

MAS REAL ESTATE INC



ANNUAL REPORT 2013



CONTENTS

Corporate profile.....	2
Corporate structure	3
Directors of the company and members of the investment committee of the investment advisor	4
Advisers to the company	5
Corporate governance.....	7
Chairman's report	8
Directors' and investment adviser's report.....	12 – 15
Statement of directors' responsibilities	16
Report of the independent auditors.....	17
Consolidated statement of comprehensive income.....	18
Consolidated statement of financial position.....	19
Consolidated statement of cash flows.....	20
Consolidated statement of changes in equity	21
Notes to the consolidated financial statements	22 – 44
Supplementary information (unaudited).....	45
Notice to shareholders.....	46
Forms of proxy	47



COMMERCIAL PROPERTY OPPORTUNITIES THAT YIELD STABLE RETURNS AND PORTFOLIO DIVERSIFICATION

SALIENT POINTS

1,50 euro
cents
approved

Final dividend per share of
1,50 euro cents approved

Adjusted core income per share
of 4,21 euro cents

Capital raised:
€23 797 426

Capital of €23 797 426 raised in
February 2013

Strong pipeline of further investment
opportunities

Solid development of the company's
portfolio, enhanced through the
Braehead property acquisition and
progress with asset management on
existing portfolio

Company remained moderately
leveraged at 21% debt to total assets

Migration of the company to the main
board of the JSE targeted for the
second half of 2013

CORPORATE PROFILE

COMPANY INFORMATION

Registered in the British Virgin Islands	Company number	1750199
Registered as an external company in South Africa	Registration number	2010/000338/10
JSE share code		MSP
SEDOL (XLUX)		B96VLJ5
SEDOL (ALT ^x)		B96TSD2
ISIN		VGG5884M1041
Number of shares in issue as at 28 February 2013		66 238 363

KEY STATISTICS – YEAR ENDED 28 FEBRUARY 2013

Adjusted core income (unaudited)	€1 811 492
Adjusted core income per share (unaudited)	4,21
Final dividend per share (euro cents)	1,50
Dividend per share (euro cents – cumulative year total)	3,41
Bourse de Luxembourg closing price on 28 February 2013	€1,05
JSE closing price on 28 February 2013	R11,75
Total value of property portfolio	€60 548 715
Gross annual rental income	€4 090 484
Total bank borrowings	€17 956 622
Net interest expense	€755 724

INCORPORATION AND HISTORY

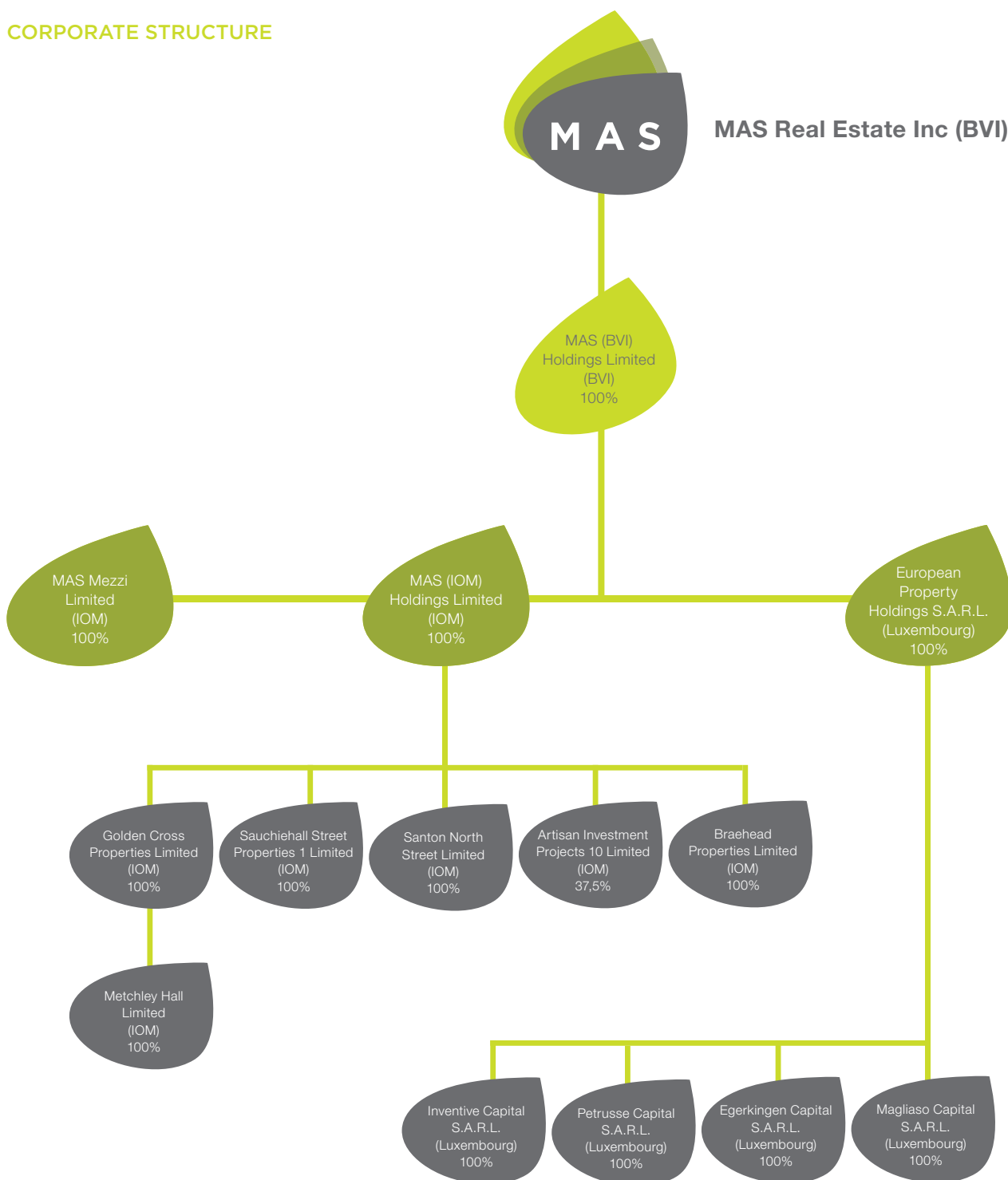
MAS was incorporated in the Isle of Man on 3 July 2008 and registered as an external company in South Africa on 8 January 2010. The company is a closed-ended investment company with infinite life and listed on the EURO MTF market of the Bourse de Luxembourg on 12 August 2009, where it has its primary listing, and on the Alternative Exchange (“AltX”) of the Johannesburg Stock Exchange (“JSE”) on 31 August 2009, where it has its secondary listing. The company was redomiciled and continued in the British Virgin Islands under the BVI Business Companies Act, 2004 on 4 January 2013, and changed its name from MAS plc to MAS Real Estate Inc.

COMPANY OVERVIEW

The company aims to provide investors with an attractive, sustainable euro-denominated dividend and strong growth in value over time through its acquisition and asset management strategy. The current investment focus is on the United Kingdom, Germany and Switzerland.

The company announced its maiden dividend in December 2010 and has paid a dividend twice yearly since.

CORPORATE STRUCTURE



IOM: Isle of Man

BVI: British Virgin Islands

DIRECTORS OF THE COMPANY AND MEMBERS OF THE INVESTMENT COMMITTEE OF THE INVESTMENT ADVISER

For the year ended 28 February 2013

Non-executive chairman



Ron Spencer *

Ron was previously managing director of Merrill Lynch Investment Managers Holdings (IOM) Limited. He also serves as a non-executive director of the boards of several other Isle of Man companies. He was admitted as a chartered director by the Institute of Directors in 2004 and is chairman of the Isle of Man Government Gambling Supervision Commission.

Executive directors



Lukas Nakos (BBus Sc) *°

Lukas is chief executive of Artisan Real Estate Investors and MAS. He previously held the same position with an international financial services group with significant real estate exposure, where he played a key role in constructing the real estate portfolio. Lukas is based on the Isle of Man.



Malcolm Levy (MCom, MBA (Oxon)) *°

Malcolm is chief financial officer of Artisan Real Estate Investors and MAS. He was co-founder and portfolio manager of a US\$200 million emerging market equity hedge fund in London. Before that Malcolm was an equities analyst at Gartmore. He is a CFA and CAIA charter holder and a registered South African chartered accountant. Malcolm is based on the Isle of Man.

Non-executive directors



Gideon Oosthuizen (BEng Mech) *°

Gideon is an executive director of Atterbury Investment Holdings and Atterbury Asset Managers, a significant South African property development and investment group. He is based in South Africa.



Jaco Jansen (B.Com Hons) *

Jaco is head of the investment services division of the Maitland Group, which manages more than US\$1billion for private clients and provides investment advice on a multi-asset class basis to institutional clients with GBP 1.4 billion of assets. Jaco is a registered South African chartered accountant and is based on the Isle of Man.

Other members of the investment committee of the investment adviser



Pierre Goosen (BCom (Law), LLB) °

Pierre is joint managing director of Argosy Capital, a European based private equity and venture capital investment business. Prior to joining Argosy, Pierre worked at two highly regarded international law firms as a commercial, private equity and funds lawyer. Pierre is an admitted attorney in South Africa and solicitor in England and Wales. He is based on the Isle of Man.



Robert Roux (BAcc, BCompt) °

Robert is chief operating officer of the Sanlam Investment Cluster where his wide range of responsibilities includes functional areas such as finance, risk, legal and compliance as well as the operational responsibilities for companies in Namibia and Ireland. Robert is based in South Africa.



Dewald Joubert (BCom (Law), LLB) °

Dewald is joint managing director of Argosy Capital, a European based private equity and venture capital investment business. He is a former practising lawyer and partner of the Maitland Group and has gained wide experience in international tax planning and corporate governance. Dewald has served on the boards of a number of listed companies and major trading subsidiaries of listed multinational businesses. He is based on the Isle of Man.

* Member of the board of directors

° Member of the investment committee

ADVISERS TO THE COMPANY

For the year ended 28 February 2013



REGISTERED OFFICE IN THE BVI

MAS Real Estate Inc.
Midocean Chambers
Road Town
Tortola
British Virgin Islands

CORRESPONDENCE ADDRESS

MAS Real Estate Inc.
25 Athol Street
Douglas
Isle of Man
IM1 1LB

COMPANY SECRETARY

Helen Cullen ACIS
(Associate of the Institute of
Chartered Secretaries & Administrators)

INVESTMENT ADVISER

MAS Property Advisors Limited
25 Athol Street
Douglas
Isle of Man
IM1 1LB

INDEPENDENT AUDITORS

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

JSE SPONSOR

Java Capital
2 Arnold Road
Rosebank
2196
South Africa

LUXEMBOURG LEGAL ADVISER

M Partners
56, rue Charles Martel
L-2134
Luxembourg

LUXEMBOURG ADMINISTRATOR

Hoche Partner Trust Services SA
121 Avenue de la Faiencerie
L-1511
Luxembourg

BVI ADMINISTRATOR

Midocean Management
and Trust Services (BVI) Limited
Midocean Chambers
PO Box 805
Road Town
Tortola
British Virgin Islands VG1110

REGISTRAR/TRANSFER SECRETARIES

British Virgin Islands

Computershare Investor Services
(BVI) Limited
Registration number 003287V
Woodbourne Hall
PO Box 3162
Road Town, Tortola
British Virgin Islands

South Africa

Computershare Investor Services
(Proprietary) Limited
Registration number 2004/003647/07
Ground floor
70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

DEPOSITORY

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE
United Kingdom

PROPERTY VALUERS

Germany

DTZ Zadelhoff Tie Leung GmbH
Eschersheimer Landstrasse 6,
60322 Frankfurt (M),
Germany

Switzerland

Wüest & Partner AG
Gotthardstrasse 6
CH-8002
Zürich
Switzerland

UK

Savills (L&P) Limited
First floor
Lansdowne House
57 Berkeley Square
London
W1J 6ER

Gerald Eve LLP
72 Welbeck Street
London
W1G 0AY

GVA Grimley Limited
Quayside House
127 Fountainbridge
Edinburgh
EH3 9QG



Above and right: DPD building
and interior, Buchs, Zurich
Below: Aerial view of Artisan IP 10
development site, Edinburgh, UK



The company is committed to principles of comprehensive corporate governance. It embraces the adoption and monitoring of sound effective systems of internal control, the assessment and management of business risks and the definition and implementation of appropriate business procedures. The directors of the company regard corporate governance as vitally important to the success of its business. Corporate governance within the company is managed by the board of directors and the audit committee, the details of which are set out below.

The board considers all investment decisions on a case by case basis on recommendation by the investment committee of the investment adviser.

AUDIT COMMITTEE

The audit committee meets at least three times a year and comprises two independent non-executive directors, Jaco Jansen (chairman) and Ron Spencer. The terms of reference for the committee include:

- Monitoring the integrity of the financial statements, reviewing significant financial reporting issues and judgements that they contain.
- Reviewing and challenging where necessary the accounting policies and their application; methods and assumptions used for unusual transactions; and the appropriateness of accounting treatments.
- Reviewing, at least annually, the systems of internal controls and risk management, to ensure that an adequate risk management process is in place and operating effectively.
- Reviewing the arrangements for employees of any group company to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

- Considering and making recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor, and overseeing the relationship with the external auditor and the investigation of matters arising out of the external audit.

The board is provided with regular reports on the committee's activities.

INVESTMENT ADVISER

The investment adviser has been incorporated specifically to provide investment advisory services to the company under the remit of an investment advisory agreement (the "Investment Advisory Agreement").

The investment adviser performs, inter alia, the following functions:

- (i) sources investment opportunities and presents the same to the company;
- (ii) conducts due diligence and investment analysis in relation to potential or existing investments;
- (iii) recommends disposal strategies for investments;
- (iv) recommends a debt strategy for each investment, including the presentation of a lending term sheet for consideration and approval by the company;
- (v) negotiates the finance documents with and selects the lender(s) to the company and
- (vi) recommends appropriate risk management strategies particularly with regard to interest rate and foreign currency hedging strategies.

The investment adviser has significant depth of experience in the key competencies required, namely property investment and active asset management. This is combined with the requisite complimentary skills and experience in the fields of legal, finance, treasury and corporate governance in the markets in which the company will invest. In addition, the direct involvement of the Atterbury and Sanlam Groups in South Africa add further weight in this regard. In particular, Gideon Oosthuizen represents Atterbury and Robert Roux represents the Sanlam Group on the investment committee of the investment

adviser, in addition to the board of directors of the investment adviser.

Other key strengths include:

- Deep knowledge and long experience in the markets in which the company invests
- A blend of a strong entrepreneurial style of investment that is balanced by a cautious approach embedded through robust corporate governance and accountability
- Value creation by complementing income returns from quality property selection with cost benefits achieved through optimum property finance and treasury management
- Privileged access to off-market deal flow arising from well established relationships in the markets in which the company invests
- Key relationships in financing, property and facilities management
- Significant element of joint participation by shareholders of the investment adviser

COMPANY SECRETARY

The company secretary is responsible for ensuring that all statutory documentation is filed with the registrar and all such documentation is true, correct and up to date.

CHAIRMAN'S STATEMENT

For the year ended 28 February 2013

The 12 months to February 2013 were once again dominated by fluctuating uncertainty about the strength of the euro zone. Southern European members continued to weigh on the monetary union, with Cyprus the latest in the list of casualties. The collective response of the European Union to the crisis continues to be painfully slow and indecisive. However, the resolve of the union remains strong and the European Central Bank (ECB) and bailout funds have continued to inject the necessary liquidity to keep governments afloat.

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 investors sought refuge. Our argument for investing in European real estate remains as strong as ever. We firmly believe now is indeed a most opportune time to be building a portfolio of well-located property investments. Deep 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, wherever possible given our currently available investment capital.

STRATEGY

Our core European markets of the UK, Germany and Switzerland remain the key focus of investment. There are several reasons for this: The long-term nature of leases in these markets; the potential to find unique investment opportunities in the midst of the present economic turmoil; and the particular experience of the company's investment adviser. We continue to review the jurisdictional and currency investment strategy on a regular basis.

The investment philosophy of the business is straightforward. Some 60% to 70% of the portfolio is typically invested in core, long-term, income-generating assets that provide

shareholders with a strong and stable income stream. The balance of the portfolio consists of more opportunistic investments acquired for an anticipated higher return at a slightly higher risk. In these instances the company may delay an initial yield either to accommodate development timescales, or asset management activities (on a non-speculative basis) in exchange for a higher yield later on.

The company has found substantial opportunities in the UK in the last two years, where it has spent all of the capital raised in September 2011. These opportunities range from an industrial unit located adjacent to a new retail hub in Braehead, Glasgow, to a value-adding, mixed-use development in the town centre of upmarket Lewes in Sussex. We believe none of these opportunistic acquisitions would have been available prior to the crisis that began in 2008. The potential value that can be unlocked from these properties in the form of income and capital gains in the coming years is expected to be substantial.

PERFORMANCE

At the beginning of the 2012/13 financial year MAS completed the investment of the capital raised in September 2011. Additional funds were then raised in February 2013 to allow the further growth of the portfolio. This capital raising took place somewhat later than hoped, but the delay was the result of a re-domiciliation of the company to secure its longer-term tax structuring, and to overcome some challenges surrounding the UK Takeover Code and the impact this would have on the ability of large investors in the company to access shares in future capital raising exercises. As a result, the company redomiciled to the British Virgin Islands during the year. The move has no impact on shareholders.

The capital raised enables the company to continue to take advantage of some of the unique opportunities available in the market. The growth in the

capital base of the company looks set to continue with on-going support from its shareholders. Core income continues to grow impressively, and the new acquisitions will further supplement this.

CORPORATE GOVERNANCE

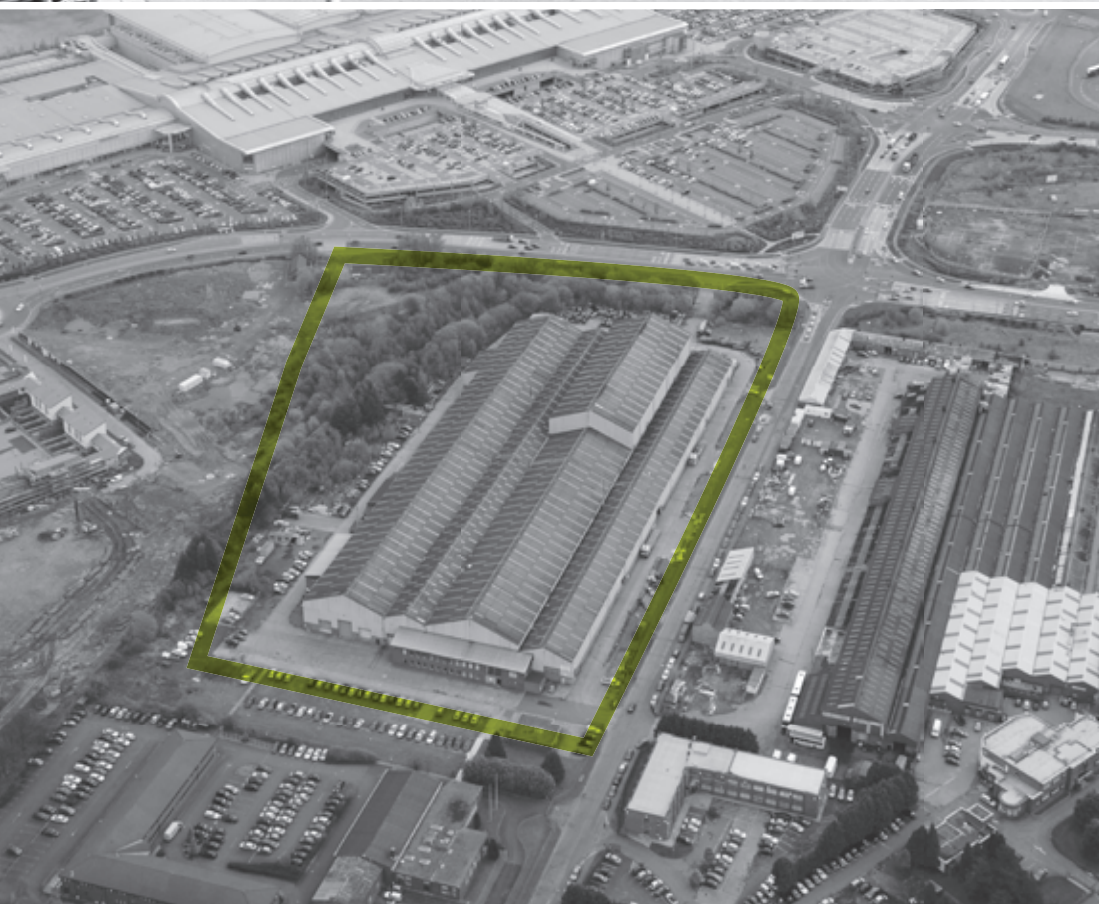
The board takes corporate governance extremely seriously and systems of internal control are operating well at board, audit committee and executive management levels.

PROSPECTS

We believe market conditions will continue to provide us with interesting and rewarding investment opportunities, and that we are well positioned to benefit from these.

Ron Spencer

Chairman

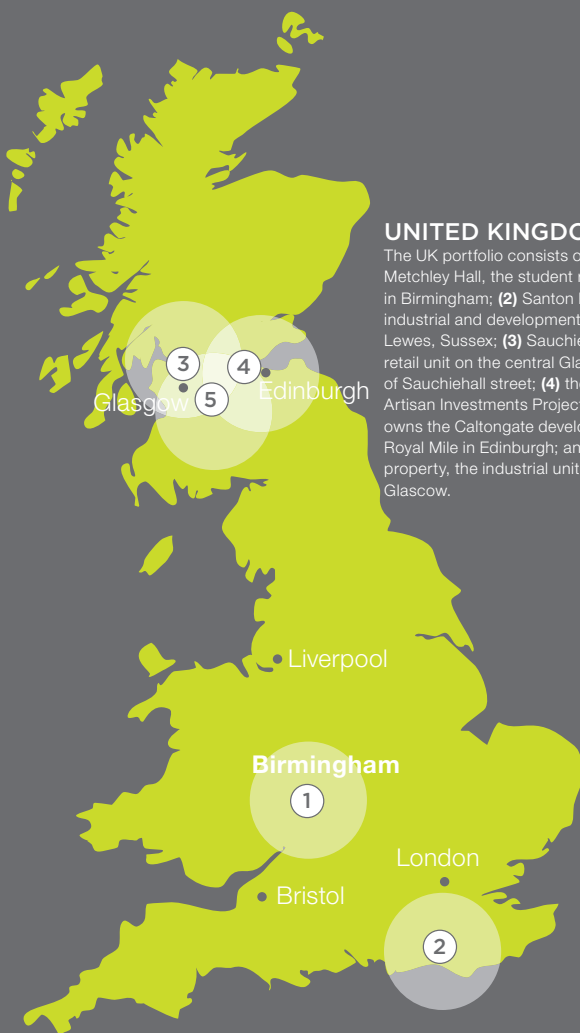


Above: DPD Building,
Buchs, Zurich
Left: Aerial view of
Braehead property,
Glasgow, UK

SUMMARY OF PROPERTY PORTFOLIO

For the year ended 28 February 2013

The diversified portfolio continues to grow, supplemented by the recent addition of the Braehead property in Glasgow, Scotland.



UNITED KINGDOM

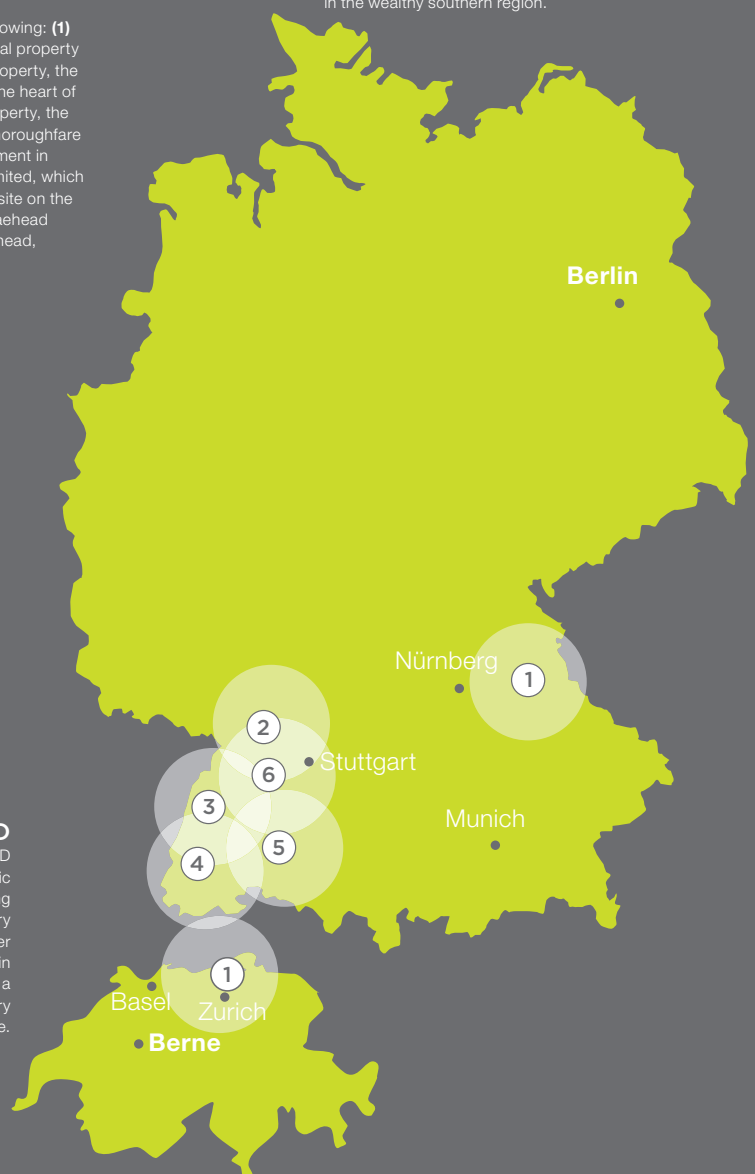
The UK portfolio consists of the following: **(1)** Metchley Hall, the student residential property in Birmingham; **(2)** Santon North property, the industrial and development site in the heart of Lewes, Sussex; **(3)** Sauchiehall property, the retail unit on the central Glasgow thoroughfare of Sauchiehall street; **(4)** the investment in Artisan Investments Projects 10 Limited, which owns the Caltongate development site on the Royal Mile in Edinburgh; and **(5)** Braehead property, the industrial unit in Braehead, Glasgow.

SWITZERLAND

The Swiss portfolio consists of the DPD property in Buchs, Zurich. DPD (Dynamic Parcel Distribution) is one of Europe's leading business to business parcel delivery companies with more than 500 depots in over 40 countries. The company was founded in 1977 and ships more than 2 million parcels a day. DPD is owned by Geopost, a subsidiary of the French postal company La Poste.

GERMANY

The German portfolio consists of 6 Aldi retail stores. Aldi is one of Germany's strongest and most successful discount food retail groups. The properties are located in: **(1)** Parsberg; **(2)** Kuppenheim; **(3)** Herbolzheim; **(4)** Staufen; **(5)** Tuttlingen; and **(6)** Ergenzingen. All are located in the wealthy southern region.





Left and right: DPD interior and signage, Buchs, Zurich
Below: Artist's impression of the Cannongate Ventures building from the public square – Artisan IP 10



DIRECTORS' AND INVESTMENT ADVISER'S REPORT

For the year ended 28 February 2013

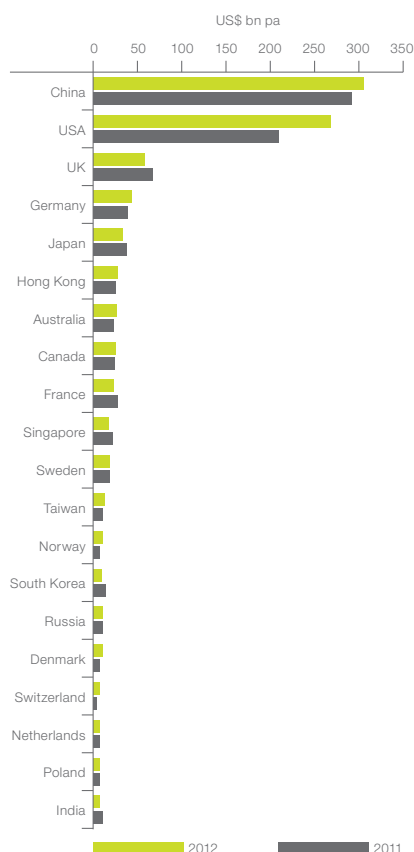
INTRODUCTION

The company's objective is to provide investors with a high-dividend yielding exposure to European commercial property. The current focus of investment is in the jurisdictions of the United Kingdom, Germany and Switzerland.

MARKET OVERVIEW

Global real estate

The five top countries for investment as measured by volume were little changed from last year, being China, the USA, the UK, Germany and Japan. MAS invests in two of these, while Switzerland also counts among the top 20 global real estate markets, and one of the best performing ones of 2012.



Source: Cushman & Wakefield and RCA (Deals over US\$5 mn)

There was an overall focus by the investment market on prime core product as investors sought low-risk

income alternatives to bond and cash markets. Investors have in general stayed focused on a small number of the largest and most liquid markets. With much still to consider both economically and politically in many areas, investors have remained alert to macro risks throughout 2012.

Financing shortages were less of a handicap to the market than has been the case in the previous three years. The finance markets were characterised by a steady flow of new players entering the fray such as funds, insurance companies and well capitalised banks, but uncertainty due to regulations and the requirement to reduce their exposure to real estate has seen many players unable to participate to any significant extent.

We have seen stock coming to the market mainly due to banks restructuring and deleveraging. This created further opportunities, fortunately in the form of a controlled flow of properties and not as an anticipated flood. As there is increasing opportunistic interest in the assets being off-loaded by banks, a reputation for reliability has become a key to success.

While expectations might be growing that a recovery is on its way leading to investors moving up the risk curve in search of return, there is the danger of overhyping secondary markets too early.

This increasing confidence has found more resonance with the investment than the occupier markets. Prime rents in many markets are still some way from delivering growth while rents and occupancy levels in second-tier areas may still fall further. Many tenants, despite being eager to reconsider their space needs, remain cost-conscious, and seek solutions that provide increased occupational efficiency along with sustainability. They may be prepared to pay well for the best product, but only if they can obtain economies of scale.

Euro zone overview

The euro zone ended 2012 strongly, but trends were far from uniform across the region. Core markets in Western Europe

tended to be up, while some in Eastern-Europe were down. Domestic investment fell and international buying rose, with investment from outside Europe particularly strong, led by major sovereign wealth and pension funds attracted to low risk markets offering relatively high real yields. Middle-Eastern buyers were the most active amongst the overseas players, focusing on London, Paris, Amsterdam and the principal German cities.

Occupiers generally remained cautious and although prime rent levels largely held firm due to supply constraints, there was evidence of further softening of rents in secondary locations. The real fear that the euro zone may break up and the unknown consequences of this led to a lack of activity in the early part of the year, but the ECB's actions in committing to unlimited bond purchasing calmed the markets, resulting in improved activity in the final quarter of the year. While we enter 2013 with more confidence and momentum than we did 2012, the macro backdrop will keep people focused on core assets and generally on Western Europe.

Bad debt is being tackled by banks and sales of real estate assets totalled some €21,7 billion in 2012. While this will benefit market liquidity, progress was not uniform in all markets with at least 90% of last year's bad debt deals concentrated in just four countries namely the UK, Ireland, Germany and Spain.

Although lending in the euro zone is still tighter than elsewhere, it is improving especially in the UK. Regulatory pressures are forcing the banks to clear up their bad debt. At the same time more banks are open to new lending, albeit at increased margins and typically at relatively conservative loan-to-value and on prime stock only.

While core markets will remain the most in demand, there is an increasing recognition that sections of secondary/second tier markets may become interesting. Indeed, opportunistic players are circling lower and lower in search of return despite the increased risk.

Macro drivers

While the outlook remains uncertain, the chances of a disorderly euro zone default appear to have largely faded and a longer term “muddling through” now seems more likely. Despite the unpredictability of the situation, recovery does seem a real prospect. This may spill over on investor confidence, spurred on by relaxed monetary policy and quantitative easing.

As investment markets normalise, bond rates are likely to increase and this may impact on property, albeit not immediately, given the buffer in property yields relative to bonds. Increased investor confidence is also likely to result in positive business decision-making about real estate requirements, which in turn could positively impact on rents and almost certainly on demand.

Satisfying tenant requirements will be the key to successful investment, and this will drive sector-specific investment policy. This will no doubt be influenced by advancements in technology, changes in working habits, the impact of the Internet on retailing, energy costs and sustainability. As an example, the importance of logistics is increasing in a virtual world, as is its scale and the location and design of facilities.

Much of the current property stock does not fit the needs of a changing world. This poses a threat for many landlords while creating redevelopment and repositioning opportunities for those able to benefit from them. Technological change and advancements will increasingly drive business change, generating winning companies and sectors, but also new ways in which property is used and occupied.

OUTLOOK

We believe European markets will become yet more polarised both from a performance and investment volume perspective. Available space may increase as occupiers downsize, consolidate and look to save costs, shedding “weaker” space and pushing up secondary voids. However, while

secondary rents will remain weak, prime values should be stable or moderately improve due to tenant demand and limited supply in key areas. European prime yields are likely to experience further downward pressure as buying demand remains focussed on the best locations. Interest in secondary markets is likely to grow, albeit slowly as finance is still limited for this market. As more stock is released by the banks this could result in a rise in investment activity in 2013.

INVESTMENT STRATEGY

Investors, including ourselves, that have sought the security of prime properties (i.e. high-quality buildings in sought after locations with long-term leases to financially resilient tenants) have been able to acquire assets that have not been available for some time in the market, and have been shielded from the worst of the impact. However, secondary assets in poor locations and with weak tenants remain illiquid, with very little non-distressed trade at that end of the market spectrum.

Raising new equity and refinancing existing maturing debt remain a challenge for many investors. This creates opportunities to acquire properties from those who have to sell in this environment.

In Europe, less macro stresses may give way to a keener focus on fundamental market drivers including

differences between countries and their policies and between cities and their appeal to occupiers. Divergence may therefore be an accelerating theme for the year, most notably between core and periphery.

With development at historic lows in many areas, and existing stock often failing to match tenant needs, the benefits of reworking, repositioning and redeveloping will be attractive.

In this market MAS is continuing an opportunistic investment strategy focussed on acquiring and developing a high-quality, high-yielding core portfolio, as the myriad of uncertainties provide exceptional opportunities to acquire assets with strong return potential.

In this context, the company raised a further €23 797 426 in February 2013 at an issue price of €1.05 per share and is allocating this capital to its growing portfolio.

OPERATIONAL UPDATE

Redomiciliation

The last quarter has been a particularly busy period for management. Before embarking on the recently completed capital raising, the corporate registration of the company was migrated from the Isle of Man to the British Virgin Islands. This was an important step to take as it has secured the longer-term tax structuring of the company. It also means

The current portfolio of property, excluding the cash raised in terms of private placement, is as follows:

Property	Sector	Currency	Valuation
DPD property	Logistics	CHF	22 740 000
Aldi portfolio	Food retail	EUR	9 750 000
Metchley Hall	Student residential	GBP	6 200 000
Santon North property	Industrial/development	GBP	7 314 213
Sauchiehall property	Retail	GBP	4 700 000
Braehead property	Industrial	GBP	6 500 000
Artisan IP 10	Development	GBP	3 010 063
Total	Euro equivalent	EUR	60 501 137

DIRECTORS' AND INVESTMENTS ADVISER'S REPORT (CONTINUED)

For the year ended 28 February 2013

that the company is no longer subject to the UK Takeover Code. As the descriptive "plc" would no longer be 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 the company to take advantage of some of the excellent investment opportunities that have become available. *(See the current portfolio of property table on previous page.)*

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

The review of performance by country is as follows:

Switzerland

DPD property

The tenant, DPD, continues to trade well and the Swiss logistics market has remained buoyant throughout the crisis. The current rent roll of SFr. 1 304 000 reflects a strong return on the investment cost of SFr. 20 535 431 and demonstrates the asset management uplift that was obtained through pre-funding of the initial development.

Germany

Aldi portfolio

The Aldi portfolio was acquired on a geared basis to generate strong cash-on-cash returns. Indeed, the portfolio has done exactly this, and the debt has combined well with the interest rate hedges that have fixed the positive spread between the cost of debt and the yield on the property.

United Kingdom

Braehead property

MAS acquired the 10,5 acre property in Braehead in Glasgow in April 2012. It is currently let to James Howden and Company, a very strong tenant who is a manufacturer of high-integrity products for use in a wide range of industries.

Much of the rationale for acquiring the property was its location directly opposite the Braehead Shopping Centre, owned by Capital Shopping Centres (CSC). As development of the area continues, there is an increasing demand for retail, commercial and residential development land. CSC has submitted a planning application to redevelop and extend the existing shopping centre by some 41 000 m² at a cost of £200 million. At the same time the company is in discussions with local planners to include our property in the new planning application for town centre status.

When the company acquired the property, the tenant was paying an annual rent of £595 344 in terms of a lease which was set to expire in February 2016. One of the first steps taken by MAS as the new owners was to renegotiate the annual rental to £650 000. The new lease expires in 2025, with a landlord-only break in 2020. Rent escalations are reviewed every three years on an upward-only basis in line with the Retail Price Index (RPI).

The company has undertaken to work with the tenant to seek alternative accommodation for his manufacturing plant, on the basis that we would develop the new facility and thereby free up the existing site for redevelopment in line with the needs of currently expanding mixed-use area.

Metchley Hall

This student property close to the University of Birmingham continues to benefit from a nominations agreement with the university in terms of which occupancy is guaranteed at 97%. The agreement runs until August 2014.

However, the student market is experiencing headwinds at present. Three factors have combined to impact negatively the valuation of the property:

- Visas were disallowed for a large number of foreign students
- The full impact of the higher tuition fees is being increasingly felt
- Not enough students obtained the grade required to guarantee university acceptance, and hence a large number of students have postponed studies until the following year.

In terms of the agreement with the introducer/project manager, their profit share absorbs the majority of the negative valuation impact in the current year. However, the valuation remains substantially above the cost of development and the directors remain confident that the student market will improve in the next academic year.

Santon North property

The development of the Santon North property is progressing well. Income from the multi-use industrial estate has been substantially increased by focussed asset management, while the potential of the site has been considerably enhanced by the decision of the Lewes District Council to provisionally change the designation of part of the property from "industrial" to "mixed use". This decision is expected to be ratified in the second half of the year with the adoption of the Lewes District Local Plan.

Artisan IP 10

MAS acquired a 37,5% holding in Artisan IP 10, which is undertaking a substantial mixed-use development in the heart of Edinburgh's city centre. The land, adjacent to Waverley Station and the City of Edinburgh Council's head office, borders the Royal Mile. It is excellently positioned to be developed into a vibrant mixed-use community incorporating hotels, offices, retail shops and residential units.

Artisan IP 10 has over the past 12 months completed a well received public

consultation programme. It extended its existing planning approvals for another three years, while preparing a detailed planning application with cutting-edge designs that are sensitive to their context in this World Heritage location.

A number of leases with potential tenants are in the process of being finalised, and construction is expected to start early in 2014 subject to planning approvals in late 2013. In the interim, exciting income producing temporary uses of the land have been initiated while further deals on the other properties to be developed are being marketed and concluded. The property provides an excellent opportunity to create prime real estate assets for the MAS portfolio.

Sauchiehall property

The Sauchiehall property located on the prime thoroughfare of Sauchiehall Street in Glasgow was an opportunistic acquisition from a distressed seller at a good price. The intention was to re-let the space and obtain a surrender premium from the present tenant. The company's efforts in this regard were hampered by the further weakening of high street retailing in the UK. MAS consequently had to settle for rental income from the existing tenant until 2015. Efforts to find a new tenant continue.

The present tenant, HMV UK Limited, has gone into administration but the rent is guaranteed by its parent company, EMI Group plc.

Financial results

Adjusted core income grew strongly to €1 811 492 mainly due to the acquisition of the Braehead property in April 2012. The dividend declared for the second half of the year is 1,50 euro cents per share. However, on a like-for-like basis, eliminating the effect of the capital raising immediately before year-end, the dividend for the second half of the year was an encouraging 2,28 euro cents per share.

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 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. The actual impact of these fluctuations on shareholders is not significant as they are eliminated in the computation of core income.

Similarly the interest rate hedges have previously given rise to income statement volatility, but such adjustments have no cash-flow impact. This income statement volatility is the price that is paid for cash flow stability. In the current year, negative fair value adjustments in the interest rate hedges were a very moderate €60 616.

Change in accounting policy

A review of the accounting policies of the group highlighted a situation facing the valuation of MAS' development assets. The directors believe that 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.

As a result the directors have decided on a retrospective application of the cost basis of accounting for investment property under construction. The impact of this change is disclosed in note 15.

The directors are confident that the fair value of these assets approximates cost.

Prospects

MAS is at present realising the innate value of the properties acquired 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. In doing so they are seeking to grow the capital base and continue to enhance the core income performance of the portfolio.

Auditors

Our auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Lukas Nakos

Chief executive officer
MAS Real Estate Inc.

Pierre Goosen

Director
MAS Property Advisors Limited

Registered office:

Midocean Chambers
Road Town
Tortola
British Virgin Islands

Directors

Jaco Jansen
Malcolm Levy
Lukas Nakos
Gideon Oosthuizen
Ron Spencer

Secretary

Helen Cullen

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 28 February 2013

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Financial Reporting Standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and parent company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE MEMBERS OF MAS REAL ESTATE INC

For the year ended 28 February 2013



We have audited the financial statements of MAS for the year ended 28 February 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs").

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 28 February 2013 and of its loss for the year then ended.

KPMG Audit LLC

Chartered accountants

26 April 2013

Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2013

Euro	Note	2013	2012 Restated
Revenue			
Gross rental income		4 090 484	2 242 381
Expenses			
Property related expenses		(676 254)	(432 204)
Investment adviser fees		(618 836)	(457 195)
Administrative expenses	2	(685 462)	(746 905)
Net operating income		2 109 932	606 077
Net fair value adjustments of investment property	4	(1 170 695)	839 612
Net fair value adjustments of financial instruments	5	(60 616)	(1 606 081)
Equity accounted earnings/(losses)		20 128	(8 401)
Exchange differences	3	(848 219)	167 095
Profit/(loss) before net financing costs		50 530	(1 698)
Finance income	6	11 614	713 690
Finance expense		(755 724)	(672 850)
(Loss)/profit before taxation		(693 580)	39 142
Taxation	14	(193 313)	(36 721)
(Loss)/profit for the year		(886 893)	2 421
Other comprehensive income			
Foreign currency translation differences		(217 330)	264 028
Total comprehensive (loss)/income for the year		(1 104 223)	266 449
(Loss)/earnings per share (euro cents) ¹		(2,06)	0,01
Headline earnings/(loss) per share (euro cents) ¹	20	0,66	(2,46)
Adjusted core income per share ¹		4,21	3,13
Weighted average number of ordinary shares in issue		43 055 472	35 420 878
Adjusted core income (unaudited)		1 811 492	1 108 070

The directors consider that all results derive from continuing activities

The notes on pages 22 – 44 form part of these consolidated financial statements.

¹ There are no potentially dilutive instruments in issue.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2013



Euro	Note	2013	2012 Restated
<i>Non-current assets</i>			
Investment property	8	57 012 693	50 891 638
Investment in associate	9	1 055 174	1 018 407
Loan to associate	9	2 433 270	2 480 310
Plant and equipment	10	47 577	27 423
Total non-current assets		60 548 714	54 417 778
<i>Current assets</i>			
Short-term loans receivable	11	256 885	3 782 783
Trade and other receivables		753 610	563 745
Cash and cash equivalents		24 708 091	5 742 861
Total current assets		25 718 586	10 089 389
Total assets		86 267 300	64 507 167
<i>Equity</i>			
Share capital	7	67 423 236	42 154 015
Retained losses		(3 674 324)	(1 295 506)
Foreign currency translation reserve		466 605	683 935
Shareholder equity		64 215 517	41 542 444
<i>Non-current liabilities</i>			
Long-term loans payable	12	17 465 162	17 813 364
Financial instruments	13	2 522 790	2 478 405
Total non-current liabilities		19 987 952	20 291 769
<i>Current liabilities</i>			
Short-term loans payable	12	491 460	497 898
Trade and other payables		1 572 371	2 175 056
Total current liabilities		2 063 831	2 672 954
Total liabilities		22 051 783	22 964 723
Total equity and liabilities		86 267 300	64 507 167
Actual number of ordinary shares in issue	7	66 238 363	42 154 015
Net asset value per share (euro cents)		96,9	98,5

These financial statements were approved by the board of directors on 26 April 2013 and signed on their behalf by Ron Spencer and Lukas Nakos

The notes on pages 22 – 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2013

Euro	Note	2013	2012 Restated
Operating activities			
(Loss)/profit before taxation		(693 580)	39 142
Depreciation		13 707	6 846
Exchange differences		848 219	(167 095)
Earnings in associate		(20 128)	(38 314)
Net interest expense		755 724	672 850
Finance income		(18 499)	(713 690)
Movement in fair value adjustments		1 215 080	(88 851)
Changes in working capital position		(100 261)	1 263 641
Taxation paid		(52 943)	(36 721)
Cash generated from operating activities		1 947 319	937 808
Investing activities			
Acquisitions of investment property/development costs		(9 263 700)	(17 863 501)
Investment in associate		—	(3 514 232)
Purchase of plant and equipment		(36 067)	(34 270)
Issuance of short-term loans		(250 000)	(5 969 015)
Repayment of short-term loans		3 782 783	4 786 362
Interest received		11 614	388 699
Cash (used in) investing activities		(5 755 370)	(22 205 957)
Financing activities			
Proceeds from issuance of share capital		23 797 426	22 391 056
Proceeds from loan facilities		265 044	24 953
Repayment of loan facilities		(613 246)	(497 898)
Net interest paid		(755 724)	(672 850)
Dividends paid		(20 130)	(846 757)
Cash generated from financing activities		22 673 370	20 398 504
Net increase/(decrease) in cash and equivalents		18 865 319	(869 645)
Cash and equivalents at the beginning of the year		5 742 861	6 611 800
Effect of exchange rate fluctuations		99 911	706
Cash and equivalents at the end of the year		24 708 091	5 742 861

The notes on pages 22 – 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013



Euro	Share capital	Retained losses	Foreign currency translation reserve	Total
Opening balance at 28 February 2011	19 762 959	(451 170)	419 907	19 731 696
Restated profit for the year	—	2 421	—	2 421
Restated other comprehensive income	—	—	264 028	264 028
Restated total comprehensive income	—	2 421	264 028	266 449
Issue of shares	22 391 056	—	—	22 391 056
Dividends paid	—	(846 757)	—	(846 757)
Restated closing balance at 28 February 2012	42 154 015	(1 295 506)	683 935	41 542 444
Loss for the year	—	(886 893)	—	(886 893)
Other comprehensive income	—	—	(217 330)	(217 330)
Total comprehensive income	—	(886 893)	(217 330)	(1 104 223)
Issue of shares	25 269 221	—	—	25 269 221
Dividends paid	—	(1 491 925)	—	(1 491 925)
Closing balance at 28 February 2013	67 423 236	(3 674 324)	466 605	64 215 517

The notes on pages 22 – 44 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2013

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

MAS Real Estate Inc. ("MAS") has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position:

- Financial instruments are measured at fair value.
- Investment properties are measured at fair value, except for the investment property under construction in Santon North Street Limited and the investment property in the associate.

Functional and presentation currency

The consolidated financial statements are presented in euros, which is the company's functional and presentation currency.

Use of estimates and judgements

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other various factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions. The estimates and assumptions by the directors that have a significant risk of causing a material adjustment to the carrying value of the assets and liabilities within the next financial year are as follows:

● Taxation

The company is subject to income taxes across the jurisdictions where it operates. There are numerous assumptions made in the computation of the provision for taxation across the operating subsidiaries, and the ultimate taxation liability is an estimate that may result in being materially different from that indicated in the financial statements.

● Provisions

The company has issued loans to third parties. The directors have assessed the likelihood of recoverability of these as highly probable.

New and amended standards and interpretations not yet adopted

Below is a summary of amendments/improvements to standards and interpretations that are not yet effective.

		Effective date (accounting periods commencing on or after)
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (June 2011)	1 July 2012
IAS 19	Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects (as amended in June 2011)	1 January 2013
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011) ¹	1 January 2013
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IAS 32	Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (December 2011)	1 January 2014
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (December 2011)	1 January 2013
IFRS 9	Financial Instruments – Classification and measurement of financial asset and liabilities (as amended in December 2011)	1 January 2015
IFRS 10	Consolidated Financial Statements (May 2011) ¹	1 January 2013
IFRS 11	Joint Arrangements (May 2011)	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities (May 2011)	1 January 2013
IFRS 13	Fair Value Measurement (May 2011)	1 January 2013

¹ Requirement to account for interest in 'Investment Entity' at fair value under IFRS 9

1 Jan 2014

The directors do not expect the adoption of these standards and interpretations to have a material impact on the company's financial statements in the period of initial application.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings for the period under review. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Subsidiaries are those enterprises controlled by the company. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but to the extent that there is no evidence of impairment.

Investments in associates

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the company holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the company's share of profit or loss and other comprehensive income of equity accounting investees, after adjustments to align the accounting policies with those of the company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

NOTES (CONTINUED)

For the year ended 28 February 2013

When the company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the company has an obligation or has made payments on behalf of the investee.

Revenue recognition

Revenue is accounted for on an accrual basis and includes rent receivable and finance income.

- Rental income from investment properties leased out under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the leases.
- Finance income is recognised using the effective interest method.

Investment property

Investment Property ("IAS40"): direct real estate investments are classified as investment properties and comprise both freehold and leasehold land and buildings and installed equipment held for the purpose of earning rental income and for capital appreciation. Investment properties are treated as long-term investments and are initially recognised at cost (including related transaction costs) and subsequently carried at fair value, with any changes therein recognised in profit or loss. Subsequent additions that produce future economic benefit to the company are capitalised.

Investment property under construction is initially recognised at cost as the construction progresses, and subsequently at fair value upon practical completion. The carrying amounts of the Group's investment property under construction are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are expensed in profit or loss.

For investment properties carried at fair value, independent valuations are obtained on an annual basis. The directors value the investment properties on an interim basis. Investment property is classified as held for sale when the directors have approved the disposal of the property. The valuation calculations are based on the aggregate of the net annual rents receivable and associated costs, using the discounted cash flow method. The discounted cash flow method takes projected cash flow and discounts it at a rate which is consistent with comparable market transactions. Any gains or losses arising from changes in fair value are included in the profit or loss. These unrealised fair value adjustments are excluded from the computation of core income. Gains or losses arising from the disposal of investment property, being the difference between the net disposal proceeds and the carrying value, are recognised in the profit or loss.

Foreign currency

Transactions in currencies other than euro are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate at the date the fair value was determined.

Other non-monetary assets and liabilities denominated in foreign currencies are translated at the initial drawdown rate. Gains and losses arising on translation are recognised in the profit or loss.

Foreign operations

The financial statements of entities that use a functional currency other than the euro, are translated into euros. Assets and liabilities are translated using the exchange rates at the reporting date. Items in the consolidated statement of comprehensive income and consolidated statement of cash flows are translated into euros using the actual, or approximate average rates of exchange for the transactions. The resulting translation adjustments are recorded in other comprehensive income. Cumulative translation adjustments are recognised as income or expense upon partial or complete disposal or liquidation of a foreign entity. Exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. They are recycled and taken to the profit or loss upon disposal of the operation.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank.

Borrowings

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Borrowing costs are amortised over the term of the loan.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of plant and equipment is recognised in profit or loss.

Items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives. A full year's depreciation is charged in the year of acquisition and none in the year of disposal. It is considered that all assets have an estimated useful life of 5 years.

Derivatives

The company has currency exposures related to its investments and may enter into portfolio level and investment specific foreign exchange contracts and other derivatives to hedge such exposures. Movements in the fair value of derivatives are accounted for in profit or loss. The company may also use interest rate derivatives to hedge interest rate exposure on the underlying debt of the property portfolio.

Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. The company currently has no dilutive potential ordinary shares.

Headline earnings

Headline earnings are derived from basic earnings, adjusted for re-measurements that relate to the platform of the entity, per Circular 3/2009 issued by the South African Institute of Chartered Accountants.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax relating to operations in taxable jurisdictions. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year in each taxable jurisdiction, using tax rates enacted or substantively enacted at balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date. Given the nature of the business, the expected manner of realisation is invariably the recovery of the carrying value of the assets via sale.

Segment reporting

Segment results that are reported to the board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly central costs that relate to group structuring and operations not related to specific investments. In addition, unallocated balance sheet items relate predominately to cash that has not been allocated to specific investments.

The risks and rewards faced by the company relate primarily to the geographical location of the investment properties and therefore this forms the primary reporting segment. The business segment split is a secondary segment.

Adjusted core income

Adjusted core income is the company's measure of realised profits that have been generated through the core operations of the company, as represented by the cash rental and interest income received, less interest expenses, operating expenses and taxation paid, that can be distributed to shareholders. (See supplementary information.)

NOTES (CONTINUED)

For the year ended 28 February 2013

Euro	2013	2012 Restated
2. ADMINISTRATIVE EXPENSES		
Listing expenses ^a	(194 651)	(329 120)
Directors fees	(120 588)	(114 739)
Legal and professional expenses ^b	(109 238)	(69 334)
Audit and accounting fees	(94 806)	(67 499)
Company secretarial expenses	(90 836)	(66 345)
General expenses	(70 396)	(93 848)
Company administration expenses	(4 947)	(6 020)
Total	(685 462)	(746 905)
a Listing expenses		
Corporate advisers	(74 760)	(219 782)
Transfer secretaries	(50 507)	(25 707)
JSE	(50 006)	(13 123)
Bourse de Luxembourg	(10 378)	(11 550)
Other	(9 000)	(58 958)
Total	(194 651)	(329 120)
b Legal and professional expenses		
Independent taxation and professional advice	(109 238)	(29 611)
Legal services – MAS Property Advisers Limited	—	(39 723)
Total	(109 238)	(69 334)

3. EXCHANGE DIFFERENCES

Exchange gains and losses arise from the revaluation of the monetary assets and liabilities. It is not the policy of the company to hedge currencies held between euro, sterling and Swiss franc. As a result, exchange differences arise predominantly from the intra-group funding of foreign subsidiaries. In the current year, this totalled a loss of €848 219 (2012: gain of €167 095).

Euro	2013	2012 Restated
4. FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTY		
Properties		
Braehead property	(261 507)	—
Aldi portfolio	(180 000)	(130 000)
Sauchiehall property	(115 870)	(643 870)
DPD property	(81 910)	904 515
Metchley Hall property	(1 370 507)	1 599 720
<i>less: Profit share attributable to project manager ²</i>	839 099	(855 320)
	(531 408)	744 400
	(1 170 695)	875 045
Associate		
Artisan Investment Projects 10 Limited – elimination of capitalised transaction fee	—	(35 433)
	—	(35 433)
Total	(1 170 695)	839 612
5. FAIR VALUE ADJUSTMENTS OF FINANCIAL INSTRUMENTS		
Hedging instruments		
DPD property	191 084	(801 988)
Aldi portfolio	(251 700)	(804 093)
Total	(60 616)	(1 606 081)
6. FINANCE INCOME		
Finance income consists of the following interest income		
Interest on short term loans	8 217	662 381
Interest on bank deposits and other	3 397	51 309
Total	11 614	713 690

² Metchley Hall has a profit share arrangement with the introducer/project manager. The terms of this agreement are that the company will earn the first £2 082 568 of profit on this project. The introducer/project manager will then earn the next £694 189 of profit and thereafter all profit will be split 75% to MAS and 25% to the introducer/project manager and is payable upon realisation.

At the end of the 2013 financial year there is no profit attributable to the introducer/project manager (2012: £724 172). This amount is offset against the fair value adjustment in the Statement of Comprehensive Income.

NOTES (CONTINUED)

For the year ended 28 February 2013

7. SHARE CAPITAL

The ordinary share capital of the company has no par value and in addition the company has unlimited authorised share capital as it is continued in the British Virgin Islands as a BVI Business Company.

	Number of shares	Share Capital Euro
Balance at 28 February 2011	19 762 959	19 762 959
Issued during the year		
– Capital raised	21 980 744	21 980 744
– Scrip dividends	410 312	410 312
Balance at 28 February 2012	42 154 015	42 154 015
Issued during the year		
– Capital raised	22 664 215	23 797 426
– Scrip dividends	1 420 133	1 471 795
Balance at 28 February 2013	66 238 363	67 423 236

	2013	2012 Restated
Euro		

8. INVESTMENT PROPERTY

Aldi portfolio

Balance at the beginning of the year	9 930 000	10 060 000
Additions	—	—
Capitalised acquisition expenses	—	—
Development costs	—	—
Fair value adjustment	(180 000)	(130 000)
Foreign currency translation movement	—	—
Disposals	—	—
Closing balance at the end of the year	9 750 000	9 930 000

Braehead property

Balance at the beginning of the year	—	—
Additions	7 764 188	—
Capitalised acquisition expenses	489 583	—
Development costs	—	—
Fair value adjustment	(261 507)	—
Foreign currency translation movement	(460 714)	—
Disposals	—	—
Closing balance at the end of the year	7 531 550	—

Euro	2013	2012 Restated
DPD property		
Balance at the beginning of the year	18 953 317	16 961 709
Additions	—	—
Capitalised acquisition expenses	—	—
Development costs	—	—
Fair value adjustment	(81 910)	904 515
Foreign currency translation movement	(245 073)	1 087 093
Disposals	—	—
Closing balance at the end of the year	18 626 334	18 953 317
Metchley Hall		
Balance at the beginning of the year	8 632 660	3 180 330
Additions	—	—
Capitalised acquisition expenses	—	39 370
Development costs	86 335	3 804 600
Fair value adjustment	(1 370 507)	1 599 720
Foreign currency translation movement	(164 548)	8 640
Disposals	—	—
Closing balance at the end of the year	7 183 940	8 632 660
Sauchiehall property		
Balance at the beginning of the year	5 669 280	—
Additions	—	5 905 500
Capitalised acquisition expenses	—	407 650
Development costs	—	—
Fair value adjustment	(115 870)	(643 870)
Foreign currency translation movement	(107 520)	—
Disposals	—	—
Closing balance at the end of the year	5 445 890	5 669 280
Investment property under construction		
Santon North property ³		
Balance at the beginning of the year	7 706 381	—
Additions	—	6 850 380
Capitalised acquisition expenses	—	757 224
Development costs	923 594	98 777
Fair value adjustment	—	—
Foreign currency translation movement	(154 996)	—
Disposals	—	—
Closing balance at the end of the year	8 474 979	7 706 381
Cumulative total		
Balance at the beginning of the year	50 891 638	30 202 039
Additions	7 764 188	12 755 880
Capitalised acquisition expenses	489 583	1 204 243
Development costs	1 009 929	3 903 377
Fair value adjustment	(2 009 794)	1 730 365
Foreign currency translation movement	(1 132 851)	1 095 733
Disposals	—	—
TOTAL	57 012 693	50 891 638

³ This property was introduced and is managed by joint venture partners Santon Developments. In terms of the joint venture agreement, MAS will loan the required funds into the investment SPV, Santon North Street Limited, for the acquisition and development of this venture at an interest rate of 8% per annum. An income shortfall guarantee from Santon Developments requires that they ensure that the SPV is adequately funded to pay this interest on an annual basis. Santon Developments earn a services fee of £16 667 per month and are entitled to 40% of the profits above the 8% interest rate.

NOTES (CONTINUED)

For the year ended 28 February 2013

8. INVESTMENT PROPERTY (CONTINUED)

Property details	Aldi Portfolio	Braehead property	DPD property	Metchley Hall property	Sauchiehall property	Santon North property
Location	Various, Germany	Glasgow, United Kingdom	Zurich, Switzerland	Birmingham, United Kingdom	Glasgow, United Kingdom	Lewes, United Kingdom
Currency	EUR	GBP	CHF	GBP	GBP	GBP
Purchase price/development cost	10 462 300	6 000 000	20 535 431	4 486 107	5 000 000	7 314 213
Annual rent	732 108	650 000	1 304 000	623 700	376 900	346 962
Initial Purchase Yield	7,00%	9,52%	6,35%	13,90%	7,54%	N/a
Debt	8 369 840	—	11 350 000	—	—	—
Acquisition date	01-Dec-09	27-Apr-12	15-Jan-10	29-Jun-10	14-Dec-11	10-Feb-12

Property valuations

Property	Valuer	2013	2012
		Euro	Restated Euro
Aldi portfolio	DTZ Zadelhoff Tie Leung GmbH	9 750 000	9 930 000
Braehead property	GVA Grimley Limited	7 531 550	—
DPD property	Wüest & Partner AG	18 626 334	18 953 317
Metchley Hall	Savills (L&P) Limited	7 183 940	8 632 660
Sauchiehall property	Gerald Eve LLP	5 445 890	5 669 280
Investment property under construction (carried at cost)			
Santon North property		8 474 979	7 706 381
TOTAL		57 012 693	50 891 638

Considerable judgement is required in interpreting market data to determine the estimates of value; accordingly the estimates of value presented in the financial statement are not necessarily indicative of the amounts that the company could realise in a market exchange. The use of different market assumptions and / or estimation methodologies may have a material effect on the estimated fair values. The directors believe that the fair value of Investment property under construction approximates capitalised cost.

Euro	2013	2012 Restated
9. INVESTMENT IN ASSOCIATE		
Artisan Investment Projects 10 Limited ("Artisan IP 10")		
Investment at cost	1 081 350	1 081 350
Share of post-acquisition reserves	11 727	(8 401)
Adjustment – elimination of capitalised interest	—	(36 147)
Share of currency translation adjustments	(37 903)	(18 395)
Carrying value	1 055 174	1 018 407
Loan to associate ⁴	2 433 270	2 480 310
Total exposure to associate	3 488 444	3 498 717
Holding ⁵	37,5%	37,5%
Condensed consolidated statement of comprehensive income		
Operating expenses	(167 289)	(22 402)
Fair value adjustment	—	—
Net profit	(167 289)	(22 402)
Condensed consolidated statement of financial position		
Investment property under construction	7 745 299	8 046 737
Working capital	1 624 143	(30 184)
Cash at bank	515 731	1 506 143
	9 885 173	9 522 696
Share capital	2 883 602	2 883 602
Retained earnings	31 272	(22 402)
Foreign currency translation reserve	(101 073)	(49 054)
Shareholder loans	7 071 372	6 710 550
	9 885 173	9 522 696

The directors believe that the fair value of Investment property under construction approximates capitalised cost.

⁴ The loan to associate is part of the simultaneous investment into Artisan IP 10, with all shareholders in Artisan IP 10 having an equal split between debt and equity investments. Transfer of the debt is restricted to be simultaneous with the equity. The loan bears interest at 7,5% per annum and are redeemable in 10 years from issue.

⁵ Artisan IP 10 has 2 400 000 A shares and 800 000 B shares. The company holds 900 000 A shares. All shares carry 1 vote resulting in a voting control of 28,2%.

NOTES (CONTINUED)

For the year ended 28 February 2013

Euro	2013	2012 Restated
10. PLANT AND EQUIPMENT		
Net book value at the beginning of the year	27 423	—
Additions	36 067	34 269
Depreciation	(13 707)	(6 846)
Disposals	—	—
Foreign currency translation reserve	(2 206)	—
Net book value at the end of the year	47 577	27 423

11. SHORT-TERM LOANS RECEIVABLE

MAS Property Advisors Limited ^a	256 885	—
Argosy Capital Limited ^b	—	3 782 783
Total	256 885	3 782 783

The company made the following short term loans at arms length during the period:

- ^a MAS (BVI) Holdings Limited made a secured loan of €250 000 to MAS Property Advisors Limited on 15 March 2012. The loan bears interest at ECB plus 2% and the interest receivable for the year up to 28 February 2013 is €6 885.
- ^b MAS (BVI) Holdings Limited made a secured loan to Argosy Capital Limited on 26 January 2011 of €3 250 000 for the acquisition of a development property. The loan amount, including total interest of €534 115, was fully repaid at the beginning of March 2012.

12. LOANS PAYABLE

Long term loans

Credit Suisse – DPD property ^a	8 805 325	9 418 571
Sparkasse Bank – Aldi portfolio ^b	8 369 840	8 369 840
Santon Development – Santon North property ^c	289 997	24 953
	17 465 162	17 813 364

Short term loans

Credit Suisse – DPD property ^a	491 460	497 898
Total	17 956 622	18 311 262

^a Petrusse Capital S.a.r.l. (a subsidiary) received a loan of CHF 13 000 000 on 15 January 2010 from Credit Suisse. This is a 15-year term floating rate loan at 90bps above Swiss LIBOR. The DPD property purchased by Petrusse Capital S.a.r.l. is held as security against this loan. There are no conversion or redemption rights for this loan. Amortisation repayments of CHF 150 000 per quarter began in June 2010 on this loan and the amount outstanding is therefore CHF 11 350 000 as at 28 February 2013. Such amortisation payments are financed by the rentals received from the property.

^b Inventive Capital S.a.r.l. (a subsidiary) received a loan of €8 369 840 on 1 December 2009 from Sparkasse Bank. This is a 20-year term floating rate loan at 95bps above Euribor. The Aldi portfolio purchased by Inventive Capital S.a.r.l. is held as security against this loan. There are no conversion or redemption rights for this loan. Amortisation payments begin at the end of 2014.

^c Santon North Street Limited, a subsidiary, has entered into a Joint Venture Agreement with development partners Santon Developments, whereby Santon Developments will underwrite the shortfall in rent below an 8% interest return on funds injected into the investment. This will allow the continued payment of a dividend whilst the development value is extracted. This shortfall guarantee bears interest at 8% per annum.

13. FINANCIAL INSTRUMENTS

Reconciliation of financial instruments

Euro	Aldi	DPD	Total
Year ended 28 February 2011	406 865	445 802	852 667
<i>Movements:</i>			
Fair valuation of hedging instruments	804 093	801 988	1 606 081
Foreign currency translation reserve	—	19 657	19 657
Year ended 28 February 2012	1 210 958	1 267 447	2 478 405
<i>Movements:</i>			
Fair valuation of hedging instruments	251 700	(191 084)	60 616
Foreign currency translation reserve	—	(16 231)	(16 231)
Year ended 28 February 2013	1 462 658	1 060 132	2 522 790

The company has hedged the interest rate exposure on the bank loans disclosed in Note 12 from Credit Suisse and Sparkasse Bank.

75% of the Sparkasse Bank debt used to purchase the Aldi portfolio was hedged with Bayern LB via an interest rate swap at a fixed rate of 4,2%, and 25% fixed via an interest rate cap with a strike at 4,0%, on 20 October 2009. Both the hedge and the cap started on 1 December 2009, the completion date of the property. The mark-to-market valuation of this hedge was a negative €1 462 658 as at 28 February 2013 (2012: €1 210 958).

70% of the Credit Suisse debt used to purchase the DPD property was hedged directly with Credit Suisse via a forward-starting interest rate swap at 2,76% on 14 September 2009. The start date was the 15 June 2010. The mark-to-market valuation of this hedge was a negative €1 060 133 as at 28 February 2013 (2012 : €1 267 447).

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

Euro	Level 1	Level 2	Level 3	Total
28 February 2013				
Interest rate swaps used for hedging	—	2 522 790	—	2 522 790
28 February 2012				
Interest rate swaps used for hedging	—	2 478 405	—	2 478 405

NOTES (CONTINUED)

For the year ended 28 February 2013

14. TAXATION

The company was subject to Isle of Man taxation at a rate of 0% (2012: 0%) until 4 January 2013. From 18 December 2012, the company was subject to taxation at a rate of 0% in the British Virgin Islands. Operating subsidiaries of the company, however, are exposed to taxation in the jurisdictions in which they operate and, potentially, in the jurisdictions through which the SPV investment companies are held.

In the UK, the company provides for taxation in the investment SPV's at the rate of 20% of taxable profits, being net rentals less allowable property expenses and interest. In the current year, UK normal taxation of €182 101 has been provided (2012: €22 595).

In Switzerland, the company is liable to cantonal and federal taxes, in addition to a wealth tax. The effective income tax rate for income from Petrusse Capital S.A.R.L., that owns the DPD property, is 20,673%, with wealth tax charged at a rate of 0,1695% of net assets. For the year under review, Petrusse Capital S.A.R.L. was in a taxable loss position as a result of capital allowances on the property, and hence no income tax is payable. A wealth tax of CHF6 360 has been provided for (2012: CHF6 000).

In Germany, the company is taxed on net rental income, with an effective corporate income tax and solidarity tax rate of 15,825%. For the year under review Inventive Capital S.A.R.L., the Luxembourg SPV that owns the Aldi portfolio, was in a taxable loss position as a result of capital allowances on the property, and hence no income tax is payable (2012: nil).

Deferred taxation

Taxable temporary differences

The rate at which deferred taxation is provided on taxable temporary differences is derived from the method of expected realisation of the taxable temporary differences. It is the intention of the company to sell the SPV entities that own the investment properties after a reasonable investment period. The sale of shares in the SPV entities will not trigger any capital gains tax or other tax consequences in either of the operating jurisdictions, or in Luxembourg or the Isle of Man. As a result, no provision is made for deferred taxation.

However, if the individual properties are sold, which is not the intention of the company, the following deferred taxation consequences would arise:

In Germany, the capital gain, being the excess of the realisation price over the tax base of the asset, will be subject to German corporate income tax and solidarity tax at a combined rate of 15,825%.

In Switzerland, the capital gain will be split into two components: i) the reversal of previous depreciations; and ii) the real capital gain (sale price minus cost of purchase plus acquisition costs). The reversal of previous depreciations is taxed as income for cantonal taxes, at an effective rate of 20,673%, and the real capital gain that is taxed on a sliding scale that penalises early disposal of properties, but provides for deductions of the applied rate as the holding period increases. The combined rate of cantonal and communal capital gains tax and federal capital gains tax is 31,053%.

The current situation in the UK is that non-residents are not subject to capital gains tax on property situated in the UK, unless the property is the operational premises of an overseas trader. However, a consultation process has begun in the UK that may result in changes to this regime in the future. The current rate of capital gains tax in the UK is 28%.

Deductible temporary differences

In the year under review, a deductible temporary difference arises from the fair value adjustment of the interest rate hedging instruments in Germany. As recovery of this deferred tax asset is dependent upon the generation of sufficient future taxable income, deferred tax assets are recognised only to the extent that they offset deferred tax liabilities on the balance sheet. In the current year, no deferred tax liabilities have been recognised and accordingly no deferred tax assets are recognised.

15. CHANGE IN ACCOUNTING POLICY

During the year, the company changed its accounting policy with respect to the carrying value of Investment property under construction. The company now carries Investment property under construction at cost and there is no remeasurement to fair value until these assets reach practical completion of construction. Prior to this change in policy, the company applied the fair value model to Investment Property under construction. The directors believe the new policy is a fair representation of MAS's position due to the valuation methodology not always leading to a true and fair presentation of the development assets value and could potentially have been misleading to the users of the financial statements.

The impact of this change in accounting policy on the consolidated financial statements is to adjust the carrying value of Investment property under construction to cost. This change did not result in a material impact on the current year or prior year included within these consolidated financial statements.

The directors believe that cost is the best reflection of the fair value of the investment properties under construction.

The impact on the previously reported financial statements is as follows:

Restatement of previously reported prior year figures

Euro	As reported Year ended 2012	Adjustments Year ended 2012	Restated Year ended 2012
Consolidated statement of comprehensive income			
Net fair value adjustments on investment property	(16 389)	856 001	839 612
Equity accounted earnings	74 460	(82 861)	(8 401)
(Loss) / profit for the year	(770 719)	773 140	2 421
(Loss)/earnings per share (euro cents) ¹	(2,18)	2,19	0,01
Headline (loss)/earnings per share (euro cents) ¹	(2,46)	—	(2,46)
Adjusted core income	1 108 070	—	1 108 070
<hr/>			
Euro	As at 2012	As at 2012	As at 2012
Consolidated statement of financial position			
Investment property	50 035 637	856 001	50 891 638
Investment in associate	1 101 268	(82 861)	1 018 407
Total assets	63 734 027	773 140	64 507 167
Shareholder equity	40 769 304	773 140	41 542 444
Total liabilities	22 964 723	—	22 964 723
Net asset value per share (euro cents)	96,7	1,8	98,5

¹ There are no potentially dilutive instruments in issue.

NOTES (CONTINUED)

For the year ended 28 February 2013

16. SEGMENT REPORT

Euro	Switzerland	Germany	UK	Corporate	Total
Statement of comprehensive income					
Year ending 28 Feb 2013					
Rental income	1 079 540	732 108	2 278 836	—	4 090 484
Management and operating expenses	(84 506)	(57 692)	(505 248)	(1 333 106)	(1 980 552)
Exchange differences	(12)	—	—	(848 207)	(848 219)
Fair value adjustments	109 174	(431 700)	(908 785)	—	(1 231 311)
Finance income	91	—	110	11 413	11 614
Income from associate	—	—	20 128	—	20 128
Results from operating activities	1 104 287	242 716	885 041	(2 169 900)	62 144
Net interest expense	(287 257)	(360 206)	(104 721)	(3 540)	(755 724)
Profit / (loss) before taxation	817 030	(117 490)	780 320	(2 173 440)	(693 580)
Taxation	(5 209)	(315)	(182 102)	(5 687)	(193 313)
Profit / (loss) after taxation	811 821	(117 805)	598 218	(2 179 127)	(886 893)
Statement of financial position					
Year ending 28 Feb 2013					
<i>Non-current assets</i>					
Investment property	18 626 334	9 750 000	28 636 359	—	57 012 693
Investment in associate	—	—	1 055 174	—	1 055 174
Loans to associate	—	—	2 433 270	—	2 433 270
Plant and equipment	—	—	47 577	—	47 577
<i>Current assets</i>					
Short-term loans receivable	—	—	—	256 885	256 885
Trade and other receivables	18 087	34 190	661 255	40 078	753 610
Cash and cash equivalents	236 825	174 813	397 616	23 898 837	24 708 091
Segment assets	18 881 246	9 959 003	33 231 251	24 195 800	86 267 300
<i>Current liabilities</i>					
Short-term loans payable	(491 460)	—	—	—	(491 460)
Trade and other payables	(213 810)	(93 509)	(978 435)	(286 617)	(1 572 371)
<i>Non Current Liabilities</i>					
Long-term loans	(8 805 325)	(8 369 840)	(289 997)	—	(17 465 162)
Financial instruments	(1 060 132)	(1 462 658)	—	—	(2 522 790)
Segment liabilities	(10 570 727)	(9 926 007)	(1 268 432)	(286 617)	(22 051 783)
Segment net assets	8 310 519	32 996	31 962 819	23 909 183	64 215 517
<i>Capital and reserves</i>					
Share capital	—	—	—	—	67 423 236
Retained losses	—	—	—	—	(3 674 324)
Foreign currency translation reserve	—	—	—	—	466 605
Equity and reserves	—	—	—	—	64 215 517

Euro	Switzerland	Germany	UK	Corporate	Total
Statement of comprehensive income					
Year ending 28 Feb 2012 – Restated					
Rental income	1 074 159	732 108	436 114	—	2 242 381
Management and operating expenses	(154 289)	(79 460)	(170 972)	(1 231 583)	(1 636 304)
Exchange differences	(68)	—	—	167 163	167 095
Fair value adjustments	102 526	(934 093)	100 531	(35 433)	(766 469)
Finance income	278	—	663 713	49 699	713 690
Income from associate	—	—	(8 401)	—	(8 401)
Results from operating activities	1 022 606	(281 445)	1 020 985	(1 050 154)	711 992
Net interest expense	(294 129)	(378 364)	—	(357)	(672 850)
Profit / (loss) before taxation	728 477	(659 809)	1 020 985	(1 050 511)	39 142
Taxation	(4 815)	(3 425)	(22 950)	(5 531)	(36 721)
Profit / (loss) after taxation	723 662	(663 234)	998 035	(1 056 042)	2 421
Statement of financial position					
Year ending 28 Feb 2012 – Restated					
<i>Non-current assets</i>					
Investment property	18 953 317	9 930 000	22 008 321	—	50 891 638
Investment in associate	—	—	1 018 407	—	1 018 407
Loans to associate	—	—	2 480 310	—	2 480 310
Plant and equipment	—	—	27 423	—	27 423
<i>Current assets</i>					
Short-term loans receivable	—	—	3 782 783	—	3 782 783
Trade and other receivables	102 709	30 331	371 105	59 600	563 745
Cash and cash equivalents	395 754	353 573	459 631	4 533 903	5 742 861
Segment assets	19 451 780	10 313 904	30 147 980	4 593 503	64 507 167
<i>Current liabilities</i>					
Short-term loans payable	(497 898)	—	—	—	(497 898)
Trade and other payables	(183 699)	(88 039)	(1 762 226)	(141 092)	(2 175 056)
<i>Non Current Liabilities</i>					
Long-term loans	(9 418 571)	(8 369 840)	(24 953)	—	(17 813 364)
Financial instruments	(1 267 446)	(1 210 959)	—	—	(2 478 405)
Segment liabilities	(11 367 614)	(9 668 838)	(1 787 179)	(141 092)	(22 964 723)
Segment net assets	8 084 166	645 066	28 360 801	4 452 411	41 542 444
<i>Capital and reserves</i>					
Share capital	—	—	—	—	42 154 015
Retained losses	—	—	—	—	(1 295 506)
Foreign currency translation reserve	—	—	—	—	683 935
Equity and reserves	—	—	—	—	41 542 444

NOTES (CONTINUED)

For the year ended 28 February 2013

17. FINANCIAL RISK MANAGEMENT

Overview

The company has exposure to the following risks from its use of financial instruments:

- liquidity risk
- market price risk
- credit risk
- interest rate risk
- foreign exchange risk

These risks are managed as follows:

Liquidity risk – the risk that arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The company has internal procedures focused on ensuring the efficient but prudent use of cash and availability of working capital. The liquidity risk inherent in the company is mainly as a result of the tenant risk in the property portfolio. Should a tenant default, liquidity risk may result in the inability of the company to cover the interest payments. As a result adequate cash buffers are maintained, and tenant strength is reviewed on a continual basis.

Currently all tenants are trading well, with the exception of HMV UK Limited, which has gone into administration. However, the guarantor, EMI Group plc, continues to trade well. The directors therefore remain confident about the receipt of rentals on this property over the lease term.

The following are the contractual maturities of financial liabilities, including interest payments:

28 February 2013			
Euro	< 1 year	1-3 years	>3 years
Property loan portfolio	491 460	1 066 620	16 398 542
Short term loan and trade payables	1 572 371	—	—
Total	2 063 831	1 066 620	16 398 542

28 February 2012			
Euro	< 1 year	1-3 years	>3 years
Property loan portfolio	497 898	1 079 496	16 733 868
Short term loan and trade payables	2 175 057	—	—
Total	2 672 955	1 079 496	16 733 868

Market price risk – the risk that the market price of an investment or financial instrument will fluctuate due to changes in foreign exchange rates, market interest rates, market factors specific to the security or its issuer or factors generally affecting all investments.

The risk to the company relates to an imbalance between demand and supply for the relevant investments and financial instruments in the portfolio, which could potentially result in a disorderly market. This risk is mitigated through the use of a dedicated investment adviser, MAS Property Advisors Limited, which focuses on the continual assessment of the portfolio and its movements in relation to the broader market.

Euro	2013	2012 Restated
The fair values of assets and liabilities affected by market price risk are as follows:		
Asset		
Investment property	57 012 693	50 891 638
Investment in associate	1 055 174	1 018 407
Loans to associate	2 433 270	2 480 310
	60 501 137	54 390 355
Liabilities		
Long term loans	(17 465 162)	(17 813 364)
Short term loans	(491 460)	(497 898)
Financial instruments	(2 522 790)	(2 478 405)
Total	(20 479 412)	(20 789 667)
Credit risk – the company is exposed to credit risk primarily as a result of its banking relationships. In particular, the credit exposure relates to potential default on the hedging instruments if the counterparty defaults as a result of a deteriorating credit rating.		
The carrying value of financial assets represents the maximum credit risk, as follows:		
Short-term loans receivable	256 885	3 782 783
Trade and other receivables	753 610	563 745
Cash and cash equivalents	24 708 091	5 742 861
Total	25 718 586	10 089 389

Interest rate risk – a significant part of the funding of the company's portfolio derives from debt. Debt is managed on an active basis, hedging against adverse movements in interest rates. Note 13 details the hedging activities undertaken in the current year.

The company's exposure to interest rates on financial liabilities are as follows:

	Fixed Euro	Floating Euro	Capped Euro
28 February 2013			
Credit-Suisse – DPD property	6 507 750	2 789 036	–
– Interest rate	2.76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	6 277 380	–	2 092 460
– Interest rate	4.2% + 95bps	N/a	4.0% + 95bps
28 February 2012			
Credit-Suisse – DPD property	6 941 528	2 974 941	–
– Interest rate	2.76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	6 277 380	–	2 092 460
– Interest rate	4.2% + 95bps	N/a	4.0% + 95bps

Foreign exchange risk – the company holds both assets and liabilities denominated in currencies other than euro, the presentation currency. It is therefore exposed to currency risk, as the value of the assets denominated in other currencies will fluctuate due to changes in exchange rates.

NOTES (CONTINUED)

For the year ended 28 February 2013

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 28 February 2013 the company had the following currency exposures:

Currency risk exposures				
	GBP	CHF	ZAR	USD
Closing exchange rate	0.8630	1.2209	11.7509	1.3129
MONETARY ITEMS				
Cash at Bank				
Foreign currency	353 504	446 879	164	—
Euro equivalent	409 605	366 038	14	—
Payables				
Foreign currency	(983 096)	245 937	(903 950)	(14 759)
Euro equivalent	(1 139 113)	201 447	(76 926)	(11 242)
Receivables				
Foreign currency	570 575	22 082	—	—
Euro equivalent	661 125	18 087	—	—
Other monetary assets				
Foreign currency	2 100 000	—	—	—
Euro equivalent	2 433 270	—	—	—
Other monetary liabilities				
Foreign currency	(250 278)	(11 350 000)	—	—
Euro equivalent	(289 997)	(9 296 785)	—	—
Interest Rate Swaps				
Foreign currency	—	1 294 264	—	—
Euro equivalent	—	1 060 132	—	—
Total net monetary exposure				
Foreign currency	1 790 705	(9 340 838)	(903 786)	(14 759)
Euro equivalent	2 074 890	(7 651 081)	(76 912)	(11 242)
NON-MONETARY ITEMS				
Investment property				
Foreign currency	24 714 213	22 740 000	—	—
Euro equivalent	28 636 359	18 626 334	—	—
Investment in associate				
Foreign currency	910 062	—	—	—
Euro equivalent	1 055 174	—	—	—
Fixed assets				
Foreign currency	41 060	—	—	—
Euro equivalent	47 577	—	—	—

At 28 February 2012 the company had the following currency exposures:

Currency risk exposures

	GBP	CHF	ZAR
Closing exchange rate	0.8467	1.2051	10.0806
MONETARY ITEMS			
Cash at Bank			
Foreign currency	4 031 373	480 940	29 096
Euro equivalent	4 761 455	399 099	2 886
Payables			
Foreign currency	(1 495 415)	(207 725)	70 476
Euro equivalent	(1 766 235)	(172 376)	6 991
Receivables			
Foreign currency	344 806	123 770	—
Euro equivalent	407 251	102 708	—
Other monetary assets			
Foreign currency	2 100 000	—	—
Euro equivalent	2 480 310	—	—
Other monetary liabilities			
Foreign currency	(21 127)	(11 950 000)	—
Euro equivalent	(24 953)	(9 916 469)	—
Interest Rate Swaps			
Foreign currency	—	1 527 356	—
Euro equivalent	—	1 267 446	—
Total net monetary exposure			
Foreign currency	4 959 637	(10 025 659)	99 572
Euro equivalent	5 857 828	(8 319 592)	9 878
NON-MONETARY ITEMS			
Investment property			
Foreign currency	17 908 900	22 840 000	—
Euro equivalent	21 152 320	18 953 317	—
Investment in associate			
Foreign currency	932 409	—	—
Euro equivalent	1 101 268	—	—
Fixed assets			
Foreign currency	23 218	—	—
Euro equivalent	27 423	—	—

NOTES (CONTINUED)

For the year ended 28 February 2013

18. DIRECTORS' REMUNERATION

The directors received the following remuneration for their services during the year, and held, either directly or through family entities, the following number of shares at year end:

	Remuneration Year ended 28 Feb 13 Euro	Shares held Year ended 28 Feb 13 Number	Remuneration Year ended 28 Feb 12 Euro	Shares held Year ended 28 Feb 12 Number
Jaco Jansen	19 000	—	19 000	—
Malcolm Levy ^a	63 588	11 200	57 739	10 000
Lukas Nakos ^b	—	51 953	—	51 025
Gideon Oosthuizen	19 000	188 365	19 000	—
Ron Spencer	19 000	10 559	19 000	10 210
Total	120 588	262 077	114 739	71 235

^a. This amount was paid directly to MAS Property Advisors Limited, the investment adviser, and is included in the professional services fees included in note 19.

^b. Lukas Nakos is the CEO of MAS Property Advisors Limited. His services to the company form part of the arrangements under the Investment Advisory Agreement.

Authority to issue shares

Shares may be issued and options to acquire shares may be granted at such times, to such persons, for such consideration and on such terms as the directors may determine, provided that the amount issued does not exceed 10% of the issued share capital of the company, and subject to such issue being offered to the current shareholders.

19. RELATED PARTY TRANSACTIONS

Relationships

Related parties are defined as those entities with which the company transacted during the year and in which the following relationship(s) exist: shareholding; directorships; or key management.

Transactions between group companies which are eliminated on consolidation are not disclosed.

Investment adviser

During the year the following payments were made to the investment adviser:

	2013	2012 Restated
Euro		
Investment management fees	618 836	457 195
Professional services	200 486	202 553
Transaction fees	69 522	162 992
Total	888 844	822 740

In addition, the working capital loan disclosed in note 11 a) was provided to the investment adviser.

Atterbury Investment Holdings Limited ("Atterbury")

Atterbury Investment Holdings Limited is a significant shareholder in MAS (see note 23).

During the prior year MAS (IOM) Holdings Limited made a loan to Atterbury to allow Atterbury to participate in the Artisan IP 10 investment alongside MAS. This was a short-term loan that was secured by the investment into Artisan IP 10 and accrued interest at a rate of 15% per annum. The loan amount was for £2.5 million from 19 December 2011 and was repaid at the end of January 2012.

Euro	2013	2012 Restated
20. RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO HEADLINE (LOSS) / EARNINGS		
(Loss)/profit for the year	(886 893)	2 421
Adjusted for:		
Revaluation of investment property	1 170 695	(875 045)
Headline earnings/(loss)	283 802	(872 624)
Weighted average number of ordinary shares in issue	43 055 472	35 420 878
Headline earnings/(loss) per share (euro cents)	0,66	(2,46)

21. SUBSIDIARIES AND ASSOCIATES

The following entities are all 100% held subsidiaries of MAS:

Company Name	Domicile	Share Capital
MAS (BVI) Holdings Limited	British Virgin Islands	EUR 100
MAS (IOM) Holdings Limited	Isle of Man	GBP 100
Golden Cross Properties Limited	Isle of Man	GBP 100
Braehead Properties Limited	Isle of Man	GBP 100
Metchley Hall Limited	Isle of Man	GBP 100
MAS Mezzi Limited	Isle of Man	GBP 85
Sauchiehall Street Properties 1 Limited	Isle of Man	GBP 100
Santon North Street Limited	Isle of Man	GBP 100
European Property Holdings S.A.R.L.	Luxembourg	EUR 35 000
Petrusse Capital S.A.R.L.	Luxembourg	CHF 4 260 000
Inventive Capital S.A.R.L.	Luxembourg	EUR 475 000
Magliaso Capital S.A.R.L.	Luxembourg	EUR 12 500
Egerkingen Capital S.A.R.L.	Luxembourg	EUR 12 500

The following entity is an associate of MAS:

Company Name	Domicile	Shareholding
Artisan Investment Projects 10 Limited	Isle of Man	37,5%

NOTES (CONTINUED)

For the year ended 28 February 2013

22. SUBSIDIARIES AND ASSOCIATES (CONTINUED)

The aggregate intercompany indebtedness between subsidiaries at 28 February 2013 was as follows:

- MAS (BVI) Holdings Limited owed MAS €41 905 280 (2012: €40 146 300)
- European Property Holdings SARL owed MAS (BVI) Holdings Limited €3 956 895 (2012: €3 834 634)
- Petrusse Capital SARL owed MAS (BVI) Holdings Limited €2 863 252 (2012: €3 382 130)
- Inventive Capital SARL owed MAS (BVI) Holdings Limited €2 208 831 (2012: €2 607 201)
- Egerkingen Capital SARL owed MAS (BVI) Holdings Limited €94 516 (2012: €85 024)
- Magliaso Capital SARL owed MAS (BVI) Holdings Limited €28 954 (2012: €21 188)
- MAS (IOM) Holdings Limited owed MAS (BVI) Holdings Limited €1 279 259 (2012: €17 178 333), Sauchiehall Street Properties 1 Limited €116 (2012:€nil), Santon North Street Limited €116 (2012:€nil), Golden Cross Properties Limited €116 (2012:€nil) and Braehead Properties Limited €116 (2012: n/a)
- MAS Mezzi Limited owed MAS (BVI) Holdings Limited €28 969 192 (2012: €2 422)
- Golden Cross Properties Limited owed MAS (IOM) Holdings Limited €nil (2012: €239 659), MAS (BVI) Holdings Limited €nil (2012: €5 228 175) and MAS Mezzi Limited €5 376 502 (2012: n/a)
- Metchley Hall Limited owed Golden Cross Properties Limited €198 989 (2012: €245 401)
- Sauchiehall Street Properties 1 Limited owed MAS (IOM) Holdings Limited €nil (2012: €6 218 972), MAS (BVI) Holdings Limited €57 937 (2012: €68 504) and MAS Mezzi Limited €6 358 752 (2012: n/a)
- Santon North Street Limited owed MAS (IOM) Holdings Limited €nil (2012: €7 272 890), MAS (BVI) Holdings Limited €67 207 (2012: €59 055) and MAS Mezzi Limited €8 137 476 (2012: n/a)
- Braehead Properties Limited owed MAS Mezzi Limited €7 923 838 (2012: n/a)

The aggregate indebtedness between the company and its associates at 28 February 2013 was as follows:

Artisan Investment Projects 10 Limited owed MAS (IOM) Holdings Limited €nil (2012: €2 480 310)
Artisan Investment Projects 10 Limited owed MAS Mezzi Limited €2 651 726 (2012: €nil)

23. SIGNIFICANT SHAREHOLDINGS

Euro	2013	2012 Restated
Sanlam Life Insurance Limited	24,91%	—
Atterbury Investment Holdings Limited	21,10%	23,00%
Argosy Capital Limited	9,36%	11,96%
Mergon Foundation	7,47%	11,55%
Sanlam Global Equity Fund	6,25%	22,77%
BNF Investments (Pty) Limited	5,48%	8,41%
Mertech Investments (Pty) Limited	1,92%	2,94%
Mertech Services (Pty) Limited	0,84%	2,57%
Amplain Limited	0,80%	8,46%

24. SUBSEQUENT EVENTS

No material events outside of the ordinary course of business have occurred between reporting date and signature date of these financial statements.

25. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to confirm to changes in presentation for the current year.

SUPPLEMENTARY INFORMATION

For the year ended 28 February 2013



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

Euro	2013	2012 Restated
(Loss)/profit for the year	(886 893)	2 421
Adjusted for:		
Net Fair value adjustments of investment property	1 170 695	(839 612)
Net Fair value adjustments of financial instruments	60 616	1 606 081
Exchange differences	848 219	(167 095)
Capital raising fees and structure costs	359 085	481 322
Core income	1 551 722	1 083 117
Income shortfall guarantee ⁶	259 770	24 953
Adjusted core income	1 811 492	1 108 070

⁶ As disclosed in note 12 c., the terms of the Joint Venture Agreement with development partners Santon Developments plc require that they inject loan funding to Santon North Street Limited equivalent to the difference between the gross rents received by Santon North Street Limited and the 8% interest that is due to the funding company in the group that provided the finance to acquire and develop the Santon North property. This is done so that there is adequate available cash in Santon North Street Limited to service such interest. The difference between the rentals received and the 8% interest on the loan that is guaranteed by Santon Developments plc is added back to core income to arrive at adjusted core income, as this amount is effectively eliminated during the consolidation process. This clause in the Joint Venture Agreement has been specifically negotiated in order to facilitate the payment of a dividend during the development process.

NOTICE TO SHAREHOLDERS

MAS (the “company”)

NOTICE IS HEREBY GIVEN THAT A MEETING OF THE SHAREHOLDERS OF THE COMPANY WILL BE HELD AT 25 ATHOL STREET, DOUGLAS, ISLE OF MAN ON WEDNESDAY, 26 JUNE 2013 AT 11.00 (ISLE OF MAN TIME) FOR THE FOLLOWING PURPOSES:

1. To receive and adopt the audited financial statements for the year ended 28 February 2013 and the directors' report and the auditors' report
2. To re-elect Lukas Nakos as a director who retires by rotation in accordance with the articles of association of the company
3. To re-elect Gideon Oosthuizen as a director who retires by rotation in accordance with the articles of association of the company
4. To re-appoint KPMG Audit LLC as auditors of the company

By order of the board

Helen Cullen

Company secretary

26 April 2013

Correspondence address:

25 Athol Street

Douglas

Isle of Man

IM1 1LB

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.

(Registered in the British Virgin Islands)
 (Registration number 1750199)
 (Registered as an external company in the Republic of South Africa)
 (Registration number 2010/000338/10)
 JSE share code: MSP
 ISIN: VGG5884M1041
 ("MAS" or "the company")

FORM OF PROXY

FOR SHAREHOLDERS ON THE BRITISH VIRGIN ISLANDS REGISTER



TO BE EFFECTIVE, ALL PROXY APPOINTMENTS MUST BE LODGED WITH THE COMPANY'S REGISTRARS AT: COMPUTERSHARE INVESTOR SERVICES (BVI) LIMITED, QUEENSWAY HOUSE, HILGROVE STREET, ST HELIER, JERSEY JE1 1ES BY 24 JUNE 2013 AT 11:00.

This form is for use at the shareholders' meeting of MAS to be held at 25 Athol Street, Douglas, Isle of Man on Wednesday, 26 June 2013 at 11:00 or any adjournment thereof.

I/We
 (names in full – please print)

of
 (address – please print)

being the shareholder of ordinary shares in MAS hereby appoint:

1. of or failing him/her,

2. of or failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the shareholders' meeting of the company to be held at 11:00 on 26 June 2013 and at any adjournment thereof.

I have indicated with a "x" how I/we wish my/our votes to be cast on the following resolutions which are referred to in the Notice convening the meeting (see note 1 on overleaf).

	FOR	AGAINST	VOTE WITHHELD
To receive and adopt the audited financial statements for the year ended 28 February 2013 and the directors' report and the auditors' report			
To re-elect Lukas Nakos as a director who retires by rotation in accordance with the articles of association of the company			
To re-elect Gideon Oosthuizen as a director who retires by rotation in accordance with the articles of association of the company			
To re-appoint KPMG Audit LLC as auditors of the company			

Signed at on 2013

Signature

Please tick here if you are appointing more than one proxy ☐ Number of shares proxy appointed over

Please read the notes overleaf.





Notes

1. Shareholders have the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box overleaf the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the shareholder helpline on +44 1534 281823 or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. The 'Vote Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. The record date on which shareholders must be registered in the register of members in order to attend and note at the meeting is Monday, 24 June 2013 (or in the event that the meeting is adjourned on the register of members 48 hours before the time of any adjournment meeting).
5. The address on this communication is how your address appears on the Register of Members. If this information is incorrect please ring the shareholder helpline on +44 1534 281823 to request a change of address form or go to www.investorcentre.co.uk/je to use the online Investor Centre service.
6. Any alterations made to this form should be initialled.
7. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

(Registered in the British Virgin Islands)
 (Registration number 1750199)
 (Registered as an external company in the Republic of South Africa
 (Registration number 2010/000338/10)
 JSE share code: MSP
 ISIN: VGG5884M1041
 ("MAS" or "the company")

FORM OF PROXY FOR SHAREHOLDERS ON THE SOUTH AFRICAN REGISTER



SHAREHOLDERS' MEETING TO BE HELD ON WEDNESDAY, 26 JUNE 2013 AT 11:00 (ISLE OF MAN TIME) / 10.00 (SOUTH AFRICAN TIME), OR AT ANY ADJOURNED MEETING – THIS FORM OF PROXY IS SOLICITED BY AND ON BEHALF OF MANAGEMENT

Only for use by certificated shareholders or dematerialised shareholders of MAS who have selected "own-name" registration.

For use by MAS shareholders at the shareholders' meeting to be held at 25 Athol Street, Douglas, Isle of Man on Wednesday, 26 June 2013 at 11:00 (Isle of Man Time) / 10:00 (South African time), and at any adjournment or postponement thereof. If you have dematerialised your ordinary shares with a Central Securities Depository Participant ("CSDP") or broker and have not selected "own-name" registration, you must arrange with your CSDP or broker to provide you with the necessary letter of representation to attend the shareholders' meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker.

I/We
 (names in full – please print)

of
 (address – please print)

being the shareholder of ordinary shares in MAS hereby appoint:

1. of or failing him/her,
2. of or failing him/her,

the chairman of the meeting as my/our proxy to attend and vote for me/us at the shareholders' meeting and at any adjournment thereof and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions (see notes):

	FOR	AGAINST	VOTE WITHHELD
To receive and adopt the audited financial statements for the year ended 28 February 2013 and the directors' report and the auditors' report			
To re-elect Lukas Nakos as a director who retires by rotation in accordance with the articles of association of the company			
To re-elect Gideon Oosthuizen as a director who retires by rotation in accordance with the articles of association of the company			
To re-appoint KPMG Audit LLC as auditors of the company			

Signed at on 2013

Name
 (in block letters)

Signature/s

Assisted by me
 (If applicable)

Full name/s of signatory/ies if signing in a representative capacity

.....
 (in block letters and authority to be attached – see note 12)

Please read the notes overleaf.





Notes

1. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of MAS) to attend, speak, vote or abstain from voting in place of that shareholder at the shareholders' meeting.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the meeting" but any such deletion must be initialled by the shareholder. 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. The record date on which shareholders must be registered in the register of members in order to attend and note at the meeting is Monday, 24 June 2013 (or in the event that the meeting is adjourned on the register of members 48 hours before the time of any adjournment meeting).
4. **Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Limited, ground floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 am (South African time) on Monday, 24 June 2013.**
5. The completion and lodging of this form of proxy will not preclude the shareholder from attending the shareholders' meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. **If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution, and in the case of the appointment of the chairman of the meeting as proxy shareholder, the proxy shareholder will vote in favour of the resolution.**
7. The chairman of the meeting shall be entitled to decline to accept the authority of a person signing this form of proxy:
 - under a power of attorney; or
 - on behalf of a companyunless the power of attorney or authority is deposited at the office of MAS transfer secretaries, not less than 48 hours before the time appointed for the holding of the shareholders' meeting.
8. The chairman of the meeting may reject or accept any form of proxy, which is completed and/or received other than in accordance with these notes, provided that the chairman of the meeting is satisfied as to the manner in which the shareholder concerned wishes to vote.
9. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
10. If the holding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total holding registered in the shareholder's name.
11. A vote given in terms of an instrument of proxy shall be valid in relation to the shareholders' meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in MAS in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries no less than 48 hours before the commencement of the shareholders' meeting.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by MAS or its transfer secretaries or waived by the chairman of the meeting.
13. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with MAS or the transfer secretaries.
14. Where there are joint shareholders of shares and if more than one such joint shareholder is present or represented thereat, then the person whose name appears first in the register of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
15. Where shares are held jointly, all joint shareholders are required to sign.
16. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of MAS.
17. Dematerialised shareholders who have not selected "own-name" registration and who wish to attend the shareholders' meeting or to vote by way of proxy, must advise their CSDP or broker who will issue the necessary letter of representation in writing for a dematerialised shareholder or proxy to do so.
18. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by management to the shareholder.
19. This proxy confers discretionary authority in respect of amendments to matters identified in the notice of the shareholders' meeting or other matters that may properly come before the meeting.

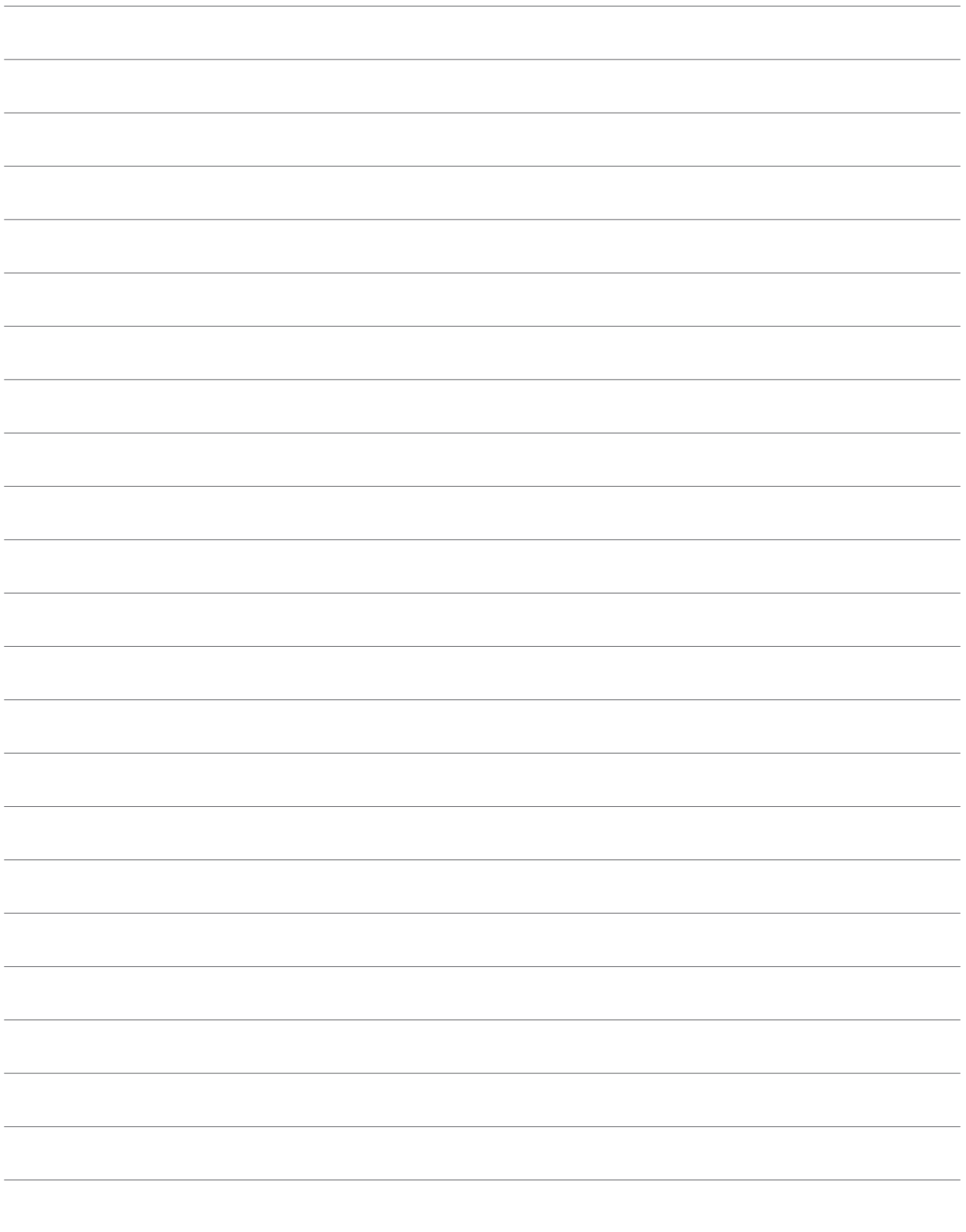
Transfer secretaries

Computershare Investor Services (Pty) Ltd: Reg. no. 2004/003647/07

Proxy Dept. PO Box 61051, Marshalltown 2107, South Africa. Fax: +27 11 688-5238

NOTES







www.masrei.com

