Company”) on the Stock Exchange News Service (“SENS”), operated by the JSE Limited (“JSE”) on Thursday, 5 September 2019, holders of ordinary no par value shares in the issued share capital of MAS (“MAS Shares”) (“MAS Shareholders” or “Shareholders”) were advised that the Company entered into an agreement with Prime Kapital Limited (“PK”) (the “Framework Agreement”) to purchase PK's effective economic interest in the property investment joint venture and management joint venture operation established between MAS and PK in November 2016, including the PKM CEE Investments Limited (“IJV Company”) and any other entities which hold any assets that are the subject of the investment joint venture (the “Investment JV”), comprising an effective 20% participation in the Investment JV less the interest cost on the participation funding that is provided by MAS, together with related interests for a total consideration of 67 million MAS Shares (the “Consideration Shares”) (the “Transaction”).

The “Related Interests” are defined as all of the contracts, human resources, systems, processes and intellectual property, including but not limited to data, models and software, utilised in the management of the real estate investment properties held by the Investment JV.

Full details of the Transaction are set out in paragraph 4 of the circular to be issued to Shareholders on or about 28 October 2019 (“Circular”).

Fairness Opinion Required in terms of the JSE Listings Requirements

Whilst the Transaction constitutes a Category 2 transaction for MAS in terms of section 9 of the JSE Listings Requirements (“Listings Requirements”) and as such does not, in terms of the Listings Requirements, require a fairness opinion prepared by an independent expert, MAS and PK have agreed that the requirements applicable to related party transactions as envisaged in section 10.4 of the Listings Requirements will be complied with in relation to the Transaction.

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed by the board of directors of MAS (the “Board” or the “Directors”) as the independent expert to provide a fairness opinion confirming whether the terms and conditions of the Transaction are fair insofar as MAS Shareholders are concerned (the “Fairness Opinion”).

Responsibility

Compliance with the Listings Requirements is the responsibility of the Board. Our responsibility is to report on the fairness of the terms of the Transaction.

Explanation as to how the term “fair” applies in the context of the Transaction

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

The Transaction would be considered fair to Shareholders if the fair value of the benefits received is more than or equal to the fair value of the Consideration Shares, or unfair if the fair value of the benefits received is less than the fair value of the Consideration Shares.

Details and sources of information

In arriving at our findings we have relied upon the following principal sources of information:

- The terms and conditions of the Transaction, as set out in the Circular;
- The consolidated *pro forma* financial information, as set out in **Annexure 2** of the Circular;
- Framework Agreement;
- Integrated annual report of MAS for the year ended 30 June 2018;
- Audited consolidated annual financial statements of MAS for the year ended 30 June 2019;
- Management accounts of the Investment JV and PK Investco for the year ended 30 June 2019;
- Management cash flow model for the Investment JV, including, *inter alia*, budgets and forecasts per managed property and the secured development pipeline for the periods ending 30 June 2020 to 2037 and forecast contractor, engineering and leasing costs to be incurred on the secured development pipeline;
- Extracts of presentations to the Board detailing the plans in respect of the secured development pipeline and associated costs;
- Forecast cost savings as a result of the acquisition of the PK Group's property management platform;
- Independent valuation reports ("**Independent Property Valuations**") prepared by:
 - Forton AD per Plamen Bachev, Registered Chartered Member whom we have satisfied ourselves are independent external registered professional valuers in terms of the Royal Institution of Chartered Surveyors ("**RICS**") as at 1 July 2019;
 - Cushman & Wakefield Polska Sp. z.o.o. ("**Cushman & Wakefield**") per Mark Freeman and Tomasz Przybyło, Registered Chartered Members whom we have satisfied ourselves are independent external registered professional valuers in terms of RICS as at 1 July 2019; and
 - S.C. Echinox Evaluari S.R.L. per Bogdan Sergentu and Claudia Scarlat, Registered Professional Valuers whom we have satisfied ourselves are independent external registered professional valuers in terms of the National Association of Romanian Authorized Valuers as at 30 June 2019

(collectively the "**Independent Professional Property Valuers**");

- Discussions with Directors, management and/or advisors of both the Company and PK regarding the rationale for the Transaction;
- Discussions with Directors, management and/or advisors of both the Company and PK regarding historical and forecast financial information of MAS, the Investment JV and PK Investco;
- Analyst reports, trading history and traded price information and exchange rates as per Thomson Reuters and Iress Limited in respect of MAS;
- Discussions with Directors, management and/or advisors of both the Company and PK on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to MAS as well as peer companies of MAS, the retail property sector in general and specifically in respect of properties situated in Central and Eastern Europe ("**CEE**"); and
- Discussions with Cushman & Wakefield on the prevailing market and other conditions in CEE.

The information above was secured from:

- Certain Directors and management of MAS and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing MAS and the real estate sector in the markets where MAS operates.

Procedures

In arriving at our findings, we have undertaken the following procedures and taken into account the following factors:

- Reviewed the terms and conditions of the Transaction;
- Reviewed the audited and other financial information related to MAS, the Investment JV and PK Investco, as detailed above;
- Reviewed and obtained an understanding from Directors, management and/or advisors of both MAS and PK as to the historical and forecast financial information of the Investment JV and the underlying retail assets owned by the Investment JV (the "**Property Portfolio**") and the secured development pipeline;

- Reviewed the forecast free cash flows for the Property Portfolio by considering the historical and forecast financial information as detailed above and information contained in the Independent Property Valuations;
- Considered the professional competency and qualifications of the Independent Professional Property Valuers;
- Reviewed the Independent Property Valuations in respect of the Property Portfolio and considered the valuation methodologies and assumptions applied. Based on our review of the Independent Property Valuations we are satisfied that the valuation approaches adopted are consistent with standard valuation practice and the valuation assumptions are consistent with market parameters. Consequently, we are satisfied with the Independent Property Valuations and are placing reliance thereon;
- Analysed publicly available financial information for REITs selected as peer companies of MAS in CEE (“**Comparable REITs**”);
- Prepared an estimate of the financial benefit to MAS of concluding the Transaction by quantifying the potential cash flow effects and determining the Net Present Value (“**NPV**”) of the incremental cash flows;
- Considered the forecast distributions of MAS, based on the company’s own distribution forecasts and prepared a valuation per MAS Share using a discounted cash flow approach (“**DCF**”);
- Prepared a valuation of a MAS Share using the price to book methodology within the market approach;
- Performed a sensitivity analysis on key assumptions included in the valuation;
- Held discussions with Cushman & Wakefield to further corroborate the underlying assumptions used in the forecast financial information;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the property sector generally;
- Assessed the long-term potential of MAS and the Investment JV’s business and prospects;
- Considered the volume weighted average price (“**VWAP**”) per share of a MAS Share on a 30-, 60- and 90-day period;
- Evaluated the relative risks associated with MAS and the real estate sector in the markets where MAS operates;
- Reviewed certain publicly available information relating to MAS including Company announcements, media articles and available analyst coverage;
- Where relevant, representations made by Directors, management and/or advisors of MAS were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which the Company operates, and to analyse external factors that could influence the companies; and
- Held discussions with Directors, management and/or advisors of MAS as to their strategy and the rationale for the Transaction and assessed prevailing economic and market conditions and trends in the real estate sector in the markets where MAS operates.

We arrived at our findings based on the following assumptions:

- That all agreements that are to be entered into in terms of the Transaction will be legally enforceable as against the relevant parties thereto;
- That the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of the Company; and
- That reliance can be placed on the financial information of the Company, Investment JV and PK Investco.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our findings by:

- Placing reliance on audit reports in the financial statements of MAS, the Investment JV and PK Investco; and
- Determining the extent to which information in respect of MAS, the Investment JV and PK Investco was confirmed by documentary evidence as well as our understanding of MAS, the Investment JV and PK Investco and the economic environment in which they operate.

Limiting conditions

This Fairness Opinion is provided in connection with and for the purposes of the Transaction. This Fairness Opinion does not purport to cater for each individual Shareholder’s perspective, but rather that of the general body of Shareholders.

Individual Shareholders’ decisions regarding the Transaction may be influenced by such Shareholders’ particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our conclusions. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of this Fairness Opinion, whether in writing or obtained in discussion with management of MAS, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of MAS, the Investment JV and PK Investco relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of MAS, the Investment JV and PK Investco will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management of MAS.

We have also assumed that the Transaction will have the legal consequences described in discussions with and materials furnished to us by representatives and advisors of the Company and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

We have been neither a party to the negotiations entered into in relation to the Transaction nor have we been involved in the deliberations leading up to the decision on the part of the Board to enter into the Transaction.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Transaction. All such evaluations, advice, judgements or comments remain the sole responsibility of the Board and their advisors. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

It is also not within our terms of reference to compare the merits of the Transaction to any alternative arrangements that were or may have been available to MAS. Such comparison and consideration remain the responsibility of the Board and their advisors.

Independence, competence and fees

We confirm that neither BDO Corporate Finance nor any person related to us (as contemplated in the Listings Requirements), have any existing or continuing relationship with MAS or with any party involved in the Transaction as contemplated in paragraph 5.12 of Schedule 5 to the Listings Requirements and have not had such relationship within the immediately preceding two years. We also confirm that we have the necessary qualifications and competence to provide the Fairness Opinion on the Transaction.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Transaction. Our fees are not payable in MAS Shares.

Valuation approach

In considering the terms and conditions of the Transaction, we performed an independent valuation of the incremental cash flows in order to quantify the benefits to MAS resulting from the Transaction. The fair value of the Consideration Shares was determined in order to quantify the value ceded by Shareholders as a result of the Transaction.

The financial benefit to MAS of concluding the Transaction

The fair value of the benefits received, in the amount of €99.5 million, has been determined with reference to the incremental cash flows in respect of each element of the Transaction, being:

- The effective 20% participation in the Investment JV less the interest cost on the participation funding that is provided by MAS, the NPV of which amounts to €67.7 million;
- The fair value of PK Investco, the NPV of which amounts to €10.9 million; and
- Cost savings as a result of the acquisition of the PK Group's property management platform, the NPV of which amounts to €20.9 million.

We applied the DCF methodology to determine the NPV of incremental cash flows. Inputs into the DCF model and assumptions applied are as follows:

- 20% participation less the interest cost on the participation funding: We found that the key internal value driver is the discount rate of 11%. We found that the key external value drivers are estimates of growth in net operating income

in respect of the existing income-generating properties and in respect of the secured development pipeline. Forecast net operating income in respect of the existing income-generating properties is based on a forecast compound annual growth rate (“CAGR”) of 3.04% for the period 30 June 2020 to 30 June 2029 and long-term growth rate of 2.0%;

- PK Investco: We found that the key internal value drivers are the discount rate of 11% and the contractor costs and related savings due to the provision of services by PK Investco to MAS on a cost recovery basis to be incurred on the secured development pipeline, calculated as 10% of the forecast contractor, engineering and leasing costs; and
- Cost savings as a result of the acquisition of the PK Group’s property management platform: We found that the key internal value drivers are the discount rate of 11% and the reduction in corporate costs to be incurred by MAS as a result of the acquisition of the PK Group’s property management platform as detailed in paragraph 2.2 of the Circular.

Additionally, a sensitivity analysis was performed by considering key value drivers. The sensitivity analysis was performed by:

- Increasing and decreasing the base case discount rate by 1.0%;
- Increasing and decreasing the CAGR in net operating income by 0.25%;
- Increasing and decreasing the long-term growth rate by 0.25%;
- Assuming that only 50% of the secured development pipeline is implemented due to funding constraints which reduces the associated net operating income in respect of the secured development pipeline and contractor costs and related savings due to the provisions of services by PK Investors to HAS on a cost recovery basis to be incurred on the secured development pipeline; and
- Assuming that only 50% of the cost savings as a results of the acquisitions of the PK Group’s property management platform materialises.

These sensitivity analyses did not indicate a sufficient effect to alter our opinion in respect of the Transaction.

Value per MAS Share

The valuation of a MAS Share was performed by applying the income approach as a primary approach. In addition, we considered the market approach as an alternative approach to support the results of the income approach.

Within the income approach, we considered the DCF methodology, which derived a fair value of €1.28 per MAS Share. The key internal value driver to the income approach is the discount rate of 11.0%. The key external value driver is an intermediate CAGR of 5.0% in net operating income and long-term growth rate of 2.0%.

The valuation assumes that MAS will pay a final cash distribution in respect of the year ended 30 June 2019, of €4.97 cents on 21 October 2019, prior to implementation of the Transaction.

Additionally, sensitivity analyses were performed by increasing and decreasing the discount rate by 100 basis points and long-term growth rate by 25 basis points. The sensitivity analysis did not indicate a sufficient effect on the valuation of a MAS Share to alter our opinion in respect of the fairness of the Transaction.

The market approach entails a price to book approach, based on the tangible net asset value (“TNAV”) of MAS, being the key internal value driver to the market approach. The published TNAV of MAS was derived from the latest available statement of financial position as at 30 June 2019 which reflects a TNAV of €1.3763 per MAS Share.

The key external value driver of the market approach is an appropriate price to book ratio for MAS. Published TNAVs were compared to the clean share prices (i.e. excluding accrual for income distribution in the price) and clean 30-day VWAP prices for MAS and for Comparable REITs. Comparable REITs were selected as peer companies based on the geography and nature of the Comparable REITs’ assets and market capitalisation. Based on this information, a range of ratios of fair market value to TNAV of between 0.90x and 0.95x was determined which were applied to MAS’ TNAV to determine the fair value of a MAS Share.

Conclusion

In undertaking the valuation exercise above, we determined a fair value of the benefits received, in the amount of €99.5 million and a fair value of €85.7 million for the Consideration Shares.

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction are fair to MAS Shareholders.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us up to Friday, 18 October 2019 (the “**Last Practicable Date**”). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Last Practicable Date that may affect our opinion or factors or assumptions contained herein.

We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Consent

We hereby consent to the inclusion of this Fairness Opinion, in whole or in part, and references thereto in the Circular, in the form and context in which it appears.

Yours faithfully

N Lazanakis CA(SA)

Director

BDO Corporate Finance Proprietary Limited

52 Corlett Drive

Illovo

2196

CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF MAS

Set out below are the consolidated *pro forma* statement of profit or loss, the consolidated *pro forma* statement of other comprehensive income and the consolidated *pro forma* statement of financial position of MAS (the “*pro forma financial information*”), showing the *pro forma* effects of the Transaction.

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Transaction may have affected the financial position of MAS assuming it was implemented on 30 June 2019 for the purposes of the consolidated *pro forma* statement of financial position, and the performance of MAS assuming it was implemented on 1 July 2018 for the purposes of the consolidated *pro forma* statement of profit or loss and the consolidated *pro forma* statement of other comprehensive income. Because of its nature, the *pro forma* financial information may not fairly represent MAS’s financial position or results of operations after the Transaction.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of directors of MAS. The *pro forma* financial information has been prepared in accordance with MAS’s accounting policies for the year ended 30 June 2019 which are in compliance with IFRS, the revised Guide on *Pro forma* Financial Information issued by South African Institute of Chartered Accountants (“SAICA”), the JSE Listings Requirements, the Rules and Regulations of the Luxembourg Stock Exchange and applicable legal and regulatory requirements of the British Virgin Islands (“BVI”) Business Companies Act 2004. The key areas of judgement and estimation uncertainty in the *pro forma* financial information are the same as those in the 30 June 2019 annual financial statements, with the exception of the following judgements:

As announced on SENS on 5 September 2019, MAS has entered into a Framework Agreement in terms of which:

MAS will issue the Consideration Shares to purchase:

- PK’s effective economic interest in the Investment JV; and
- the Property Management Platform.

As at 30 June 2019:

- MAS owned 100% of the shares in the IJV Company (PKM CEE Investments Limited), which is consolidated based on the requirements of IFRS 10 – Consolidated Financial Statements;
- MAS owned 0% of the shares in PK Investco (Prime Kapital CEE Investment Management Limited) but consolidated it based on the requirements in IFRS 10. PK is entitled to 20% of the profits of PKM CEE Investments Limited, through 100% share ownership in PK Investco, therefore MAS recognises non-controlling interest for PK’s effective economic interest in PKM CEE Investments Limited; and
- PK is not consolidated by MAS which is in line with the requirements of IFRS 10.

The *pro forma* financial information assumes that MAS has acquired PK’s effective economic interest in the IJV Company via the acquisition of 100% of the shares in PK Investco.

In deciding on the appropriate application of IFRS, the board agreed that MAS did not previously control the Property Management Platform. As such, MAS is acquiring the non-controlling interest (being PK’s effective economic interest in PKM CEE Investments Limited), as well as a business (being the Property Management Platform) as defined in IFRS 3 – Business Combinations. In allocating the purchase price, MAS also considered the requirements of IFRS 2 – Share-based Payments, and of IFRS 3 to determine whether any of the Consideration Shares relate to something other than the settlement of the purchase consideration. This resulted in an equity-settled share-based payment being recognised in respect of the executive management, an equity-settled share-based payment being recognised in relation to the Management Participants and an equity-settled share-based payment being recognised in relation to prepaid development services to be provided by PK.

The purchase price of €70.2 million relates to the issue of 67 million Consideration Shares (as outlined in the Framework Agreement and paragraph 4.1 of the circular) at €1.05, being their market price at 16 October 2019 (Share price of R17.30 per share at €:ZAR exchange rate of 16.5129). The purchase price has been assumed to be allocated based on provisional fair values to: the acquisition of the non-controlling interest in accordance with IFRS 10 – Consolidated Financial Statements, a business as defined in IFRS 3 – Business Combinations; and share-based payments in accordance with IFRS 2 share-based payments, as follows:

Description	Note	Number of shares	Euro
Acquisition of non-controlling interest	2a	51 530 993	53 987 257
Acquisition of business	3a	364 823	382 213
Equity-settled share-based payment – Management Participants	3b	3 350 000	3 509 680
Equity-settled share-based payment – PK prepaid development services	4b(ii)	9 707 328	10 170 035
Equity-settled share-based payment – Executive management	4b(i)	2 046 856	2 144 421
Total		67 000 000	70 193 606

There is no effect on this consolidated *pro forma* financial information for the provisions outlined in the Framework Agreement and paragraph 4.14 of the circular.

For the purposes of calculating diluted earnings per share and diluted headline earnings per share, it is assumed that 67 million shares were issued on 1 July 2018.

The *pro forma* financial information has been reviewed by the independent reporting accountants whose report on the consolidated *pro forma* financial information is contained in **Annexure 3** of the circular.

CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Euro	Year ended	Adjustment for the	Adjustment for the	Reconstitution of the	Transaction	Pro forma after
	30 June 2019	interest in PKM CEE Investments Limited (the "Investment JV")	acquisition of the Property Management Platform	board and prepaid development services	costs	the Transaction
	<i>NOTE 1</i>	<i>NOTE 2</i>	<i>NOTE 3</i>	<i>NOTE 4</i>	<i>NOTE 5</i>	<i>NOTE 6</i>
Non-current assets						
Investment property	872 062 423	-	-	-	-	872 062 423
Intangible assets	30 646 739	-	144 616 (a)	-	-	30 791 355
Investment in equity-accounted investees	21 888 261	-	-	-	-	21 888 261
Financial assets	174 903 452	-	-	-	-	174 903 452
Trade and other receivables	-	-	2 339 787 (b)	10 846 952 (b)	-	13 186 739
Property, plant and equipment	317 961	-	237 597 (a)	-	-	555 558
Deferred tax asset	4 280 027	-	-	-	-	4 280 027
Financial investments	-	-	-	-	-	-
Total non-current assets	1 104 098 863	-	2 722 000	10 846 952	-	1 117 667 815
Current assets						
Financial assets	11 593 528	-	-	-	-	11 593 528
Inventory property	5 269 960	-	-	-	-	5 269 960
Investment property held for sale	92 609 919	-	-	-	-	92 609 919
Financial investments	87 814 010	-	-	-	-	87 814 010
Trade and other receivables	17 305 972	-	1 169 893 (b)	1 467 504 (b)	-	19 943 369
Cash and cash equivalents	71 155 130	-	-	-	-	71 155 130
Total current assets	285 748 519	-	1 169 893	1 467 504	-	288 385 916
Total assets	1 389 847 382	-	3 891 893	12 314 456	-	1 406 053 731
Equity						
Share capital	824 686 464	53 987 257 (a)	3 891 893	12 314 456 (b)	(31 189)	894 848 881
Geared share purchase plan shares	(8 299 075)	-	-	-	-	(8 299 075)
Retained earnings	53 864 243	(46 548 255) (b)	-	(629 266) (a)	(664 866)	6 021 856
Share-based payment reserve	975 364	-	-	-	-	975 364
Foreign currency translation reserve	(13 106 889)	-	-	-	-	(13 106 889)

	Year ended 30 June 2019	Adjustment for the acquisition of PK's effective economic interest in PKM CEE Investments Limited (the "Investment JV")	Adjustment for the acquisition of the Property Management Platform	Reconstitution of the board and prepaid development services	Transaction costs	<i>Pro forma</i> after the Transaction
Equity attributable to owners of the group	858 120 107	7 439 002	3 891 893	11 685 190	(696 055)	880 440 137
Non-controlling interest	7 439 002	(7 439 002) (c)	-	-	-	-
Total equity	865 559 109	-	3 891 893	11 685 190	(696 055)	880 440 137
Non-current liabilities						
Interest-bearing borrowings	312 754 576	-	-	-	-	312 754 576
Financial liabilities	2 735 096	-	-	-	-	2 735 096
Deferred tax liability	26 269 767	-	-	-	-	26 269 767
Total non-current liabilities	341 759 439	-	-	-	-	341 759 439
Current liabilities						
Interest-bearing borrowings	143 706 744	-	-	-	-	143 706 744
Financial liabilities	17 309 393	-	-	-	-	17 309 393
Trade and other payables	21 271 411	-	-	629 266 (a)	696 055	22 596 732
Provisions	241 286	-	-	-	-	241 286
Total current liabilities	182 528 834	-	-	629 266	696 055	183 854 155
Total liabilities	524 288 273	-	-	629 266	696 055	525 613 594
Total shareholders' equity and liabilities	1 389 847 382	-	3 891 893	12 314 456	-	1 406 053 731
Actual number of ordinary shares in issue	637 493 798	51 530 993	3 714 823	11 754 184	-	704 493 798
IFRS Net Asset Value per share (euro cents)	134.6	14.4	104.8	99.4	-	125.0
IFRS Net Tangible Asset Value per share (euro cents)	129.8	14.4	100.9	99.4	-	120.6
Intangible assets	30 646 739	-	144 616	-	-	30 791 355
Tangible NAV	827 473 368	7 439 002	3 747 277	11 685 190	(696 055)	849 648 782

Notes:

1. Extracted without adjustment from the consolidated annual financial statements of MAS for the year ended 30 June 2019, which were audited by PwC Isle of Man, who issued an unqualified audit report thereon.
2. Represents the adjustments for the acquisition of PK's effective economic interest in the Investment JV. As at 30 June 2019 MAS owned: 100% of the shares in the IJV Company (PKM CEE Investments Limited); and 0% of the shares in PK Investco (Prime Kapital CEE Investment Management Limited). PK Investco was consolidated based on the requirements in IFRS 10 – Consolidated Financial Statements. PK was entitled to 20% of the profits of PKM CEE Investments Limited, through 100% share ownership in PK Investco, therefore MAS recognised non-controlling interest ("NCI") for PK's effective economic interest in PKM CEE Investments Limited. After the transaction PK will have no economic interest in the Investment JV.
 - a. The €54.0 million added to share capital relates to the issue of 51.5 million Consideration Shares at €1.05, being their market price at 16 October 2019 (Share price of R17.30 per share at €:ZAR exchange rate of 16.5129). The remaining 15.5 million Consideration Shares have been allocated to the other elements of the Transaction as summarised in the introduction to the consolidated *pro forma* financial information of MAS.
 - b. Represents the consideration paid for the NCI of the Investment JV in excess of the carrying value as follows:

	Note	Euro
Consideration Shares for the acquisition of PK's effective economic interest in the Investment JV	2(a)	53 987 257
Carrying amount of NCI	(2c)	(7 439 002)
Excess charged to retained earnings		46 548 255

The excess has been recognised as a debit to retained earnings (not within profit or loss) in accordance with IFRS 10.

- c. The reversal of €7.4 million of equity attributable to NCI as at 30 June 2019. After the Transaction, PK will no longer have an economic interest in the Investment JV, therefore the carrying amount of NCI is derecognised. The carrying amount is extracted without adjustment from the consolidated annual financial statements of MAS for the year ended 30 June 2019. The full carrying amount of NCI included in the consolidated annual financial statements of MAS for the year ended 30 June 2019 is attributable to the minority interest in the Investment JV.
3. Represents the acquisition of the Property Management Platform. The 3.7 million Consideration Shares issued for the Property Management Platform comprise:

	Note	Euro
Acquisition of business	3(a)	382 213
Management Participants Incentive Shares	3(b)	3 509 680
Total Consideration Shares issued for acquisition of the Property Management Platform		3 891 893

The remaining 63.3 million Consideration Shares have been allocated as summarised in the introduction to the consolidated *pro forma* financial information of MAS.

a. Acquisition of a business

As at June 2019, MAS had not early adopted Definition of a Business (Amendments to IFRS 3). Therefore, this amendment has not been applied in deciding whether MAS has acquired a business. The amendment will be adopted in the year ended 30 June 2020. In this instance, the amendment is expected to result in the same conclusion and therefore no difference is expected for the interim reporting period as at 31 December 2019 or as at 30 June 2020.

MAS has acquired a business, as defined in IFRS 3, being the Property Management Platform (which comprises the contracts, human resources, systems, processes and intellectual property and property, plant and equipment).

The assumed purchase price of €0.4 million (0.36 million shares x €1.05) (refer allocation of purchase price above) was calculated as at 16 October 2019 and classified as equity because the seller will receive a fixed number of shares. The purchase price has been recognised as an increase in share capital. The provisional fair values of the identifiable net assets are based on a provisional fair value allocation exercise in terms of IFRS 3: Business Combinations, performed by MAS and are recognised as follows :

	Euro
Intangible assets	144 616
• Goodwill	55 790
• Other intangible assets	88 826
Property, plant and equipment	237 597
Provisional fair value of identifiable net assets	382 213

The provisional fair value of intangible assets and property, plant and equipment has been determined in accordance with the market approach of IFRS 13 – Fair Value Measurement, which uses prices and other relevant information from transactions of comparable assets. Goodwill is measured as the difference between the purchase price of €0.4 million and fair value of the identifiable assets acquired in accordance with IFRS 3 – Business Combinations. The directors, whose names appear on page 8 of this circular, collectively and individually accept full responsibility for the accuracy of the information provided and are satisfied with the quality of the provisional allocation from which the provisional fair values of the identifiable net assets have been extracted, including the source of the information, and that the goodwill and identifiable assets have been recognised in accordance with the provisions of IFRS.

b. Management Participants Incentive Shares

PK will allocate 5% of the Consideration Shares to Management Participants as outlined in paragraph 4.5 of the circular. Therefore, the requirements of IFRS 2 – Share-based Payments, and IFRS 3 – Business Combinations, have resulted in an equity-settled share-based payment in respect of the Management Participants. The amount is calculated as 5% of 67 million Consideration Shares at €1.05, being their market price at 16 October 2019 (Share price of R17.30 per share at €:ZAR exchange rate of 16.5129). The following have been assumed:

- The Lock-in Period is three years, resulting in a vesting period of three years.

- The equity-settled share-based payment is assumed to be issued at 30 June 2019. Consequently, no expense in relation to the Management Participants has been recognised and the full impact is recognised as follows:

	Euro
Trade and other receivables	
• Non-current	2 339 787
• Current	1 169 893
Total	3 509 680

- The amount of €3.5 million has been recognised as a prepayment, for employee services to be recognised over the vesting period.
 - The Incentive Shares for Management Participants are not controlled by MAS, therefore are not classified as treasury shares. The shares are therefore included in issued shares under IFRS.
 - The indemnification in respect of any taxes, social insurance contributions, pension premiums or contributions or similar charges incurred in accordance with the provisions mentioned in paragraph 4.13.1 of the circular is €Nil, as the shares would not have vested by 30 June 2019.
4. Represents the adjustments for the reconstitution of the board and the prepaid development services. If the Transaction had occurred on the 30 June 2019, MAS would have incurred a redundancy expense in relation to the outgoing CEO and CFO as well as an implied prepaid remuneration expense for the incoming CEO and COO, summarised as follows:
- An accrual for redundancy costs in relation to the outgoing CEO and CFO of €0.6 million which is included in trade and other payables and charged against retained earnings; and
 - Represents the adjustments for the equity-settled share-based payments in respect of executive management and PK as follows:

	Note	Euro
Non-current		
Total trade and other receivables		10 846 952
• Equity-settled share-based payment – Executive management	(i)	1 429 614
• Equity-settled share-based payment – PK prepaid development services	(ii)	9 417 338
Current		
Total trade and other receivables		1 467 504
• Equity-settled share-based payment – Executive management	(i)	714 807
• Equity-settled share-based payment – PK prepaid development services	(ii)	752 697
Total		12 314 456

- In accordance with the Framework Agreement, the incoming CEO and COO will not be paid any remuneration during the three-year Lock-in Period. However, the requirements of IFRS 2 and IFRS 3, require an equity-settled share-based payment expense to be recognised, which represents implied remuneration for the respective executives. The equity-settled share-based payment expense has been calculated based on 2.0 million Consideration Shares at the issue price of €1.05, being the market price at 16 October 2019 (share price of R17.30 per share at €:ZAR exchange rate of 16.5129). The IFRS adjustments do not affect the commercial structure of the transaction, and the incoming CEO and COO will not receive cash or other actual remuneration for the duration of the Lock-in Period, and the shares allocated from the Consideration Shares as implied remuneration will be issued in accordance with the provisions mentioned in paragraph 4 of the circular.
The following has been assumed:
 - The Lock-in Period is three years, resulting in a vesting period of three years;
 - The equity-settled share-based payment is assumed to arise at 30 June 2019. Consequently, no expense in relation to the CEO and COO has been recognised. Instead the amount of €2.1 million has been recognised as a prepayment, for employee services to be recognised over the vesting period. The current portion of €0.7 million has been capitalised as a prepayment within current trade and other receivables and the non-current portion of €1.4 million has been capitalised as a prepayment within non-current trade and other receivables;
 - The 2.0 million shares are not controlled by MAS, therefore not classified as treasury shares. The shares are therefore accounted for as issued shares; and
 - It is assumed that no tax liability will arise in respect of the implied remuneration to the incoming CEO and COO. Consequently, no provision is raised in respect of the related indemnification mentioned in paragraph 4.13.2 of the circular for the purpose of this consolidated pro forma statement of financial position as at 30 June 2019.
 - PK will provide to the Investment JV, such commercial property development services as may be required in relation to the commercial real estate assets held within the Investment JV on the closing date in accordance with the provisions mentioned in paragraph 4.9 of the circular. It has been assumed that the provision of these development services, as mentioned in paragraph 4.9 of the circular, is legally binding. The services will be provided on a cost recovery basis. As a result of the development services being provided at below market value IFRS 2 requires an equity settled share-based payment to be recognised. The share-based payment of €10.2 million has been calculated by assuming a 10% margin on budgeted development costs of €164.5 million at a discount rate of 11% (i.e. €16.5 million discounted at 11% over five years). The current portion of €0.8 million has been capitalised as a prepayment within current trade and other receivables and the non-current portion of €9.4 million has been capitalised as a prepayment within non-current trade and other receivables. The share-based payment represents an asset because it relates to the prepayment of a service to be received in the future. As the development services are received, the prepaid asset will be reduced, and a corresponding amount will be capitalised to investment property in respect of directly attributable costs in respect of developing investment property in accordance with IAS 40 – Investment Property.
5. Represents non-recurring transaction costs of €0.7 million recognised as a debit to retained earnings in accordance with IAS 32 – Financial Instruments: Presentation. Estimated share issue costs of €31 189 are expected to be capitalised to share capital.
Total estimated transaction costs are recognised as follows:

	Euro
Transaction costs expensed (see consolidated <i>pro forma</i> statement of profit or loss note 5)	194 754
Transaction costs recognised in retained earnings	664 866
Transaction costs recognised in share capital	31 189
Total transaction costs	890 809

A breakdown of estimated transaction costs of €890 809 is included in paragraph 17 of the circular.

6. Save for the adjustments set out above, there are no other material events requiring adjustment to the consolidated *pro forma* statement of financial position.

CONSOLIDATED PRO FORMA STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2019

Euro	Year ended 30 June 2019	NOTE 1	Adjustment for the acquisition of PK's effective economic interest in PKM CEE Investments Limited (the "Investment JV")	NOTE 2	Adjustment for the acquisition of the Property Management Platform	NOTE 3	Reconstitution of the board and prepaid development services	NOTE 4	Transaction costs	NOTE 5	Pro forma after the Transaction	NOTE 6
Rental income	57 619 556		-		-		-		-		57 619 556	
Service charge income and other recoveries	12 455 268		-		-		-		-		12 455 268	
Revenue	70 074 824		-		-		-		-		70 074 824	
Service charge and other property operating expenses	(18 478 661)		-		(1 554 227)	(a)(b)	-		-		(20 032 888)	
Net rental income	51 596 163		-		(1 554 227)		-		-		50 041 936	
Sales of inventory property	39 164 705		-		-		-		-		39 164 705	
Cost of sales of inventory property	(31 013 909)		-		-		-		-		(31 013 909)	
Profit on sales of inventory property	8 150 796		-		-		-		-		8 150 796	
Other income	7 259 104		-		-		-		-		7 259 104	
Corporate expenses	(5 627 077)		-		(127 404)	(c)	(749 266)		-		(6 503 747)	
Investment expenses	(3 210 128)		-		-		-		(194 754)		(3 404 882)	
Net operating income	58 168 858		-		(1 681 631)		(749 266)		(194 754)		55 543 207	
Fair value adjustments	(7 631 570)		-		-		-		-		(7 631 570)	
Foreign currency exchange differences	(364 553)		-		-		-		-		(364 553)	
Share of profit from equity accounted investees, net of tax	11 009 325		-		-		-		-		11 009 325	
Gain on bargain purchase	12 263 193		-		-		-		-		12 263 193	
Goodwill impairment	-		-		-		-		-		-	
Profit before finance income/(costs)	73 445 253		-		(1 681 631)		(749 266)		(194 754)		70 819 602	
Finance income	12 057 819		-		-		-		-		12 057 819	
Finance costs	(10 251 058)		-		-		-		-		(10 251 058)	
Profit before tax	75 252 014		-		(1 681 631)		(749 266)		(194 754)		72 626 363	
Current tax	(3 948 325)		-		-		-		-		(3 948 325)	
Deferred tax	(9 425 315)		-		-		-		-		(9 425 315)	
Tax expense	(13 373 640)		-		-		-		-		(13 373 640)	

Euro	Year ended 30 June 2019	Adjustment for the	Adjustment for	Reconstitution	Transaction	Pro forma after
		acquisition of PKM's effective economic interest in PKM CEE Investments Limited (the "Investment JV")	the acquisition of the Property Management Platform	of the board and prepaid development services		
	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
Profit for the year	61 878 374	–	(1 681 631)	(749 266)	(194 754)	59 252 723
Attributable to:						
Owners of the group	55 035 797	6 842 577	(1 681 631)	(749 266)	(194 754)	59 252 723
Non-controlling interest	6 842 577	(6 842 577)	–	–	–	–
Profit for the year	61 878 374	–	(1 681 631)	(749 266)	(194 754)	59 252 723
Basic earnings per share (euro cents)	8.63	13.28	(45.27)	(6.37)	–	8.41
Diluted earnings per share (euro cents)	8.63	13.28	(45.27)	(6.37)	–	8.41
CONSOLIDATED PRO FORMA STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign operations – foreign currency translation differences	(1 338 770)	–	–	–	–	(1 338 770)
Total comprehensive income for the year	60 539 604	–	(1 681 631)	(749 266)	(194 754)	57 913 953
Attributable to:						
Owners of the group	53 697 027	6 842 577	(1 681 631)	(749 266)	(194 754)	57 913 953
Non-controlling interest	6 842 577	(6 842 577)	–	–	–	–
Total comprehensive income for the year	60 539 604	–	(1 681 631)	(749 266)	(194 754)	57 913 953
Headline earnings						
Profit attributable to owners of the group	55 035 797	6 842 577	(1 681 631)	(749 266)	(194 754)	59 252 723
Adjusted for:						
Fair value gain on investment property	(24 086 880)	–	–	–	–	(24 086 880)
Fair value gain on investment property in associate	(11 808 911)	–	–	–	–	(11 808 911)
Fair value gain on investment property held for sale	(958 055)	–	–	–	–	(958 055)
Gain on bargain purchase	(12 263 193)	–	–	–	–	(12 263 193)

Euro	Year ended 30 June 2019	Adjustment for the	Adjustment for	Reconstitution	Transaction costs	<i>Pro forma</i> after the Transaction
		acquisition of PKM's effective economic interest in PKM CEE Investments Limited (the "Investment JV")	the acquisition of the Property Management Platform	of the board and prepaid development services		
	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
Goodwill impairment	–	–	–	–	–	–
Loss on disposal of property, plant and equipment	90 672	–	–	–	–	90 672
Recycle of foreign currency exchange through profit and loss	(679 034)	–	–	–	–	(679 034)
Headline earnings	5 330 396	6 842 577	(1 681 631)	(749 266)	(194 754)	9 547 322
Weighted-average number of ordinary shares (basic)	637 493 798	51 530 993	3 714 823	11 754 184	–	704 493 798
Weighted-average number of ordinary shares (diluted)	637 493 798	51 530 993	3 714 823	11 754 184	–	704 493 798
Basic headline earnings per share	0.84	13.28	(45.27)	(6.37)	–	1.36
Basic diluted headline earnings per share	0.84	13.28	(45.27)	(6.37)	–	1.36
Distributable earnings and basis of distribution						
Profit for the year attributable to owners of the group	55 035 797	6 842 577	(1 681 631)	(749 266)	(194 754)	59 252 723
<i>Adjustments for indirect investment results</i>						
Profit on sale of inventory property	(8 150 796)	–	–	–	–	(8 150 796)
Sales of inventory property	(39 164 705)	–	–	–	–	(39 164 705)
Cost of sales of inventory property	31 013 909	–	–	–	–	31 013 909

Euro	Year ended 30 June 2019	Adjustment for the acquisition of PKM's effective economic interest in PKM CEE Investments Limited (the "Investment JV")	Adjustment for the acquisition of the Property Management Platform	Reconstitution of the board and prepaid development services	Transaction costs	Pro forma after the Transaction
		NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5
Investment expenses	3 210 128	–	–	–	194 754	3 404 882
Fair value adjustments	7 631 570	–	–	–	–	7 631 570
Foreign currency exchange differences	364 553	–	–	–	–	364 553
Share of profit from equity accounted investee, net of tax	(11 009 325)	–	–	–	–	(11 009 325)
Gain on bargain purchase	(12 263 193)	–	–	–	–	(12 263 193)
Current tax	1 545 817	–	–	–	–	1 545 817
Deferred tax	9 425 315	–	–	–	–	9 425 315
Non-controlling interest	3 906 808	(3 906 808)	–	–	–	–
Direct investment result distributable to owners of the group	49 696 674	2 935 769	(1 681 631)	(749 266)	–	50 201 546
<i>Company specific adjustments</i>						
Net attributable profit on sales of inventory property	4 953 734	–	–	–	–	4 953 734
Accrued dividends on REIT portfolio	2 760 225	–	–	–	–	2 760 225
IFRS 2 expense on transaction shares issued	–	–	1 681 631	714 807	–	2 396 438
Distributable earnings before effect of shares issued during the year	57 410 633	2 935 769	–	(34 459)	–	60 311 943
Adjustment relating to shares issued during the year	–	–	–	–	–	–
Distributable earnings (after adjustment for effect of shares issued during the year)	57 410 633	2 935 769	–	(34 459)	–	60 311 943
Closing number of shares in issue	637 493 798	51 530 993	3 714 823	11 754 184	–	704 493 798
Distributable earnings per share (euro cents)	9.01	5.70	–	(0.29)	–	8.56

Notes:

1. Extracted without adjustment from the consolidated annual financial statements of MAS for the year ended 30 June 2019, which were audited by PwC Isle of Man, who issued an unqualified audit report thereon.
2. Represents the adjustments for the acquisition of PK's effective economic interest in the Investment JV which relates to the reversal of €6.8 million of profit attributable to non-controlling interest ("NCI") for the year ended 30 June 2019, as extracted without adjustment from the consolidated annual financial statements of MAS for the year ended 30 June 2019 and the recognition of profit attributable to owners of the group of €6.8 million.
3. Represents the acquisition of the Property Management Platform comprising:

	Note	Euro
Service charge and other property operating expenses		1 554 227
• IFRS 2 charge relating to Management Participants Incentive Shares	(a)	1 169 893
• Indemnification expenses	(a)	511 738
• Elimination of margin paid to Property Management Platform	(b)	(127 404)
Corporate expenses		127 404
Depreciation and amortisation	(c)	127 404
Net service charge and other property operating expenses		1 681 631

- a. PK will allocate 5% of the Consideration Shares to Management Participants as outlined in paragraph 4.5 of the circular. Therefore, the requirements of IFRS 2, have resulted in an equity-settled share-based payment expense being recognised in respect of the Management Participants. The following has been assumed:
 - The Lock-in Period is three years, resulting in a vesting period of three years;
 - The Incentive Shares vest at the end of each service year;
 - All Management Participants complete a service year from 1 July 2018 to 30 June 2019;
 - The total cumulative expense related to the Management Participants is calculated based on 3.4 million shares x €1.05 price = €3.5 million. One third of this has been recognised (and included within service and other property expense), with the remaining amount of €2.3 million being recognised as a prepayment that will be released in years two and three; and
 - As the Incentive Shares vest (at the end of each year of service completed in the Lock-in Period), MAS is required to indemnify the Management Participants in respect of any taxes, social insurance contributions, pension premiums or contributions or similar charges incurred in accordance with the provisions mentioned in paragraph 4.13.1 of the circular. Accordingly, €0.5 million, based on the estimated tax liability at the applicable statutory rates, has been recognised and included within service charge and other property expenses. The remaining amount of €1.0 million (being €0.5 million for each of the two years remaining of the Lock-in Period) is contingent on the Incentive Shares vesting, therefore, a liability will be recognised when the service condition is satisfied.
- b. Represents the elimination of the margin paid to the Property Management Platform by MAS for the year ended 30 June 2019. The margin is the amount as agreed between PK and the Investment JV in respect of the Property Management Platform.
- c. Represents the depreciation and amortisation of the identifiable property, plant and equipment and intangible assets acquired as part of the Property Management Platform. Property, plant and equipment is depreciated over three years on a straight-line basis to a residual value of €nil. Intangible assets are amortised over three years on a straight-line basis to a residual value of €nil. The rates applied are determined by applying the accounting policies of MAS.

All other expenditure of the Property Management Platform was previously recovered from MAS and is therefore already included within the cost base of MAS.

4. Represents the adjustments for the reconstitution of the board of €0.7 million. If the transaction had occurred on the 1 July 2018, MAS would not have incurred a remuneration expense in respect of the incumbent CEO, CFO and chairman. However, it would have incurred a remuneration expense in respect of the incoming CFO and chairman, as well as an implied remuneration expense for the incoming CEO and COO, accounted for, in accordance with the provisions of IFRS 2 and IFRS 3, as an equity-settled share-based payment expense. In addition, MAS would have incurred a redundancy expense in relation to the incumbent CEO and CFO. These adjustments have been recognised in corporate expenses and are summarised as follows:

	Note	Euro
Reversal of CEO, CFO and chairman remuneration	(a)	(763 307)
Estimated replacement CFO and chairman remuneration	(b)	168 500
IFRS 2 charge relating to implied remuneration of the incoming CEO and COO	(c)	714 807
Non-recurring redundancy costs in relation to the incumbent CEO and CFO	(d)	629 266
Total corporate expenses		749 266

- a. Reversal of CEO, CFO and chairman remuneration of €0.8 million incurred for the year ended 30 June 2019. The amounts have been extracted without adjustment from the consolidated annual financial statements of MAS for the year ended 30 June 2019.
- b. Estimated replacement CFO and chairman remuneration of €120 000 and €48 500 per annum respectively.
- c. In accordance with the Framework Agreement, the incoming CEO and COO will not be paid any remuneration during the three-year Lock-in Period. However, the requirements of IFRS 2 and IFRS 3, require an equity-settled share-based payment expense to be recognised, which represents implied remuneration for the respective executives. The equity-settled share-based payment expense has been calculated based on 2.0 million Consideration Shares at the issue price of €1.05, being the market price at 16 October 2019 (share price of R17.30 per share at €:ZAR exchange rate of 16.5129). The IFRS adjustments do not affect the commercial structure of the transaction, and the incoming CEO and COO will not receive cash or other actual remuneration for the duration of the Lock-in Period, and the shares allocated from the Consideration Shares as implied remuneration will be issued in accordance with the provisions mentioned in paragraph 4 of the circular.

The following has been assumed:

- The Lock-in Period is three years, resulting in a vesting period of three years.
- The CEO and COO complete a service year from 1 July 2018 to 30 June 2019.
- One third of the implied remuneration amount of €2.1 million has been recognised as an expense, with the remaining amount of €1.4m being recognised as a prepayment to be released in years two and three.
- It is assumed that no tax liability will arise in respect of the implied remuneration to the incoming CEO and COO. Consequently, no provision is raised in respect of the related indemnification mentioned in paragraph 4.13.2 of the circular.

d. Estimated non-recurring redundancy costs in relation to the incumbent CEO and CFO of €0.6 million.

5. Represents non-recurring transaction costs of €194 754 expensed. Total estimated transaction costs are recognised as follows:

	Euro
Transaction costs expensed	194 754
Transaction costs recognised in retained earnings (see consolidated <i>pro forma</i> statement of financial position note 5)	664 866
Transaction costs recognised in share capital (see consolidated <i>pro forma</i> statement of financial position note 5)	31 189
Total transaction costs	890 809

A breakdown of estimated transaction costs of €890 809 is included in paragraph 17 of the circular.

6. Save for the adjustments set out above, there are no other material events requiring adjustment to the consolidated *pro forma* statement of comprehensive income. All adjustments are expected to have a continuing effect with the exceptions as noted above.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF MAS

MAS Real Estate Incorporated Inc.
2nd Floor, Clarendon House
Victoria Street
Douglas
IM1 2LN
Isle of Man

22 October 2019

To the Directors of MAS Real Estate Inc.

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of MAS Real Estate Inc (the "Company") by the directors. The consolidated *pro forma* financial information, as set out on pages 25 to 36 of the Circular, consist of the consolidated *pro forma* statement of financial position as at 30 June 2019, the consolidated *pro forma* statement of profit or loss, and the consolidated *pro forma* statement of other comprehensive income for the year ended 30 June 2019 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information is specified in the JSE Limited (**JSE**) Listings Requirements and described in paragraph 7 and Annexure 2 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the acquisition of the remaining effective economic interest in PKM CEE Investments Ltd (the "Investment JV"), comprising an effective 20% participation in the Investment JV less the interest cost on the participation funding that is provided by the Company, together with Prime Kapital Ltd Group's property management platform which provides management services in respect of the real estate investment property portfolio of the Investment JV (the "**Transaction**").

As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 30 June 2019, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 2 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 2 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 7 and Annexure 2 of the Circular.

PricewaterhouseCoopers Inc.

Director: Shiraz Hassim

Registered Auditor

Johannesburg

22 October 2019



MAS REAL ESTATE INC.

Registered in the British Virgin Islands
Registration number 1750199
SEDOL (EMTF): B96VLJ5
SEDOL (JSE): B96TSD2
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13
("MAS" or "the Company")

NOTICE OF SHAREHOLDERS' MEETING

Where appropriate and applicable, the terms defined in the circular to which this notice of Shareholders' Meeting is attached, bear the same meaning in this notice of Shareholders' Meeting and in particular, in the resolutions set out below.

Notice is hereby given that a meeting of the shareholders of the Company will be held at 2nd Floor, Clarendon House, Victoria Street, Douglas, Isle of Man on [20 November 2019] at 10:00 a.m. (GMT)/12:00 p.m. (SA time) for the shareholders to consider and, if deemed fit, approve with or without modification, the resolutions set out below.

(All resolutions require a majority of in excess of 50% of the voting rights exercised in relation thereto to be passed unless otherwise stated)

IMPORTANT DATES TO NOTE

2019

Last day to trade in order to be eligible to participate in and vote at the Shareholders' Meeting	Tuesday, 12 November
Voting record date	Friday, 15 November
Last day to lodge forms of proxy for the Shareholders' Meeting by 10:00 a.m. (GMT)/12:00 p.m. (SA time)	Monday, 18 November
Shareholders' Meeting held at 10:00 a.m. (GMT)/12:00 p.m. (SA time)	Wednesday, 20 November
Results of the Shareholders' Meeting released on SENS	Wednesday, 20 November
Closing date on or about	Wednesday, 20 November
Completion date on or about	Wednesday, 27 November

In terms of the JSE Listings Requirements, the resolutions set out below require a majority of the votes cast by securities. Only shareholders reflected on the share registers as such on the voting record date are entitled to vote on the resolutions below.

RESOLUTION 1: APPROVAL OF THE TRANSACTION

"Resolved in terms of paragraph 10.4(e) of the JSE Listings Requirements that the acquisition by MAS of PK's effective economic interest in Investment JV, together with the Property Management Platform in exchange for the Consideration Shares, pursuant to the Framework Agreement, be and is hereby authorised."

In order for resolution 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy, but excluding those voting rights exercisable by PK, together with their associates, is required.

RESOLUTION 2: ELECTION OF MARTIN SLABBERT AS A DIRECTOR

"Resolved that, subject to the approval of resolution 1, Mr Martin Slabbert is appointed as an executive director of the Company, with effect from the conclusion of the Shareholders' Meeting.

RESOLUTION 3: ELECTION OF VICTOR SEMIONOV AS A DIRECTOR

"Resolved that, subject to the approval of resolution 1, Mr Victor Semionov is appointed as an executive director of the Company, with effect from the conclusion of the Shareholders' Meeting.

RESOLUTION 4: ELECTION OF DAN PETRISOR AS A DIRECTOR

“Resolved that, subject to the approval of resolution 1, Mr Dan Petrisor is appointed as an executive director of the Company, with effect from the conclusion of the Shareholders’ Meeting.

RESOLUTION 5: AUTHORITY TO GIVE EFFECT TO RESOLUTIONS

“Resolved that any director or the company secretary of MAS be and is hereby authorised to do all such things and sign all such documents required to give effect to the resolutions passed at the Shareholders’ Meeting.”

QUORUM

A meeting of shareholders or class of shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person (in the case of a shareholder who is an individual) or by a duly appointed representative (in the case of a shareholder who is a body corporate) or by proxy (in either case) a shareholder or shareholders not less than three shareholders holding in aggregate not less than 25% of the voting rights entitled to be exercised at the meeting.

VOTING AND PROXIES

There are different forms of proxy for shareholders on the European and South African share registers. If you are a shareholder, whether or not you intend to attend the meeting of shareholders, you are requested to complete the relevant form of proxy or form of instruction in accordance with the instructions printed thereon.

The form of proxy for shareholders on the South African share register is attached to and forms part of this circular.

Shareholders on the European share register and depositary interest register may vote electronically by following the instructions printed upon their applicable voting form. Forms of proxy for certificated shareholders will be posted to shareholders with this document for use at the meeting. An example of the forms of proxy for shareholders on the European share register and holders of depositary interest share register will be available on the MAS website [insert exact URL] from Monday, 28 October 2019.

To be valid, the forms of proxy for use by shareholders on both the European and South African share registers must be completed and returned, in accordance with the instructions printed thereon to be received by the BVI registrar and the South African transfer secretaries, respectively, by no later than 10:00 a.m. GMT/12:00 p.m. (SA time) on Monday, 18 November 2019. Forms of instruction for use by holders of depositary interests must be completed and returned in accordance with the instructions printed thereon to be received by the Depository by no later than 10:00 a.m. GMT/12:00 p.m. (SA time) on Friday, 15 November 2019.

Shareholders on the South African register who hold their shares in dematerialised form registered in a name other than their own name, who wish to attend the shareholders’ meeting in person, will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker. Such shareholders who are unable to attend the annual meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

Holders of depositary interests who wish to attend the meeting in person, will need to request that their broker/nominee make a formal request by notifying the Depository in writing or email by no later than 10:00 a.m. GMT/12:00 p.m. (SA time) on Friday, 15 November 2019.

By order of the board

Helen Cullen

Company secretary

28 October 2019

Correspondence address

2nd Floor, Clarendon House

Victoria Street

Douglas

Isle of Man

IM1 2LN

Note: A shareholder may be represented at the meeting by a proxy, who need not be a shareholder, to speak and vote on behalf of the shareholder. Please note the details for the return of proxy forms vary for European and South African shareholders.



MAS REAL ESTATE INC.

Registered in the British Virgin Islands
Registration number 1750199
SEDOL (EMTF): B96VLJ5
SEDOL (JSE): B96TSD2
JSE share code: MSP
ISIN: VGG5884M1041
LEI code: 213800T1TZPGQ7HS4Q13
("MAS" or "the Company")

SOUTH AFRICAN FORM OF PROXY

This form of proxy is for use by shareholders on the SA share register ONLY

Where appropriate and applicable, the terms defined in the circular to which this form of proxy is attached bear the same meanings in this form of proxy.

THIS FORM OF PROXY IS ONLY FOR USE BY:

- **certificated shareholders on the SA share register; and**
- **own-name dematerialised shareholders on the SA share register.**

For completion by the aforesaid registered shareholders who are unable to attend the Shareholders' Meeting to be held at 10:00 a.m. GMT/12:00 p.m. (SA time) on Wednesday, 20 November 2019 at 2nd Floor, Clarendon House, Victoria Street, Douglas, Isle of Man.

If you are a dematerialised shareholder, other than with own-name registration, do not use this form. Dematerialised shareholders, other than with own-name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

Email address

Telephone number

Cellphone number

of (address)

being the holder(s) of [issuer] shares hereby appoint:

- _____ or failing him/her,
- _____ of failing him/her,
- _____ the chairperson of the Shareholders' Meeting

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the Shareholders' Meeting of shareholders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the Shareholders' Meeting, and to vote on the resolutions in respect of the shares registered in my/our name(s).

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	Number of votes		
	*In favour of	*Against	*Abstain
Resolution 1: Approval of the Transaction			
Resolution 2: Election of Martin Slabbert as a director			
Resolution 3: Election of Victor Semionov as a director			
Resolution 4: Election of Dan Petrisor as a director			
Resolution 5: Authority to give effect to resolutions			

One vote per MAS share held by shareholders, recorded in the registers on the voting record date.

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2019

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the Shareholders' Meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of MAS. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the Shareholders' Meeting. Forms of proxy are requested to be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown, 2107, or faxed to +27 11 688 5238, or emailed to proxy@computershare.co.za, so as to arrive no later than 12:00 pm (SA time) on Monday, 18 November 2019. Any shareholder who completes and lodges a form of proxy will be entitled to attend, speak and vote in person at the Shareholders' Meeting should the shareholder decide to do so.

Please read notes on the reverse side hereof

NOTES TO THE FORM OF PROXY

1. This form of proxy is for use by certificated shareholders and own-name dematerialised shareholders on the South African share register only. Certificated shareholders and own-name dematerialised shareholders unable to attend the Shareholders' Meeting, but who wish to vote, are requested to complete this form of proxy and return it (together with the power of attorney and other authority, if any, under which it is signed, or a notarially certified office copy thereof) to Computershare Investor Services (South Africa) Proprietary Limited, either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to proxy@computershare.co.za, or via post to PO Box 61051, Marshalltown, 2107, South Africa, to be received no later than 10:00 am (GMT)/12:00 p.m. (SA time) on Monday, 18 November 2019.
2. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairperson of the Shareholders' Meeting". The person whose name stands first on the form of proxy and who is present at the Shareholders' Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. If the appointer is a corporation, this proxy must be executed under its common seal or under the hand of some officer or attorney duly authorised on its behalf.
4. In the case of joint holders, any one such person may sign.
5. Dematerialised shareholders who have not elected own-name registration who are unable to attend the Shareholders' Meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker, and must not complete this form.

