



ANNUAL REPORT 2012



CONTENTS

Corporate profile.....	2
Corporate governance.....	7
Chairman's report.....	8
Summary of property portfolio.....	10
Directors' and investment adviser's report.....	13
Statement of directors' responsibilities.....	15
Report of the independent auditors.....	16
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
Supplementary information (unaudited).....	43
Notice to shareholders.....	44
Form of proxy – European register.....	45
Form of proxy – South African register.....	47



COMMERCIAL PROPERTY OPPORTUNITIES THAT YIELD STABLE RETURNS AND PORTFOLIO DIVERSIFICATION.

SALIENT POINTS

**1,60 euro
cents per
share**

Final dividend of 1,60 euro cents per
share declared, bringing the total
dividend for the year to 3,74 euro cents
per share

**Capital raised:
€21 980 744**

Capital of €21 980 744 raised in
September 2011

Solid development of the company's
portfolio, enhanced through three new
investments

Company remained moderately
leveraged at 29% debt to total assets

Strong pipeline of further investment
opportunities

Proposed capital raising to take place
in new financial year

COMPANY INFORMATION

Registered in the Isle of Man	Company number	2893V
Registered as an external company in South Africa	Registration number	2010/000338/10
JSE share code		MSP
SEDOL		B4LFGHO
ISIN		IM00B4LFGH00
Number of shares in issue as at 28 February 2012		42 154 015

KEY STATISTICS – YEAR ENDED 28 FEBRUARY 2012

Adjusted core income (unaudited)	€1 108 070
Final dividend per share (euro cents)	1,60
Dividend per share (euro cents – cumulative year total)	3,74
Bourse de Luxembourg closing price on 28 February 2012	€1,00
JSE closing price on 28 February 2012	ZAR 11,00
Total value of property portfolio	€53 617 215
Gross annual rental income	€2 242 381
Total bank borrowings	€18 311 262
Net interest expense	€672 850

INCORPORATION AND HISTORY

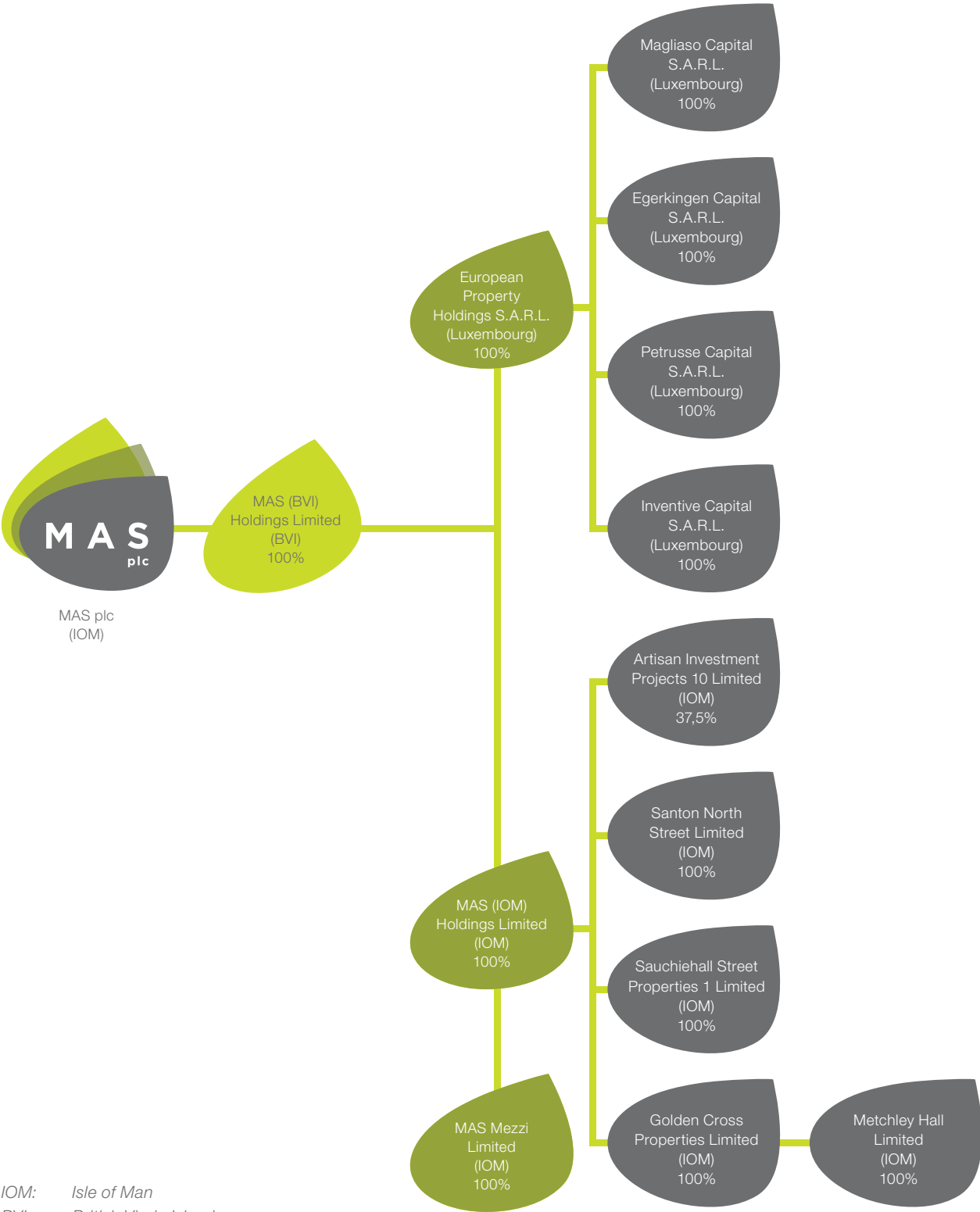
MAS plc was incorporated in the Isle of Man on 3 July 2008 and registered as an external company in South Africa on 8 January 2010. The company is a closed-ended investment company with infinite life and listed on the EURO MTF market of the Bourse de Luxembourg on 12 August 2009, where it has its primary listing, and on the Alternative Exchange (“AltX”) of the Johannesburg Stock Exchange (“JSE”) on 31 August 2009, where it has its secondary listing.

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 Germany, Switzerland and the United Kingdom.

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 2012

ADVISERS TO THE COMPANY

For the year ended 28 February 2012



Non-executive chairman



Ron Spencer *

Ron was previously managing director of Merrill Lynch Investment Managers Holdings (IOM) Limited. He also serves as a non-exec director of the boards of other Isle of Man companies. He was admitted as a chartered director by the Institute of Directors in 2004.

Executive directors



Lukas Nakos (BBus Sc) *°

Lukas is chief executive of Artisan Real Estate Investors Limited (Artisan) and MAS plc. 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 and MAS plc. He was co-founder and portfolio manager of a US\$200m emerging market equity hedge fund in London. Before that Malcolm was an equities analyst at Gartmore. He is a CFA and CAIA charterholder 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 institutionally owned South African property development and investment group. He is based in South Africa.



Jaco Jansen (BCom (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 1,4billion 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.



Hendrik Pfaff (BCom (Hons)) °

Hendrik is currently managing director of Sanlam's International Investment Partners. His investment management career spans 18 years with six of those in the multi-manager field. He has held positions at Fidelity International (in the UK) and Sanlam Investment Management. Hendrik is a CFA charterholder and a member of the Society of Investment Professionals. Hendrik is based in South Africa.



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

REGISTERED OFFICE

25 Athol Street
Douglas
Isle of Man
IM1 1LB

REGISTERED AGENT

Onyx Management Limited
19/21 Circular Road
Douglas
Isle of Man
IM99 3JN

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 Trustees and Sponsors
(Proprietary) Limited
2 Arnold Road
Rosebank
2196
South Africa

LUXEMBOURG LEGAL ADVISER

M Partners
56, rue Charles Martel
L-2134
Luxembourg

REGISTRAR/TRANSFER SECRETARIES

Computershare Investor Services
(IOM) Limited
Registration number 003287V
International House, Castle Hill
Victoria Road
Douglas
Isle of Man
IM2 4RB

South Africa

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

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

CBRE Limited
St. Martin's Court
10 Paternoster Row
London
EC4M 7HP

Gerald Eve LLP
72 Welbeck Street
London
W1G 0AY

GVA Grimley Limited
Quayside House
127 Fountainbridge
Edinburgh
EH3 9QG

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 and are committed to applying the principles enunciated in the rules of the Euro-MTF where it has its primary listing. 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 meet 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 accountancy 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 systems, 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 Sanlam Group in South Africa adds further weight in this regard. In particular, both Hendrik Pfaff and Robert Roux

represent 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.

"You must ask yourself. Am I investing in a market? Or am I investing in a DEAL? If the deal is right and your exit strategy is clear, then the market conditions become almost irrelevant. And fortunately, the surge in motivated sellers has created more deals than ever." – Warren Buffett

CHAIRMAN'S STATEMENT

For the year ended 28 February 2012

The 12 months to February 2012 continued to be dominated by market fears about the future and potential collapse of the euro zone. Peripheral members of this monetary union were seemingly incapable of spending less than they could raise in revenues from taxes and elsewhere. Excessive public debt even in countries as large as France compounded investor worries, leading in turn to significant consumer uncertainty. This saw growth prospects stall across virtually all sectors of the property market, with the exception of the very best located and tenanted properties.

While the initial response of the European Union to the crisis was slow and indecisive, firm action was eventually taken with the core euro zone countries making it clear that there will be no disorganised breakdown of the monetary union. The European Central Bank (ECB) and bailout funds have continued to inject the necessary liquidity to keep governments solvent.

This situation then raises the question of whether one should be investing in property in Europe at such a time. We firmly believe that now is indeed a most opportune time to be building a portfolio of unique property investments. Deep value can be uncovered, not by following the herd, but by seeking out opportunity where others are not looking - and the opportunities currently available across Europe are indeed substantial. The company is diligently taking advantage of these on behalf of shareholders, wherever possible.

Despite the weak economic outlook, high commodity prices driven by Asian demand have resulted in a resurgence of inflation. The ECB has not as yet provided any meaningful monetary response to address this situation. Inflation benefits the owner by devaluing the debt acquired in buying a property, on the condition there are strong, stable clients able to accommodate inflation-linked leases. This is largely where MAS plc finds itself.

STRATEGY

The core European markets of Germany, Switzerland and the UK have been identified in particular for new acquisitions at this stage of the property and economic cycle. 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.

The investment philosophy of the business is straightforward. Some 60% to 70% of the portfolio is invested in core, long-term, income-generating assets that provide shareholders with a strong and stable income stream. In particular, the debt strategy results in the majority of the debt being fixed for the full term of the lease, thereby locking in positive cash flows, paid to shareholders. The balance of the portfolio consists of more opportunistic investments for an anticipated higher return at a slightly higher risk. In these instances the company may forego an initial yield in exchange for a higher return later.

The company has found substantial opportunities in the UK in the last year, where it has spent all of the capital raised in September 2011. These opportunities range from high-street retail premises in prime locations such as Glasgow, Scotland, to a value-adding 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

During the 2011/12 financial year MAS plc more than doubled its capital base thereby enabling the company 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 ongoing support from its shareholders. Core income continues to grow impressively, and the new acquisitions will continue to supplement this.

CORPORATE GOVERNANCE

The board takes corporate governance extremely seriously. I am pleased to confirm the full attendance of all directors at our board meetings. In addition, the audit committee has had an equally full attendance register. Systems of internal control are operating well.

PROSPECTS

We discuss the general economic outlook and the re-emergence of inflation concerns in the Directors' and Investment Adviser's Report. Historically, however, property has been a good asset to hold in times of inflation, and we believe that the market conditions look set to continue to deliver interesting and rewarding investment opportunities.

Ron Spencer
Chairman

“Only when the tide goes out do you discover who's been swimming naked.”
– Warren Buffett

Caltongate
A fresh approach to urban regeneration

Caltongate development site,
Royal Mile, Edinburgh

SUMMARY OF PROPERTY PORTFOLIO

For the year ended 28 February 2012

The company has found substantial opportunities in the **UK** in the last year, where it has spent the capital raised in September 2011. These opportunities range from high-street retail premises in prime locations such as **Glasgow, Scotland**, to a value-adding development in the town centre of upmarket **Lewes in Sussex**.

“We will reject interesting opportunities rather than over-leverage our balance sheet” – Warren Buffett



Metchley Hall, Birmingham, UK

“In my experience, in the real-estate business past success stories are generally not applicable to new situations. We must continually reinvent ourselves, responding to changing times with innovative new business models.” – Akira Mori



INTRODUCTION

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

MARKET OVERVIEW

The primary issue plaguing European markets over the last year has been the unresolved problems relating to the debt predicament and the imbalances between national economies. As the euro zone stumbled from crisis to crisis, the prospects of default by the periphery economies continued to increase, which Greece ultimately did, albeit on a technical basis, in late 2011.

Real estate investment markets in Europe, with few exceptions, reflect the same macro economic uncertainties. However, diminishing fear of the collapse of the euro has been replaced by concern over the damaging effects of inflation. Property, being a real asset, typically benefits from inflation due to upward movement in rent, although at this stage it is uncertain whether in the light of the weakness of the underlying economies, rentals will be able to keep up with inflation. As a result investors, including ourselves, have sought the security of prime properties (i.e. high-quality buildings in sought after locations with long-term leases to financially resilient tenants.)

Raising new equity and refinancing existing maturing debt remain a challenge for many investors. This creates opportunities to acquire properties coming up for refinancing, now offered by the banks on much stricter terms than before.

In this market MAS is continuing an opportunistic investment strategy as the myriad of uncertainties provides exceptional opportunities to do deals with extraordinary return potential. In this context, the €21 980 744 raised in September 2011 from shareholders have been used to acquire the following:

● Sauchiehall property

Through its wholly-owned subsidiary Sauchiehall Street Properties 1 Limited, MAS completed the acquisition of 154-160 Sauchiehall Street, Glasgow (the "Sauchiehall property"). The purchase price was €5 905 500 (£5 000 000), before stamp duty and acquisition expenses.

MAS is of the view that the Glasgow retail market currently offers significant value for investors. Glasgow is the largest city in Scotland and the third largest in the UK with a resident population of 610 000 and a catchment population of some 2,3 million. It is also the UK's second largest retail centre after London.

The property is an A-class retail building located on one of Glasgow's main shopping boulevards with convenient access to parking facilities. In this three-storeyed building the ground and first floors serve as retail space while the second floor is used for storage. It is close to Buchanan Galleries, which anchors the north end of the city's prime retailing thoroughfare of Buchanan Street. The Sauchiehall property is currently tenanted by HMV UK with a five-year rental guarantee from EMI Group plc and offers both a strong income stream and asset management opportunities.

No debt was used to fund the acquisition although debt funding might be sought once MAS has secured a long-term tenant as part of an asset management strategy.

● Santon North property

Through its wholly-owned subsidiary Santon North Street Limited, MAS has acquired a prime 14,5 acre site for redevelopment in the town of Lewes in Sussex, England (the "Santon North property").

It was acquired from the joint administrators of the four companies that previously owned the land for €6 850 380 (£5 800 000), before stamp duty and acquisition expenses. No debt has been used to fund the acquisition.

The directors believe that the size and central location of this property, in the heart of a thriving town in the South of England, represents significant value for investors as it offers an ideal opportunity to rejuvenate the area with a development that incorporates retail, hospitality, commercial and residential components.

The company has for this purpose entered into a joint venture agreement with development partners Santon Developments plc which underwrites an income of 8% on funds injected into the investment. This will allow the continued payment of a dividend while the development value is being extracted.

● Caltongate property

MAS has invested €3 561 660 (£3 000 000), before acquisition expenses, in Artisan Investment Projects 10 Limited ("Artisan IP 10"), the vehicle for the acquisition of a premier development site in the heart of the Edinburgh old town (the "Caltongate property"). MAS's ownership of this investment company is 37,5%.

Artisan IP 10 is managed by Artisan 10 Advisers Limited; a joint venture between Artisan Real Estate Investors Limited and Atterbury Asset Managers Limited.

The Caltongate property represents a substantial development opportunity in the most prominent gap site in the Edinburgh city centre. Planning is already in place for about 640 000 sq ft (59 463 sq m) of residential, hotel and commercial space on the site and development is expected to begin in 2012/3. The directors are excited about the enormous potential of this development, but have limited the size of the investment by MAS due to the lack of initial income inherent in a development of this nature.

As a result of the above mentioned acquisitions, the portfolio consists of the following (table overleaf):

DIRECTORS' AND INVESTMENTS ADVISER'S REPORT (CONTINUED)

For the year ended 28 February 2012

Property	Sector	Currency	Valuation
DPD property	Logistics	CHF	22 840 000
Aldi portfolio	Food retail	EUR	9 930 000
Metchley Hall	Student residential	GBP	7 309 000
Santon North property	Industrial/development	GBP	5 800 000
Sauchiehall property	Retail	GBP	4 800 000
Caltongate property	Development	GBP	3 032 410
Total	Euro equivalent		53 617 215

The current portfolio continues to perform well with conservative gearing of about 29% loan to portfolio value. The Aldi portfolio and the DPD property are single tenanted properties on leases that require almost all expenses to be carried by the tenant. Both tenants continue to trade well.

Metchley Hall, the student residential development in Birmingham which was completed in time for the autumn intake of students has been operating well. The occupancy is underwritten by a nomination agreement with the University of Birmingham at 97% until 2014.

All properties were independently valued by professional third party valuers at year-end.

INTEREST RATE HEDGES

The directors believe that locking in positive yield spreads between rental income and interest expenditure through hedging the cost of debt is a sound investment policy for an income generating investment. The company therefore pursues a conservative, active hedging policy that covers a substantial portion of the debt for the entire lease term. As the leases in the Aldi portfolio and DPD property are particularly long, non-cash flow income statement volatility increases substantially when marking the hedging instruments to market. Weakening in the interest rate outlook for the euro zone has resulted in mark-to-market write-downs on the hedges in the current year to the tune of €1,6 million. However, the directors emphasise and remain focused on the

cash generation within the business, and not the non-cash flow income statement volatility arising from the revaluation of long-term financial instruments.

The directors believe that it is correct to actively manage interest rate exposure and will continue to do so with new investments as they are made. In addition, consideration is being given to further increasing the level of the interest rate hedge on the DPD property from 70% to 100%.

DIVIDENDS

Despite the impact of the capital raise and the inherent time that it takes to invest the capital raised, the directors have approved a final dividend for the year of 1,60 euro cents per share. This brings the total dividend per share for the year to 3,74 euro cents.

PROPOSED CAPITAL RAISING

The company is in the process of securing additional funding, subject to compliance with regulatory requirements in the Isle of Man, Luxembourg and South Africa. In this regard MAS has received a commitment in principle from Atterbury Investment Holdings Limited, one of its core shareholders, of ZAR 50 million. This is expected to further diversify the portfolio and enhance income returns to shareholders.

PROSPECTS

MAS is at present realising the innate value of the properties acquired in the past 12 months in line with the strategy devised for each of them when they were acquired. MAS is also negotiating a further acquisition which will be funded by another capital raising. This property has a substantial total return potential due to its location and the discount negotiated on land value, and the possibility that more valuable mixed-use planning consents can be obtained for the 10-acre site.

The directors are confident they will be able to continue investing the capital of the company in the excellent opportunities that have become available in the current market conditions. In doing so they want to grow the company's capital base.

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 plc

Malcolm Levy

Director
MAS Property Advisors Limited

Registered Office 25 Athol Street,
Douglas, IM1 1LB, Isle of Man
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 2012



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 PLC

For the year ended 28 February 2012

We have audited the financial statements of MAS plc for the year ended 28 February 2012 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 15, 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 2012 and of its loss for the year then ended.

KPMG Audit LLC
Chartered accountants

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



“The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell”
– John Templeton

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2012

	Note	2012 Euro	2011 Euro
<i>Income</i>			
Rental income		2 242 381	1 710 966
Management expenses		(119 274)	—
Net rent received		2 123 107	1 710 966
Finance income	5	713 690	329 918
Income from associate	8	74 460	—
Exchange differences	3	167 095	276 148
<i>Expenses</i>			
Investment adviser's fees		(457 195)	(235 417)
Operating expenses	2	(1 059 835)	(689 291)
Fair value adjustments	4	(1 622 470)	1 929 864
Results from operating activities		(61 148)	3 322 188
Net interest expense		(672 850)	(686 023)
(Loss)/profit before taxation		(733 998)	2 636 165
Taxation	13	(36 721)	(4 679)
(Loss)/profit for the year		(770 719)	2 631 486
Other comprehensive income			
Foreign currency translation differences		264 028	419 907
Total comprehensive (loss)/income for the year		(506 691)	3 051 393
Earnings per share (euro cents) ¹		(2,18)	14,10
Headline earnings per share (euro cents) ¹	18	(2,46)	3,42
Weighted average number of ordinary shares in issue		35 420 878	18 665 728
Adjusted core income (see supplementary information)		1 108 070	812 782

The directors consider that all results derive from continuing activities.

The notes on pages 22-42 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 2012

	Note	2012 Euro	2011 Euro
<i>Non-current assets</i>			
Investment property	7	50 035 637	30 202 039
Investment in associate	8	1 101 268	—
Loan to associate	8	2 480 310	—
Plant and equipment	9	27 423	—
Total non-current assets		53 644 638	30 202 039
<i>Current assets</i>			
Short-term loans receivable	10	3 782 783	2 275 139
Trade and other receivables		563 745	233 425
Cash and cash equivalents		5 742 861	6 611 798
Total current assets		10 089 389	9 120 362
Total assets		63 734 027	39 322 401
<i>Equity</i>			
Share capital	6	42 154 015	19 762 959
Retained loss		(2 068 646)	(451 170)
Foreign currency translation reserve		683 935	419 907
Shareholder equity		40 769 304	19 731 696
<i>Non-current liabilities</i>			
Long-term loans	11	17 813 364	17 689 032
Financial instruments	12	2 478 405	852 667
Total non-current liabilities		20 291 769	18 541 699
<i>Current liabilities</i>			
Short-term loans payable	11	497 898	467 909
Trade and other payables		2 175 056	581 097
Total current liabilities		2 672 954	1 049 006
Total liabilities		22 964 723	19 590 705
Total equity and liabilities		63 734 027	39 322 401
Actual number of ordinary shares in issue		42 154 015	19 762 959
Net asset value per share (euro cents)		96,7	99,8

These financial statements were approved by the board of directors on 24 April 2012 and signed on their behalf by Ron Spencer and Lukas Nakos

The notes on pages 22-42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2012

	2012 Euro	2011 Euro
Operating activities		
(Loss)/profit before taxation	(733 998)	2 636 165
Depreciation	6 846	—
Exchange differences	(167 095)	(276 148)
Earnings in associate	(38 314)	—
Net interest expense	672 850	686 023
Finance income	(713 690)	(329 918)
Movement in fair value adjustments	767 150	(1 929 864)
Changes in working capital position	1 263 642	509 073
Taxation paid	(36 721)	(4 679)
Cash generated from operating activities	1 020 670	1 290 652
Investing activities		
Acquisitions of investment property/development costs	(17 863 501)	(1 363 705)
Investment in associate	(3 597 093)	—
Purchase of plant and equipment	(34 269)	—
Issuance of short—term loans	(5 969 015)	(2 095 587)
Repayment of short—term loans	4 786 361	122 119
Interest received	388 699	—
Cash (used in) investing activities	(22 288 818)	(3 337 173)
Financing activities		
Proceeds from issuance of share capital	22 391 056	9 068 638
Proceeds from loan facilities	24 953	—
Repayment of loan facilities	(497 898)	(577 035)
Net interest paid	(672 850)	(686 023)
Dividends paid	(846 757)	(396 043)
Cash generated from financing activities	20 398 504	7 409 537
Net (decrease)/increase in cash and equivalents	(869 644)	5 363 016
Cash and equivalents at the beginning of the year	6 611 798	1 528 306
Effect of exchange rate fluctuations	707	(279 524)
Cash and equivalents at the end of the year	5 742 861	6 611 798

The notes on pages 22-42 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2012

	Share capital Euro	Retained loss Euro	Foreign currency translation reserve Euro	Total Euro
Opening balance at 28 February 2010	9 309 821	(2 686 613)	—	6 623 208
Profit for the year	—	2 631 486	—	2 631 486
Other comprehensive income	—	—	419 907	419 907
Total comprehensive income	—	2 631 486	419 907	3 051 393
Transactions with owners of the company:				
Issue of shares	10 453 138	—	—	10 453 138
Dividends paid	—	(396 043)	—	(396 043)
Closing balance at 28 February 2011	19 762 959	(451 170)	419 907	19 731 696
(Loss) for the year	—	(770 719)	—	(770 719)
Other comprehensive income	—	—	264 028	264 028
Total comprehensive (loss)/income	—	(770 719)	264 028	(506 691)
Transactions with owners of the company:				
Issue of shares	22 391 056	—	—	22 391 056
Dividends paid	—	(846 757)	—	(846 757)
Closing balance at 28 February 2012	42 154 015	(2 068 646)	683 935	40 769 304

The notes on pages 22-42 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2012



1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

MAS plc 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:

- Investment property is measured at fair value;
- Financial instruments at fair value through profit and loss are measured at fair value.

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 standards and interpretations not yet adopted

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

Amendments/improvements		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 12	Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 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 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 transfers of financial assets (October 2010)	1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about off-setting of financial assets and financial liabilities (December 2011)	1 January 2013
IFRS 7	Financial Instruments: Disclosures – Amendments requiring disclosures about the initial applicable of IFRS 9 (December 2011)	1 January 2015
IFRS 9	Financial Instruments – Classification and measurement of financial assets (as amended in December 2011)	1 January 2015
IFRS 9	Financial Instruments – Accounting for financial liabilities and derecognition (as amended in December 2011)	1 January 2015
IFRS 10	Consolidated Financial Statements (May 2011)	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

IFRIC Interpretation

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
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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.

NOTES (CONTINUED)

For the year ended 28 February 2012



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.

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 property 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.

Investments

Investment Property ("IAS40"): direct real estate investments are classified as investment property 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 property is treated as a long-term investment and is 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.

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

Independent valuations are obtained on an annual basis. The directors value the investment property 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 recognized 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.

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.

Core income

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 2012



	2012 Euro	2011 Euro
2. OPERATING EXPENSES		
Stock exchange and capital raising expenses ^a	329 120	105 610
Legal and professional expenses ^b	210 041	189 695
Directors' remuneration (note 16)	114 739	116 072
General expenses	104 091	52 529
Audit and accounting fees	89 358	62 572
Company administration expenses	89 349	75 796
Company secretarial expenses	66 345	65 085
Property taxes and insurance	49 946	21 932
Amortisation and depreciation (note 9)	6 846	—
Total	1 059 835	689 291
<i>^a Stock exchange and capital raising expenses</i>		
Corporate advisers	219 782	56 276
Other	58 958	7 836
Transfer secretaries	25 707	20 971
JSE	13 123	8 327
Bourse de Luxembourg	11 550	12 200
Total	329 120	105 610
<i>^b Legal and professional expenses</i>		
Independent taxation and professional advice	129 686	49 728
Independent property valuations	40 310	12 000
Legal services – MAS Property Advisers Limited	39 723	82 105
Due diligence costs and other	322	45 862
Total	210 041	189 695

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 gain of €167 095 (2011: €276 148).

	2012 Euro	2011 Euro
4. FAIR VALUE ADJUSTMENTS		
Properties		
DPD property	904 515	116 977
Aldi portfolio	(130 000)	60 000
Sauchiehall property	(643 870)	—
Santon North property	(856 001)	—
Metchley Hall property ²	1 599 720	1 816 625
less: Profit share attributable to project manager ³	(855 320)	—
	744 400	1 816 625
	19 044	1 993 602
Hedging instruments (note 12)		
DPD property	(801 988)	(106 403)
Aldi portfolio	(804 093)	42 665
	(1 606 081)	(63 738)
Associate		
Artisan IP 10 – elimination of capitalised transaction fee	(35 433)	—
	(35 433)	—
Total	(1 622 470)	1 929 864
5. FINANCE INCOME		
Interest on short term loans	662 381	291 537
Interest on bank deposits and other	51 309	38 381
Total	713 690	329 918

6. SHARE CAPITAL

The ordinary share capital of the company has no par value and in addition the company does not have authorised share capital as it is registered under the Companies Act 2006 of the Isle of Man.

	Number of shares	Share capital Euro
Balance at 28 February 2010	9 309 821	9 309 821
Issued during the year		
Capital raised	10 089 126	10 089 126
Scrip dividends	364 012	364 012
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

² Golden Cross Properties Limited transferred a material interest in the student residential property to Metchley Hall Limited, a 100% held subsidiary, on completion of the development. The property is now referred to by its actual name 'Metchley Hall'.

³ 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 plc and 25% to the introducer/project manager. At the end of the 2012 financial year fair value adjustments on this property total £2 896 690. The profit attributable to the introducer/project manager is therefore an amount of £724 172, which has been deducted against the fair value gain in the Statement of Comprehensive Income as it is payable only upon realisation.

NOTES (CONTINUED)

For the year ended 28 February 2012



7. INVESTMENT PROPERTY

Aldi portfolio

	2012 Euro	2011 Euro
Balance at the beginning of the year	10 060 000	10 000 000
Additions	—	—
Capitalised acquisition expenses	—	—
Development costs	—	—
Fair value adjustment	(130 000)	60 000
Foreign currency translation adjustment	—	—
Disposals	—	—
Closing balance at the end of the year	9 930 000	10 060 000

DPD property

Balance at the beginning of the year	16 961 709	14 773 271
Additions	—	—
Capitalised acquisition expenses	—	—
Development costs	—	—
Fair value adjustment	904 515	116 977
Foreign currency translation adjustment	1 087 093	2 071 461
Disposals	—	—
Closing balance at the end of the year	18 953 317	16 961 709

Metchley Hall

Balance at the beginning of the year	3 180 330	—
Additions	—	1 060 110
Capitalised acquisition expenses	39 370	168 511
Development costs	3 804 600	135 084
Fair value adjustment	1 599 720	1 816 625
Foreign currency translation adjustment	8 640	—
Disposals	—	—
Closing balance at the end of the year	8 632 660	3 180 330

Sauchiehall property

Balance at the beginning of the year	—	—
Additions	5 905 500	—
Capitalised acquisition expenses	407 650	—
Development costs	—	—
Fair value adjustment	(643 870)	—
Foreign currency translation adjustment	—	—
Disposals	—	—
Closing balance at the end of the year	5 669 280	—

Investment property under construction

Santon North property⁴

	2012 Euro	2011 Euro
Additions	6 850 380	—
Capitalised acquisition expenses	757 224	—
Development costs	98 777	—
Fair value adjustment	(856 001)	—
Foreign currency translation adjustment	—	—
Disposals	—	—
Closing balance at the end of the year	6 850 380	—

CUMULATIVE TOTAL

Balance at the beginning of the year	30 202 039	24 773 271
Additions	12 755 880	1 060 110
Capitalised acquisition expenses	1 204 244	168 511
Development costs	3 903 377	135 084
Fair value adjustment	874 364	1 993 602
Foreign currency translation adjustment	1 095 733	2 071 461
Disposals	—	—
TOTAL	50 035 637	30 202 039

Property details	Aldi portfolio	DPD property	Metchley Hall	Sauchiehall property	Santon North property
Location	Various, Germany	Zurich, Switzerland	Birmingham, United Kingdom	Glasgow, United Kingdom	Lewes, United Kingdom
Currency	EUR	CHF	GBP	GBP	GBP
Purchase price/development cost	10 462 300	20 535 431	4 412 310	5 000 000	5 800 000
Annual rent	732 108	1 304 000	623 700	376 900	150 808
Initial purchase yield	7,00%	6,35%	14,14%	7,54%	8,00%
Debt	8 369 840	11 950 000	—	—	—
Acquisition date	01-Dec-09	15-Jan-10	29-Jun-10	14-Dec-11	10-Feb-12

Property valuations

Property	Valuer	2012 Euro	2011 Euro
Aldi portfolio	DTZ Zadelhoff Tie Leung GmbH	9 930 000	10 060 000
DPD property	Wüest & Partner AG	18 953 317	16 961 709
Metchley Hall	Savills (L&P) Limited	8 632 660	3 180 330
Sauchiehall property	CBRE Limited	5 669 280	—
Santon North property	Gerald Eve LLP	6 850 380	—
TOTAL		50 035 637	30 202 039

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.

⁴ This property was introduced and is managed by joint venture partners Santon Developments plc. 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 plc requires that they ensure that the SPV is adequately funded to pay this interest on an annual basis. Santon Developments plc 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 2012



	2012 Euro	2011 Euro
8. INVESTMENT IN ASSOCIATE		
Artisan IP 10		
Investment at cost	1 081 350	—
Share of post-acquisition reserves	74 460	—
Adjustment – elimination of capitalised interest	(36 147)	—
Share of currency translation differences	(18 395)	—
Carrying value	1 101 268	—
Loan to associate ⁵	2 480 310	—
Total exposure to associate	3 581 578	—
 Holding ⁶	 37,5%	 —
Condensed consolidated statement of comprehensive income		
Operating expenses	(22 402)	—
Fair value adjustment	220 963	—
Net profit	198 561	—
Condensed consolidated statement of financial position		
Investment property	8 267 700	—
Working capital	(30 184)	—
Cash at bank	1 506 143	—
	9 743 659	—
Share capital	2 883 602	—
Retained earnings	198 561	—
Foreign currency translation reserve	(49 054)	—
Shareholder loans	6 710 550	—
	9 743 659	—
9. PLANT AND EQUIPMENT		
Net book value at the beginning of the year	—	—
Additions	34 269	—
Depreciation	(6 846)	—
Disposals	—	—
Net book value at the end of the year	27 423	—

⁵ 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 loans bear interest at 7,5% per annum and are redeemable in 10 years from issue.

⁶ 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%.

	2012 Euro	2011 Euro
10. SHORT-TERM LOANS RECEIVABLE		
Argosy Capital Limited ^a	3 782 783	303 143
REOC Limited ^b	—	1 971 996
Total	3 782 783	2 275 139

The company made the following short term loans during the period:

^a. MAS (BVI) Holdings Limited advanced a secured loan to Argosy Capital Limited on 26 January 2011 of €3 250 000 for the acquisition of a development property. The loan bears interest at a rate of 15% per annum and the interest receivable for the year up to 28 February 2012 is €487 372 (2011: €45 411) . This loan amount was fully repaid, with interest, at the beginning of March 2012.

^b. MAS (BVI) Holdings Limited advanced a secured loan of £1 700 000 to REOC Limited on 15 July 2010. The loan amount, including interest of £101 045, was fully repaid on 14 July 2011.

11. LOANS PAYABLE

	2012 Euro	2011 Euro
Long-term loans		
Credit Suisse – DPD property ^a	(9 418 571)	(9 319 192)
Sparkasse Bank – Aldi portfolio ^b	(8 369 840)	(8 369 840)
Santon Development plc – Santon North property ^c	(24 953)	—
Short-term loans		
Credit Suisse – DPD property ^a	(497 898)	(467 909)
Total	(18 311 262)	(18 156 941)

^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 CHF 11 950 000 as at 28 February 2012. 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 plc, whereby Santon Developments plc 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.

NOTES (CONTINUED)

For the year ended 28 February 2012



12. FINANCIAL INSTRUMENTS

Reconciliation of financial instruments

	Aldi portfolio Euro	DPD property Euro	Total Euro
Fair valuation – 28 February 2010	(449 530)	(276 667)	(726 197)
<i>Movements:</i>			
Fair valuation of hedging instruments	42 665	(106 403)	(63 738)
Foreign currency translation reserve	—	(62 732)	(62 732)
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)

The company has hedged the interest rate exposure on the bank loans disclosed in Note 11.

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 (€1 210 958) as at 28 February 2012 (2011: (€406 865)).

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 (€1 267 447) as at 28 February 2012 (2011: (€445 802)).

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.

	Level 1 Euro	Level 2 Euro	Level 3 Euro	Total Euro
28 February 2012				
Interest rate swaps used for hedging	—	(2 478 405)	—	(2 478 405)
28 February 2011				
Interest rate swaps used for hedging	—	(852 667)	—	(852 667)

13. TAXATION

The company is subject to Isle of Man taxation at a rate of 0% (2011: 0%). 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 €22 595 has been provided (2011: nil).

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 000 has been provided for (2011: 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 (2011: 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 any 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.

NOTES (CONTINUED)

For the year ended 28 February 2012



14. SEGMENT REPORT

Statement of comprehensive income

Year ending 28 Feb 2012	Switzerland Euro	Germany Euro	UK Euro	Corporate Euro	Total Euro
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)	(755 470)	(35 433)	(1 622 470)
Finance income	278	—	663 713	49 699	713 690
Income from associate	—	—	74 460	—	74 460
Results from operating activities	1 022 606	(281 445)	247 845	(1 050 154)	(61 148)
Net interest expense	(294 129)	(378 364)	—	(357)	(672 850)
(Loss)/profit before taxation	728 477	(659 809)	247 845	(1 050 511)	(733 998)
Taxation	(4 815)	(3 425)	(22 950)	(5 531)	(36 721)
(Loss)/profit after taxation	723 662	(663 234)	224 895	(1 056 042)	(770 719)

Statement of financial position

As at 28 Feb 2012

<i>Non-current assets</i>					
Investment property	18 953 317	9 930 000	21 152 320	—	50 035 637
Investment in associate	—	—	1 101 268	—	1 101 268
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	29 374 840	4 593 503	63 734 027
<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	27 587 661	4 452 411	40 769 304
<i>Capital and reserves</i>					
Share capital	—	—	—	—	42 154 015
Retained (loss)	—	—	—	—	(2 068 646)
Foreign currency translation reserve	—	—	—	—	683 935
Equity and reserves	—	—	—	—	40 769 304

Statement of comprehensive income

Year ending 28 Feb 2011	Switzerland Euro	Germany Euro	UK Euro	Corporate Euro	Total Euro
Rental income	978 858	732 108	—	—	1 710 966
Management and operating expenses	(45 343)	(69 911)	(1 728)	(807 726)	(924 708)
Exchange differences	308	—	—	275 840	276 148
Fair value adjustments	10 574	102 665	1 816 625	—	1 929 864
Finance income	278	—	—	329 640	329 918
Results from operating activities	944 675	764 862	1 814 897	(202 246)	3 322 188
Net interest expense	(228 887)	(366 756)	—	(90 379)	(686 023)
Profit/(loss) before taxation	715 788	398 106	1 814 897	(292 626)	2 636 165
Taxation	—	—	—	(4 679)	(4 679)
Profit/(loss) after taxation	715 788	398 106	1 814 897	(297 305)	2 631 486

Statement of financial position

As at 28 Feb 2011

<i>Non-current assets</i>					
Investment property	16 961 709	10 060 000	3 180 330	—	30 202 039
Investment in associate	—	—	—	—	—
Loans to associate	—	—	—	—	—
Plant and equipment	—	—	—	—	—
<i>Current assets</i>					
Short-term loans receivable	—	—	—	2 275 139	2 275 139
Trade and other receivables	203 314	14 305	206	15 600	233 425
Cash and cash equivalents	582 045	574 733	69 667	5 385 353	6 611 798
Segment assets	17 747 068	10 649 038	3 250 203	7 676 092	39 322 401
<i>Current liabilities</i>					
Short-term loans payable	(467 909)	—	—	—	(467 909)
Trade and other payables	(362 733)	(90 385)	(28 229)	(99 750)	(581 097)
<i>Non Current Liabilities</i>					
Long-term loans	(9 319 192)	(8 369 840)	—	—	(17 689 032)
Financial instruments	(406 866)	(445 801)	—	—	(852 667)
Segment liabilities	(10 556 700)	(8 906 026)	(28 229)	(99 750)	(19 590 705)
Segment net assets	7 190 368	1 743 012	3 221 974	7 576 342	19 731 698
<i>Capital and reserves</i>					
Share capital	—	—	—	—	19 762 959
Retained (loss)	—	—	—	—	(451 170)
Foreign currency translation reserve	—	—	—	—	419 907
Equity and reserves	—	—	—	—	19 731 696

NOTES (CONTINUED)

For the year ended 28 February 2012



15. 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.

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

28 February 2012			
Euro	<1 year	1-3 years	>3 years
Property loan portfolio	497 898	1 079 496	16 733 868
Short-term loans payable and trade payables	2 175 057	—	—
Total	2 672 955	1 079 496	16 733 868
28 February 2011			
Euro	<1 year	1-3 years	>3 years
Property loan portfolio	467 909	935 818	16 753 214
Short-term loans payable and trade payables	628 006	—	—
Total	1 095 915	935 818	16 753 214

- **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.

The fair values of assets and liabilities affected by market price risk are as follows:

	2012 Euro	2011 Euro
Assets		
Investment property	50 035 637	30 202 039
Investment in associate	1 101 268	—
Loans to associate	2 480 310	—
Total	(53 617 215)	(30 202 039)
Liabilities		
Long term loans	(17 813 364)	(17 689 032)
Short term loans	(497 898)	(467 909)
Financial instruments	(2 478 405)	(852 668)
Total	(20 789 667)	(19 009 609)

- **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:

	2012 Euro	2011 Euro
Short-term loans receivable	3 782 783	2 275 139
Trade and other receivables	563 745	233 425
Cash and cash equivalents	5 742 861	6 611 798
Total	10 089 389	9 120 362

- **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 12 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 2012			
Credit-Suisse – DPD property	6 941 528	2 974 941	—
<i>Interest rate</i>	2,76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	6 277 380	—	2 092 460
<i>Interest rate</i>	4,2% + 95bps	N/a	4,0% + 95bps
28 February 2011			
Credit-Suisse – DPD property	6 850 971	2 936 130	—
<i>Interest rate</i>	2,76% + 90bps	Swiss Libor + 90bps	N/a
Sparkasse – Aldi portfolio	6 277 380	—	2 092 460
<i>Interest rate</i>	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 2012



15. FINANCIAL RISK MANAGEMENT (CONTINUED)

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	—	—

At 28 February 2011 the company had the following currency exposures:

Currency risk exposures

	GBP	CHF	ZAR
Closing exchange rate	0,8490	1,2823	9,6188
MONETARY ITEMS			
Cash at Bank			
Foreign currency	1 461 413	746 665	81 807
Euro equivalent	1 721 335	582 286	8 505
Payables			
Foreign currency	(45 613)	(465 132)	(214 193)
Euro equivalent	(53 725)	(362 733)	(22 268)
Receivables			
Foreign currency	21 822	260 710	—
Euro equivalent	25 703	203 314	—
Other monetary assets			
Foreign currency	1 674 225	—	—
Euro equivalent	1 971 996	—	—
Other monetary liabilities			
Foreign currency	—	(12 550 000)	—
Euro equivalent	—	(9 787 101)	—
Interest Rate Swaps			
Foreign currency	—	(571 651)	—
Euro equivalent	—	(445 801)	—
Total net monetary exposure			
Foreign currency	3 111 847	(12 579 408)	(132 386)
Euro equivalent	3 665 309	(9 810 035)	(13 763)
NON-MONETARY ITEMS			
Investment property			
Foreign currency	2 700 000	21 750 000	—
Euro equivalent	3 180 330	16 961 709	—
Investment in associate			
Foreign currency	—	—	—
Euro equivalent	—	—	—
Fixed assets			
Foreign currency	—	—	—
Euro equivalent	—	—	—

NOTES (CONTINUED)

For the year ended 28 February 2012



16. DIRECTORS' REMUNERATION

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

	Remuneration 2012 Euro	Shares held 2012 Number	Remuneration 2011 Euro	Shares held 2011 Number
Jaco Jansen	19 000	—	19 000	—
Malcolm Levy ^a	57 739	10 000	59 072	10 000
Lukas Nakos ^b	—	51 025	—	51 025
Gideon Oosthuizen	19 000	—	19 000	—
Ron Spencer	19 000	10 210	19 000	10 000
Total	114 739	71 235	116 072	71 025

- ^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 17.
- ^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.

17. 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:

	2012 Euro	2011 Euro
Investment adviser's fees ⁷	457 195	235 417
Transaction fees	162 992	11 779
Professional services	202 553	229 039
Total	822 740	476 235

⁷ The investment adviser's fee is computed in terms of the Investment Advisory Agreement. This fee amounts to 1/12th of 1,5% of the net asset value of the company per month.

Atterbury Investment Holdings Limited ("Atterbury")

Atterbury Investment Holdings Limited is a significant shareholder in MAS plc (see note 20).

During the year MAS (IOM) Holdings Limited made a loan to Atterbury to allow Atterbury to participate in the Artisan IP 10 investment alongside MAS plc. 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.

REOC Limited ("REOC")

Lukas Nakos is a director of both MAS plc and REOC. The terms of the loan are disclosed in note 10 (b). The loan was repaid in full, together with accrued interest, on 14 July 2011.

18. RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO HEADLINE (LOSS)/EARNINGS

	2012 Euro	2011 Euro
(Loss)/profit for the year	(770 719)	2 631 486
Adjusted for:		
Revaluation of investment property	(19 044)	(1 993 602)
Revaluation of investment property in associate	(82 861)	—
Headline (loss)/earnings	(872 624)	637 884
Weighted average number of ordinary shares in issue	35 420 878	18 665 728
Headline (loss)/earnings per share (cents)	(2,46)	3,42

19. SUBSIDIARIES AND ASSOCIATES

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

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
Metchley Hall Limited	Isle of Man	GBP 100
MAS Mezzi Limited	Isle of Man	EUR 100
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 12 500
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 plc:

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



19. SUBSIDIARIES AND ASSOCIATES (CONTINUED)

The aggregate intercompany indebtedness between subsidiaries at 28 February 2012 was as follows:

- MAS (BVI) Holdings Limited owed MAS plc €40 146 300 (2011: €15 525 628)
- European Property Holdings SARL owed MAS (BVI) Holdings Limited €3 834 634 (2011: €3 773 881)
- Petrusse Capital SARL owed European Property Holdings SARL € nil (2011: €72 649) and MAS (BVI) Holdings Limited €3 382 130 (2011: €3 205 877)
- Inventive Capital SARL owed MAS (BVI) Holdings Limited €2 607 201 (2011: €2 963 416)
- Egerkingen Capital SARL owed MAS (BVI) Holdings Limited €85 024 (2011: €72 026)
- Magliaso Capital SARL owed MAS (BVI) Holdings Limited €21 188 (2011: €10 713)
- MAS (IOM) Holdings Limited owed MAS (BVI) Holdings Limited €17 178 333 (2011: €199 848)
- MAS Mezzi Limited owed MAS (BVI) Holdings Limited €2 422 (2011: €1 030)
- Golden Cross Properties Limited owed MAS (IOM) Holdings Limited €239 659 (2011: €239 010) and MAS (BVI) Holdings Limited €5 228 175 (2011: €1 196 049)
- Metchley Hall Limited owed Golden Cross Properties Limited €245 401 (2011: n/a)
- Sauchiehall Street Properties 1 Limited owed MAS (IOM) Holdings Limited €6 218 972 (2011: n/a) and MAS (BVI) Holdings Limited €68 504 (2011: n/a)
- Santon North Street Limited owed MAS (IOM) Holdings Limited €7 272 890 (2011: n/a) and MAS (BVI) Holdings Limited €59 055 (2011: n/a)

The aggregate indebtedness between the company and its associates at 28 February 2012 was as follows:

- Artisan Investment Projects 10 Limited owed MAS (IOM) Holdings Limited €2 480 310 (2011: n/a)

20. SIGNIFICANT SHAREHOLDINGS

	2012 Euro	2011 Euro
Atterbury Investment Holdings Limited	23,00%	—
Sanlam Global Equity Fund	22,77%	—
Argosy Capital Limited	11,96%	—
Mergon Foundation	11,55%	37,15%
Amplain Limited	8,46%	17,67%
BNF Investments (Pty) Limited	8,41%	25,77%
Mertech Investments (Pty) Limited	2,94%	9,02%
Mertech Services (Pty) Limited	2,57%	5,34%

21. SUBSEQUENT EVENTS

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

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

	2012 Euro	2011 Euro
(Loss)/profit for the year	(770 719)	2 631 486
Adjusted for:		
Movement in fair value adjustments	1 622 470	(1 929 864)
Fair value adjustments in associate	(82 861)	—
Exchange differences	(167 095)	(238 808)
Capital raising fees and structure costs	481 322	268 248
Non-distributable interest expense	—	81 720
Core income	1 083 117	812 782
Santon North income shortfall guarantee ⁸	24 953	—
Adjusted core income	1 108 070	812 782

⁸ As disclosed in note 11 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 plc (the “company”)

FORM OF PROXY
FOR SHAREHOLDERS ON THE
EUROPEAN REGISTER

(Registered in the Isle of Man)
(Incorporation number 002893V)
(Registered as an external company in the Republic of South Africa)
(Registration number: 2010/000338/10)
(JSE code: “MSP”)
(ISIN: IM00B4LFGH00)
(“MAS” or “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 11 JULY 2012 AT 11.00 (BST) FOR THE FOLLOWING PURPOSES:

- 1. To receive and adopt the annual financial statements for the year ended 28 February 2012 and the directors' report and the auditors' report
- 2. To re-elect Jaco Jansen as a director who retires by rotation in accordance with the articles of association of the company
- 3. To re-elect Ron Spencer 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

24 April 2012

Registered 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.

TO BE EFFECTIVE, ALL PROXY APPOINTMENTS MUST BE LODGED WITH THE COMPANY’S REGISTRARS AT: COMPUTERSHARE INVESTOR SERVICES (JERSEY) LIMITED, QUEENSWAY HOUSE, HILGROVE STREET, ST HELIER, JERSEY JE1 1ES BY 9 JULY 2012 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 11 July 2012 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 11 July 2012 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 2012 and the directors' report and the auditors' report			
To re-elect Jaco Jansen as a director who retires by rotation in accordance with the articles of association of the company			
To re-elect Ron Spencer 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.....2012

Signature.....

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

Please read the notes overleaf.

FORM OF PROXY
FOR SHAREHOLDERS ON THE
SOUTH AFRICAN REGISTER

(Registered in the Isle of Man)
(Incorporation number 002893V)
(Registered as an external company in the Republic of South Africa)
(Registration number: 2010/000338/10)
(JSE code: "MSP")
(ISIN: IM00B4LFGH00)
("MAS" or "the company")



- 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. Pursuant to regulation 22 of the Uncertified Securities Regulations Act 2005 (Isle of Man), the company specifies that only those members registered in the register of members as at 11.00 am on 9 July 2012 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time
 - 5. The above 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.

SHAREHOLDERS' MEETING TO BE HELD ON WEDNESDAY, JULY 11, 2012 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, 11 July 2012 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 2012 and the directors' report and the auditors' report			
To re-elect Jaco Jansen as a director who retires by rotation in accordance with the articles of association of the company			
To re-elect Ron Spencer 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.....2012

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 11)

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. **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, July 9, 2012.**
4. 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.
5. **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.**
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. Where shares are held jointly, all joint shareholders are required to sign.
15. 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.
16. 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.
17. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by management to the shareholder.
18. 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



www.masplc.com