

MAS REAL ESTATE INC.



ABRIDGED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

HIGHLIGHTS

- Final dividend of 1,50 euro cents per share approved
- Adjusted core income of 4,21 euro cents per share
- Capital of €23 797 426 raised in February 2013
- Migration to main board of the JSE targeted for second half of 2013

MAS is a real estate investment company with a portfolio of commercial properties in Western Europe. It aims to provide investors with a sustainable attractive euro denominated dividend. The current investment focus is in the United Kingdom, Germany and Switzerland. The company has its primary listing on the Euro MTF market of the Luxembourg Stock Exchange and a secondary listing on the Alternative Exchange of the JSE.

REPORTING CURRENCY

The company's results are reported in euro.

BUSINESS REVIEW

Growth across all sectors of the real estate market remained subdued, with the exception of the very best located and tenanted properties, which is where the majority of investors have sought refuge in 2012. Our argument for investing in European real estate remains as strong as ever. We believe that now is a most opportune time to be building a portfolio of well-located property investments. Value can be uncovered, not by following the herd, but by seeking opportunity where others are not looking – and the opportunities currently available across Europe, and in particular the UK, are indeed substantial. The company is diligently taking advantage of these on behalf of shareholders, with our currently available investment capital.

Redomiciliation

The last quarter has been a particularly busy period for management. Before embarking on the capital raising in February, the corporate registration of the company was migrated from the Isle of Man to the British Virgin Islands. This was an important step as the longer-term tax structuring of the company was thereby secured. It also means that the company is no longer subject to the UK Takeover Code. As the descriptive "plc" is not permitted under BVI law, the company was renamed MAS Real Estate Inc. but will continue to be referred to simply as MAS.

This action allowed the company to undertake the private placement of 22,7 million new shares in MAS with existing shareholders and specific other investors. The new capital will enable it to take advantage of some of the excellent investment opportunities that have become available.

The current portfolio of properties, is as follows:

Property	Sector	Currency	Valuation As at 28 Feb 13 '000
DPD	Logistics	CHF	22 740
Aldi portfolio	Food retail	EUR	9 750
Metchley Hall	Student residential	GBP	6 200
Santon North	Industrial/development	GBP	7 314
Sauehahall	Retail	GBP	4 700
Braehed	Industrial	GBP	6 500
Artisan IP 10	Development	GBP	3 010
Total		EUR	60 548

The current portfolio continues to perform well with conservative gearing at 21% loan to total assets. The company has no pre-crisis legacy assets or debt or re-financing pressures. This stands in sharp positive contrast to many of its European peers.

Abridged consolidated statement of comprehensive income

	Audited Year ended 28 Feb 13	Audited Year ended 28 Feb 12 Restated
(€'000)		
Revenue		
Gross rental income	4 090	2 242
Expenses		
Property-related expenses	(676)	(432)
Investment adviser fees	(619)	(457)
Administrative expenses	(685)	(747)
Net operating income	2 110	606
Net fair value adjustments of investment property	(1 171)	839
Net fair value adjustments of financial instruments	(60)	(1 606)
Equity accounted earnings/(losses)	20	(8)
Exchange differences	(848)	167
Profit/(loss) before net financing costs	51	(2)
Finance income	11	714
Finance expense	(756)	(673)
(Loss)/profit before taxation	(694)	39
Taxation	(193)	(37)
(Loss)/profit for the year	(887)	2
Other comprehensive (loss)/income		
Currency translation differences	(217)	264
Total comprehensive (loss)/income for the year	(1 104)	266
(Loss)/earnings per share (euro cents)*	(2,06)	0,01
Headline earnings/(loss) per share (euro cents)*	0,66	(2,46)
Adjusted core income per share	4,21	3,13
Weighted average number of ordinary shares in issue ('000's)	43 055	35 421
Adjusted core income	1 811	1 108

* There are no potentially dilutive instruments in issue.

The DPD property in Switzerland and the Aldi portfolio in Germany continued to trade well and generate strong cash yields. The debt on these properties has been substantially hedged, locking in the positive spread between the cost of debt and the yield on the property, and is amortising over the debt term.

The UK portfolio has also performed well. The lease with the tenant on the 42 500 m² Braehed property in Glasgow acquired in April 2012 has been extended to 2025 with a near 10% increase in the base rental. Future rental increases are linked to the Retail Price Index. The nominations agreement on Metchley Hall, the student property in Birmingham, demonstrated the importance of security of income in a year of headwinds for the student sector, which experienced the combined effect of the reduction of student subsidies and more stringent requirements for visas for foreign students. The directors are pleased with the considerable progress made during the year in respect of the development properties Santon North Street and Artisan IP 10.

FINANCIAL RESULTS

Adjusted core income grew strongly to €1 811 492 which equates to 4,21 euro cents per share. This was due mainly to the acquisition of the Braehed property. In line with company policy, no hedging of currencies is undertaken between the euro, sterling and the Swiss franc. This has resulted in currency losses in the current year. The strengthening of the euro has reduced the net asset value ("NAV") per share, which now stands at 96,9 euro cents from a restated 98,5 euro cents last year. This type of fluctuation is an expected component of the investment process given that currency hedging is not undertaken, but is particularly extreme in the current year due to the unusually volatile fluctuations between European currencies experienced in the period under review. The actual impact of these fluctuations on shareholders is not significant as they are eliminated in the computation of adjusted core income.

PROSPECTS AND OUTLOOK

MAS is realising the innate value of the properties in the portfolio in line with the strategy devised for each of them when they were acquired. The directors are confident they will be able to continue investing the capital of the company in the excellent opportunities available in the markets in which it operates. They intend migrating MAS to the main board of the JSE in the second half of 2013, subject to all necessary approvals. Such a move will, in the opinion of the directors, increase the profile of the company and enhance its ability to raise capital to take advantage of the numerous investment opportunities available in Europe at this time.

Abridged consolidated statement of financial position

	Audited As at 28 Feb 13	Audited As at 28 Feb 12 Restated
(€'000)		
Investment property	57 012	50 892
Investment in associate	1 055	1 019
Loan to associate	2 433	2 480
Fixed assets	48	27
Current assets	25 719	10 089
Total assets	86 267	64 507
Share capital	67 423	42 154
Retained losses	(3 674)	(1 296)
Foreign currency translation reserve	467	684
Shareholder equity	64 216	41 542
Long-term loans payable	17 465	17 813
Financial instruments	2 523	2 479
Current liabilities	2 063	2 673
Total liabilities	22 051	22 965
Total equity and liabilities	86 267	64 507
Net asset value per share (euro cents)	96.9	98.5
Number of shares in issue ('000's)	66 238	42 154

Abridged consolidated statement of cash flows

	Audited Year ended 28 Feb 13	Audited Year ended 28 Feb 12 Restated
(€'000)		
Cash generated from operating activities	1 947	938
Cash utilised in investing activities	(5 755)	(22 206)
Cash generated from financing activities		
– debt and capital raised	22 673	20 398
Cash and equivalents at the beginning of the year	5 743	6 612
Currency translation differences	100	1
Cash and equivalents at year-end	24 708	5 743

DIVIDEND

The directors have approved a final dividend for the year of 1,50 euro cents per share. Details and timing of the final dividend will be published in due course. On a like-for-like basis and eliminating the effect of the capital raising immediately before year-end, the dividend for the second half would have been an encouraging 2,28 euro cents per share. The total dividend for the year reached 3,41 euro cents per share, and the adjusted core income per share for the same period is 4,21 euro cents.

BASIS OF PREPARATION

These results have been prepared in accordance with International Financial Reporting Standards, including IAS 34-Interim Financial Reporting, the rules of the Luxembourg Stock Exchange and the Listings Requirements of the JSE Limited.

ACCOUNTING POLICIES

The financial statements on which these abridged results have been based, have been audited by the group's auditors, KPMG Audit LLC, and their unqualified audit report is available on request from the company secretary and will be released together with the annual report. The accounting policies adopted are consistent with those of the previous year, with the exception of investment property under construction. The directors believe the most appropriate accounting treatment for these assets is the cost basis until practical completion, at which point they will be carried at independent valuation on the balance sheet.

2 May 2013

JSE sponsor: Java Capital

Abridged consolidated statement of changes in equity

(€'000)	Share Capital	Retained (losses)	Currency Translation reserve	Total
28 February 2011	19 763	(451)	420	19 732
Issue of shares	22 391	–	–	22 391
Restated profit for year	–	2	–	2
Interim dividend paid	–	(847)	–	(847)
Restated other comprehensive income	–	–	264	264
28 February 2012 (restated)	42 154	(1 296)	684	41 542
Issue of shares	25 269	–	–	25 269
Loss for the year	–	(887)	–	(887)
Dividends paid	–	(1 491)	–	(1 491)
Other comprehensive (loss)	–	–	(217)	(217)
28 February 2013	67 423	(3 674)	467	64 216

Reconciliation of (loss)/profit for the year to headline earnings/(loss)

(€'000)	Audited Year ended 28 Feb 13	Audited Year ended 28 Feb 12 Restated
(Loss)/profit for the year	(887)	2
Adjusted for:		
– Revaluation of investment property	1 171	(875)
Headline earnings/(loss)	284	(873)
Weighted average number of ordinary shares in issue ('000's)	43 055	35 421
Headline earnings/(loss) per share (euro cents)	0,66	(2,46)

SUPPLEMENTARY INFORMATION

Reconciliation of (loss)/profit for the year to core income and adjusted core income – unaudited

(€'000)	Year ended 28 Feb 13	Year ended 28 Feb 12 Restated
(Loss)/profit after taxation	(887)	2
Adjusted for:		
– Movement in fair value adjustments	1 231	767
– Exchange differences	848	(167)
– Capital raising fees and structure costs	359	481
Core income	1 551	1 083
– Santon North income shortfall guarantee	260	25
Adjusted core income	1 811	1 108