SHORT-FORM ANNOUNCEMENT: AUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2021 AND CHANGES TO THE BOARD OF DIRECTORS

MAS REAL ESTATE

MAS Real Estate Inc. Registered in British Virgin Islands Registration number 1750199
JSE share code: MSP ISIN: VGG5884M1041 LEI code: 213800T1TZPGQ7HS4Q13 (MAS, the Company or the Group)

INTRODUCTION AND BACKGROUND

MAS (hereafter referred to as the Group or Company) continued performing satisfactorily during the second part of the financial year ended 30 June 2021, achieving adjusted total earnings of €47.4million, and adjusted total earnings of €104.4million for the full financial year. The Group's financial results and progress with strategic matters are discussed within.

In addition to the reported International Financial Reporting Standards (IFRS) results, this commentary also includes segmental reporting prepared on a proportionate consolidated basis. The latter assists the interpretation of the former rather than replacing it. Detailed financial results and Company Profile, updated on 30 June 2021, including highlights and supplemental operational information, are available on the Company's website. Unless otherwise stated, all amounts are presented on an adjusted proportionate consolidated basis.

MAS' primary business is the investment in, and operation of, retail assets in Central and Eastern Europe (CEE). Leveraging the region's continual high growth in consumption, combined with more than 200 real estate professionals, the Group is well positioned to generate strong like-for-like (LFL) net rental income (NRI) growth from retail holdings through increasing tenants' sales and asset management initiatives. MAS benefits from exposure to retail and residential developments, on a downside protected basis, via the Development Joint Venture (DJV)[1] with developer Prime Kapital.

FINANCIAL RESULTS

Group adjusted total earnings are, on a segmented basis, the combined return of: (i) directly-owned income property and operations in CEE; (ii) Central and Eastern European investments with Prime Kapital in the DJV (including earnings from a proportion of completed DJV-owned income properties and development activities); (iii) directly-owned income property operations in Western Europe (WE) (which MAS has mostly disposed of), and (iv) investments in listed securities (including other elements disclosed as Corporate). Given the Group's commitment to the strategic disposal program in WE, the entire Western European segment is reflected as assets held for sale and the results of the segment as 'discontinued operations' in the IFRS financial statements for the financial year ended 30 June 2021.

Adjusted total earnings of €47.4million for the six months ended 30 June 2021 (compared to adjusted total earnings of €57million for the previous six months) consist of adjusted distributable earnings of €19.1million (net of €2.4million in provisions, rent holidays and discounts granted due to the ongoing pandemic) and adjusted non-distributable earnings of €28.3million. Tangible net asset value (NAV) was €1.24 per share on 30 June 2021, an increase of 6.9% from 31 December 2020 and 15.9% from the end of the previous financial year (ended 30 June 2020)[2]. Adjusted distributable earnings for the financial year were 5.93eurocents per share, resulting from 2.81eurocents per share for the six months ended 30 June 2021 and 3.12eurocents per share for the preceding six months.

Variance in MAS' adjusted total earnings compared to the six months ended 31 December 2020 is due to positive outcomes generated by: (i) continuing satisfactory performance of retail properties in CEE, especially Romanian open-air malls, and high rental and service charge collections within the context of the ongoing pandemic; (ii) the successful opening of Sepsi Value Centre (Sfantu Gheorghe, Romania) during March 2021 and subsequent satisfactory trading of commercial developments completed by the DJV during the financial year, including Dambovita Mall (Targoviste, Romania) opened August 2020; (iii) improvements in Central and Eastern European asset valuations due to previous points, and (iv) increases to the value of Group's listed securities following restructuring of portfolio.

The positives above have been partially offset by unfavourable variances in earnings, which resulted from strategic initiatives positioning the Group to optimise future total returns, due to: (i) ongoing Western European asset sales, and (ii) the issue of a €300million unsecured, five-year Eurobond.

OPERATIONS

In CEE, the Group's operational performance for the second half of the financial year showed a strong recovery in tenants' sales as, due to the European Union's vaccination rollouts and decrease of Covid-19 infection rates, authorities have gradually lifted restrictions. Restrictions predominantly affected indoor food and beverage operators and leisure tenants in CEE, and non-essential tenants in Bulgaria and Poland during January, March and April 2021. Tenants' sales have recovered since the start of the pandemic, and consistently exceeded pre-pandemic levels at open-air malls. The Group's operations in Poland, albeit one enclosed mall, have been further negatively impacted by authorities imposing restrictions on lease and cost recoveries by landlords from tenants during lockdowns. MAS continued supporting struggling tenants, especially smaller retailers and leisure tenants.

Despite improved occupancy at standing assets in CEE, total Central and Eastern European portfolio occupancy on 30 June 2021 remained approximately constant at 93.2% (93.3% on 31 December 2020). This was due to new developments opening with lower occupancy (92% Dambovita Mall and 93.7% Sepsi Value Centre; very good levels during the pandemic), as well as the refurbishment of Atrium Mall, that weighed negatively on overall occupancy.

Table 1: Central and Eastern European GLA affected by restrictions, LFL footfall (compared to 2019), LFL tenants' sales (compared to 2019), income entitlements (including invoicing, waivers and deferrals), collection rate (collections compared to invoicing) and pro forma collection rate (collections compared to the total expected income disregarding impact of Covid-19) (all figures were reported on 19 August 2021)

		Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Total
Open GLA[3]	%	73	87	86	81	92	93	85
Restricted GLA[4]	%	3	4	2	3	6	7	4
Closed GLA[5]	%	24	9	12	16	2	-	11
Footfall (2021 compared to 2019)	%	73	94	77	78	95	91	85
Open-air malls	%	117	110	96	105	105	99	105
Enclosed malls	%	36	79	58	50	84	83	65
Tenants' sales per m² (2021 compared to 2019)	%	**116**	**119**	**92**	**101**	**116**	**102**	**107**
Open-air malls	%	116	114	103	115	119	107	112
Enclosed malls	%	98	126	72	70	112	97	97
Total pre-pandemic income expectation	€m	**4.0**	**4.0**	**4.0**	**4.1**	**4.1**	**4.1**	**24.3**
Income waived, deferred or suspended	€m	0.9	0.3	0.5	0.8	0.2	0.1	2.8
Due income (invoiced)	€m	3.1	3.7	3.5	3.3	3.9	4.0	21.5
Collection Rate	%	**97**	**98**	**98**	**98**	**98**	**98**	**98**
Pro Forma Collection Rate	%	**76**	**91**	**85**	**80**	**92**	**95**	**87**

TRADE RESTRICTIONS AND FOOTFALL IN CEE

By June 2021, all Central and Eastern European tenants have resumed trading, albeit with limited capacity restrictions dependant on local legislative social distancing measures.

Of the three Central and Eastern European countries where MAS operates retail properties, Romania was least affected by closures and restrictions, the latter only in respect of indoor food, beverage and leisure tenants during these six months. Leisure operators were allowed to trade, with capacity restrictions being gradually lifted between mid-May and the beginning of June 2021, while indoor food and beverage tenants have traded with varying restrictions on seating for the entire period up to the date of this report.

Bulgarian and Polish authorities closed non-essential retail for the entire month of January (reopening on 1 February), and re-introduced closures 18 March to 16 April in Bulgaria and 15 March to 3 May in Poland, except for food and beverage tenants whose operations were limited to takeaway and delivery. Like Romania, indoor food and beverage tenants in both countries have been trading since reopening with capacity restrictions.

Overall footfall in CEE for the six months ended 30 June 2021 has consequently reflected closures and restrictions, which continued to vary between open-air and enclosed malls. Even though LFL footfall in CEE was 85% compared to the similar period of 2019, with substantial variations between open-air malls (5% improvement) and enclosed malls (35% decrease), it was 26% better than the same six months ended 30 June 2020. Footfall for the six months in respect of centres opened during the financial year (Dambovita Mall opened August 2020; Sepsi Value Centre opened March 2021) has been consistent with the Group's other similar centres.

June 2021 overall LFL footfall for Central and Eastern European properties was 91% compared to the same period in 2019, and July 2021 LFL levels were at 96% of the same period in 2019, showing a significant recovery towards pre-pandemic levels.

TENANTS' OPERATIONS IN CEE

Overall, tenants' sales have improved by 7% during the six months ended 30 June 2021 compared to the same period in 2019, with significant variation between open-air malls (12% increase) and enclosed malls (on par with the comparative period despite restrictions). The total increase compared to 2019 was driven by DIY, pet store and grocery sales, which have continued to outperform LFL sales compared to the same period in 2019. Certain categories, such as entertainment, toys, furnishing and services, have not returned to pre-pandemic levels and have experienced lower sales compared to 2019. Excepting leisure tenants, all categories have outperformed 2020 comparable figures, with fashion (clothing, shoes and accessories) and food operators improving by over 30%.

Tenants at Dambovita Mall have performed exceptionally well, substantially exceeding average sales performances in enclosed malls, while sales at Sepsi Value Centre have been in line with similar open-air malls.

INVOICING AND COLLECTIONS

Collection rates in CEE have continued to be satisfactory during the six months ended 30 June 2021, with individual collection rates influenced by local restrictions. Overall, for the six months ended 30 June 2021, the pro forma collection rate for all Central and Eastern European properties was 87%, which included 75% for Bulgaria and 61% for Poland (reflecting Covid-19 hard lockdowns in January, March and April 2021). In Romania, pro forma cash collections in excess of 95% have consistently been achieved, with (2)% waived, deferred or suspended. This was driven by the strong operational performances of open-air mall tenants (pro forma collection rate 98%), while enclosed malls' lagged behind them (pro forma collection rate 88%).

Pro forma collection rate for June 2021, when all the Group's tenants in CEE have been allowed to trade, was encouraging at an overall rate of 95% (97% Romania, 92% Poland and 88% Bulgaria). Properties opened during the pandemic by the DJV have achieved exemplary collection rates, with Sepsi Value Centre achieving 99% pro forma cash collections since opening March 2021, while collections at Dambovita Mall have increased, when compared to the preceding six months to 94%.

WESTERN EUROPE (WE)

The remaining Western European operations have continued to be significantly affected by restrictions. At Flensburg Galerie (Germany) authorities first introduced restrictions in November 2020. These were hardened from 16 December 2020 to 17 March 2021 and subsequently reduced to capacity restrictions for indoor food and beverage operators only (which remained in place until 26 July 2021). This led to a pro forma collection rate for the six months of 86%. The Scottish Government imposed a hard lockdown on 22 December 2020 and implemented a phased reopening plan. Consequently, hospitality and non-essential retail have been subject to significant restrictions up until 26 April 2021, which affected the Adagio Hotel and Arches street retail units' operations.

PROPERTY VALUATIONS

The overall fair value uplift of €15.5million to income property, based on independent external valuations, was the result of positive fair value adjustments to income property of €17.7million in CEE (an improvement of 3.3% compared to valuations on 31 December 2020 and 5.4% compared to June 2020) offset by reductions of €2.2million in WE (an increase of 2% compared to valuations on 31 December 2020, which was driven by foreign exchange change in respect of UK properties held for sale offset by capitalised expenditure in respect of assets disposed of during this period).

Valuation of MAS' properties is determined biannually by external, independent professional valuers, with appropriate, and recognised, qualifications and recent experience in the location and category of property. Valuations are primarily based on discounted forecast cash flows and are therefore forward looking. The continued strong trading performance of Romanian properties, including the two assets completed by the DJV during the Covid-19 pandemic, have driven the valuation improvements in CEE, while the weighted average unlevered discount rate for income property in CEE decreased marginally from 10.20% to 10.17% compared to valuations for the six months ended 31 December 2020.

Income properties for sale in WE, held by the Group on 30 June 2021, have been subject to marginal increases in unlevered discount rates. The valuation of Western European assets has not generated significant changes in fair value, as the Company's tangible NAV on 31 December 2020, based on management's estimation for WE disposal realisation costs and losses, had accounted for the expected result on sales contracted by this date and completed during the six months ended 30 June 2021.

ASSET SALES IN WE

The financial results for the year ended on 30 June 2021 have benefitted from the success of the WE disposal program, which had been substantially restructured to increase bid quality and maximise pricing levels through extensive marketing and the provision of independent, comprehensive technical due diligence reports to assist with internal analysis, as well as detailed negotiations with multiple bidders. During the first half of the financial year, MAS concluded agreements for the disposal of West European property to the value of €316million, compared to book values of €293.7million on 30 June 2020. Additional sales to the value of €119.6million have been contracted during the six months ended 30 June 2021, compared to book values of €104.7million on 31 December 2020. All sales contracted were completed by 30 June 2021, except for the offices at New Uberior House, which were subsequently completed on 26 August 2021.

Following completion of the New Uberior House office property sale, MAS continue to hold for sale Flensburg Galerie and Gotha retail assets in Germany, as well as the Adagio Hotel, Arches street retail units, Malling Brooks and Langley Park land holdings in the UK, which will be disposed of opportunistically. The remaining assets have a combined €127.1million book value and €67.7million outstanding secured bank debt on 30 June 2021.

Management's estimation for Western European disposal realisation costs and losses (costs related to punitive fixed-interest arrangements, early debt repayment penalties, agency fees and potential discounts required to facilitate sales where buyers do not agree with valuers' capital expenditure assumptions or estimated rental value (ERV) assumptions for properties with high vacancies and other costs) in respect of properties held for sale on 30 June 2021 was €27.1million. An overall improvement of €25.6million to tangible NAV, due to a decrease in the estimation (as compared to the estimation at 30 June 2020), was recognised on 31 December 2020, reflecting the successful restructure of the Western European disposal program that was completed during the financial year, while a further increase of €5.2million to tangible NAV on 30 June 2021 (compared to the figure reported on 31 December 2020) relates to disposals completed above book values during the six months ended 30 June 2021.

LISTED SECURITIES

MAS restructured its listed securities portfolio in the six months ended 30 June 2021. The process, which commenced pre-pandemic, involved selling holdings in illiquid companies. On 31 December 2020, MAS held listed securities to the value of €34.9million, the majority representing shares in Unibail-Rodamco-Westfield and Klépierre held in the form of contracts for difference, which were disposed of for €36.8million in January 2021, at a realised profit of €3.96million (compared to 31 December 2020). The Group reallocated capital to holdings in NEPI Rockcastle, a Central and Eastern European property owner and operator, owning securities to the value of €33.6million on 30 June 2021, after unrealised fair value gains of €5.2million compared to their acquisition value (in addition to €0.9million in dividends).

DEVELOPMENTS, EXTENSIONS AND REFURBISHMENTS IN THE DJV

Some retail developments that were put on hold due to the pandemic were brought forward to take account of the strong performances of anchor tenants in open-air malls from July to December 2020 and Dambovita Mall since opening, the expectation that consumer spending will recover to pre-pandemic levels sooner than initially feared and that a vaccine will be widely available in the second half of 2021 (calendar year), enabling consumer behaviour in Group's markets to begin returning to normal.

Sepsi Value Centre was completed and opened as planned in March 2021 with 93.7% of the 16,900m² GLA occupied. The project is located in Sfantu Gheorghe, the capital of Romania's Hungarian-speaking Covasna County, with a population of approximately 56,000 and approximately 214,000 inhabitants in the surrounding region. Together with adjacent retail and DIY stores, the centre forms a regionally dominant 33,300m² retail node attracting customers from the wider area. The yield on cost is 9.5%, which, combined with high collection rates since opening, highlights the quality of the development. Footfall and trading levels experienced since opening were generally well above expectations.

Construction of Barlad and Prahova (Ploiesti) Value Centres started, as scheduled, during April 2021 and they are expected to open November 2021. At Barlad, 92% of the Phase One planned GLA is leased to anchors, including Carrefour, Agroland, C&A, Deichmann, Flanco, Hervis, Jysk, KFC, New Yorker, Noriel, Pepco, Sportisimo and Takko. At Ploiesti, there has been very strong tenant interest in the development's Phase One since leasing commenced December 2020. Of Phase One, 70% of planned GLA is leased to anchors, including Carrefour, Altex, Deichmann, Hervis, Jysk, KFC, Maxi Pet, New Yorker, Noriel, Sportisimo and Takko.

The planned start of construction at Alba Iulia of an enclosed mall was postponed until November 2021 due to permitting delays. Construction at Arges Mall is presently unscheduled, as a result of a contractual breach by one of two sellers. The DJV initiated legal proceedings against this seller. Construction at Mall Moldova has been scheduled for November 2022, subject to permitting renewals. Construction on Marmura Residence, the DJV's first residential development in Bucharest, continues and it is expected that four buildings will be completed by December 2021, the fifth by June 2022. Sales have exceeded expectations. Of the first two buildings (A and D) released for sale, 93% of the residential units have been contracted, whilst the corresponding figure for building C, which was released for sale after the initial two, is 71%. Sales in respect of residential units for Building B, released for sale in February 2021, and building E, released for sale at the end of June 2021, are also progressing (45% and 6% respectively). Thus, all 459 apartments have been released for sale with 293 (63.8%) sold. The development's community centre is expected to open as a sales office at the start of September 2021 providing customers with access to the project and show units for the first time since sales commenced. This is expected to further encourage sales.

At Avalon Estate, 34 (87%) of 39 villas, townhouses and apartments, released for sale prior to the issue of the building permit were sold, with the unsold reserved as show units. Of 83 apartments released for sale late July 2020, 55 (66%) were sold and 67 (59%) of 113 apartments and townhouses released for sale late February 2021 were sold. A further 32 apartments and townhouses were released for sale in June 2021, of which 18 (56%) were sold. This is an approximately 8ha, low-density development site, and Phase One originally comprised 254 of the 746 planned dwellings, perimeter walls, main gatehouse, clubhouse, approximately 50% of the extensive landscaped parks and green areas and internal and external infrastructure works. However, given the high number of sales, Phase One has been extended to include two further T-blocks (64 units). As a result, the total numbers of units in Phase One was increased to 318 (43% of the total 746 units). Presently, 65% of the 267 of residential units currently released for sale have been sold. Phase One continues on schedule and is expected to be delivered gradually from December 2021 until completion in June 2022. The 200m² sales office and showroom located in the gatehouse and the first show units are expected to open to the public during November 2021.

In February 2021, a residential sales office opened at the Silk District site. Construction on the approximately 10ha project's substantial infrastructure and the First Phase of the residential development (315 apartments) was scheduled to commence during July 2021 but was unfortunately delayed due to permitting. The First Phase of the residential project was permitted 11 August 2021. Reservations prior to the issue of the building permits, were very strong, and the Second Phase of the residential project was partially released for reservations on 30 April 2021 and 364 (pre-permit) reservations were made. Currently, 183 of the (pre-permit) reservations have been converted into contracts. Demolition has started. Construction on the First Phase of the residential project is expected to commence September 2021. This includes the main access road and a significant portion of the project infrastructure and corresponding parkland. Permitting for Phase Two and Three of the residential project is ongoing.

The Silk District office development has been permitted and pre-construction leasing activities will commence shortly. The start of construction will depend on tenant demand.

A 5.6ha site for a new residential development was secured close to Timisoara's city centre. The residential project consists of approximately 1,200 apartments and 8,000m² GLA of retail spaces and other support functions, such as a kindergarten in a restored historical building. Timisoara is Romania's third largest city with approximately 325,000 inhabitants and fourth largest university centre with over 40,000 students. It is located close to Romania's western border and has a good connection to the European motorway system. These factors attracted significant EU funding and private direct investments that facilitated the development of the city and region into one of Romania's main economic hubs. Timisoara is currently home to several large-scale multinationals and local companies, ranging from consulting (Deloitte, Ernst & Young, PwC) and industrial (Bosch, Continental) to IT and outsourcing (Accenture, Huawei, IBM, SAP, Wipro, Intel). The automotive industry and related sub-sectors played a significant role in the region's economic development. The growth of these companies resulted in the region outperforming rivals in terms of employment and gross domestic product (GDP). This has increased purchasing power and, coupled with favourable demographics (positive net migration and a young mobile population), resulted in a strong demand for residential property.

The DJV owns approximately 10ha in downtown Ploiesti, of which 8.2ha is currently under construction (Prahova Value Centre). Given the robust demand for quality housing in Ploiesti, the DJV plans to develop approximately 500 residential units on the remainder. The residential development will be integrated with and complement the Second Phase of the open-air mall. Ploiesti (with over 200,000 inhabitants) is Romania's ninth largest city, and is located within a one-hour drive of Bucharest. Due to its proximity to and good road connections (via highway and national road) with the capital city, as well as access to a significant pool of qualified labour, Ploiesti attracted significant investments from several multinationals, which allowed it to emerge as one of Romania's main economic hubs with high employment rates and GDP. This has nurtured increases in purchasing power, the development of a robust middle class and demand for new, high-quality residential units.

EXTENSIONS AND REFURBISHMENTS TO DIRECTLY-OWNED ASSETS

Planned extensions to directly-owned Militari Shopping, Galleria Burgas and Nova Park remain on hold and will be re-assessed during the second half of 2021 (calendar year). The refurbishment and reconfiguration of Atrium Mall is ongoing.

DJV SHARES PURCHASES

In March 2021, the DJV acquired 28million additional MAS shares via an off-market block trade, bringing its holding to 70,998,476 (9.98% of issued shares).

DEBT, COST OF DEBT AND LIQUIDITY

On 30 June 2021, MAS had a combined €424.7million in cash, listed securities, expected net sales proceeds from the New Uberior House property sale and undrawn credit facilities (figure not proportionally consolidated). This is the result of MAS holding €287.1million in cash, €33.6million in listed securities and net estimated proceeds of €44.0million from the sale of New Uberior House (after repayment of €44.9million in secured debt, as well as transaction costs, tax, estimated early debt repayment penalties and other costs of approximately €2.7million). The Company had, on 30 June 2021, an unsecured revolving facility of €60million, which was replaced, in August 2021, by a currently undrawn committed facility of €20million (which can be increased up to €60million) on improved terms when compared to the previous facility. On 30 June 2021, the Group had an ongoing undrawn preferred share investment commitment of €186.7million to the DJV (figure not proportionally consolidated).

MAS issued a €300million unsecured, five-year Eurobond maturing on 19 May 2026, carrying a 4.25% fixed coupon and partially used the proceeds to repay, by 30 June 2021, bank loans secured against directly owned Central and Eastern European investment properties.

The Group's access to debt capital markets provides flexibility in attracting additional capital resources and the ability to issue unsecured group-level funding.

On 30 June 2021, the Group's bond and unsecured facility ratios demonstrated significant headroom compared to covenant tolerances, on both IFRS and proportionate consolidation bases.

	Tolerance	Actual IFRS	Actual proportionate consolidation basis
Solvency ratio	**Shall not exceed 0.6**	**0.31**	**0.31**
Consolidated coverage ratio	**At least 2.5:1**	**4.32**	**4.23**
Unencumbered consolidated total assets/ unsecured consolidated total debt	**Minimum 180%**	**381%**	**380%**

The self-imposed, long-term Group overall debt limit, which is considerably more restrictive than its covenant tolerances, is a maximum loan-to-value (LTV) ratio of 40%, or, on a forward-looking basis, seven times net rental income. On 30 June 2021, the Group had €419.3million of outstanding debt (bonds and bank loans) and the LTV ratio was 12.6%. The effective LTV ratio, taking account of the sale of New Uberior House, is 4.2%. The weighted average cost of debt was 3.01% per annum for the financial year ended 30 June 2021.

SUCCESSION AND CHANGES TO THE BOARD OF DIRECTORS

Following the transaction with Prime Kapital in November 2019[6] (which included the acquisition of Prime Kapital's interests in MAS' directly-owned properties in CEE, the transfer of Prime Kapital's Central and Eastern European property management platform to MAS and the appointment of founders Martin Slabbert and Victor Semionov as Executive Directors of MAS to manage the Group's transition towards a fully focussed CEE-based property investor and operator), MAS entered a transformative phase set against a backdrop of the global Covid-19 pandemic.

The terms of the transaction included a three-year mandate for the appointed executives to oversee the re-positioning of the business, a commitment to ensure that MAS builds and sustainably retains the ability to manage its income-generating investment properties in CEE without reliance on third parties and to strengthen its capacity to manage and grow its Central and Eastern European investments. It was planned for Martin and Victor to step down when the business transition to CEE was complete, and, given their pre-existing interest in Prime Kapital and MAS' pre-existing and ongoing business relationship with Prime Kapital via the DJV, returning full-time to Prime Kapital. The DJV owns considerable commercial investment property, developed by Prime Kapital and managed by MAS since November 2019, which will further increase as projects currently in the development pipeline are completed. Commercial and residential developments undertaken by Prime Kapital in the DJV, and MAS' interest in them through the DJV, is expected to have a major positive impact on the Group's future financial performance. This, and Prime Kapital's position as a substantial, long-term MAS shareholder, suggest it to be mutually beneficial for the two groups to remain closely connected for the foreseeable future with independent executives.

Since November 2019: (i) MAS' operations and corporate structure streamlined, with the Company on redomicile track to, and appropriate functions relocated to, Malta; (ii) the Company's delisting from Luxembourg Stock Exchange (LuxSE) was completed; (iii) Prime Kapital's former property and asset management team was integrated; (iv) an executive succession plan was implemented; (v) MAS' listed securities portfolio was restructured; (vi) most of MAS' Western European assets were disposed of; (vii) all MAS' Central and Eastern European properties, as well as all operational properties in the DJV, were certified as sustainable buildings through internationally acknowledged environmentally friendly assessment methods by either BREEAM (Building Research Establishment Environmental Assessment Method) or LEED (Leadership in Energy and Environmental Design); (viii) MAS obtained inaugural credit ratings from Moody's and Fitch, and (ix) MAS issued a €300million unsecured, five-year Eurobond.

The Board has had the opportunity to work with exceptional candidates for future Executive Director roles. This, combined with the excellent progress noted above, enables the Board to bring forward the original succession planning, to appoint Executive Directors with no affiliation to, or interest in, Prime Kapital.

To this end, Victor Semionov steps down from the Board and is replaced by Dan Petrisor as Executive Director (who as a result is no longer an Alternate Director). The Board expresses its profound gratitude to Victor for his dedicated service to MAS. The Board has appointed Irina Grigore (CFO) also Deputy CEO. Martin Slabbert will remain CEO for the time being and will step down as an Executive Director of MAS after the appointment of a Deputy CFO, and leaving adequate time for hand-over from Irina to the new CFO prior to her assuming the CEO role. This will probably occur soon after the release of the December 2021 Half Year Financial Results as the Board aims to appoint a Deputy CFO, to replace Irina, by December 2021. Jonathan Knight steps down as Alternate Director and will leave the Group by the end of the calendar year when the Western European business is expected to have been substantially wound down. Jonathan, who joined in 2014, was instrumental in expanding the business in WE and, more recently, engaged with the sale of Western European assets. The Board thanks Jonathan for his loyal service to the Group.

GOVERNANCE AND FURTHER CHANGES TO THE BOARD OF DIRECTORS

The Board is compliant with the King IV Code on Corporate Governance. Following the above changes to the Executive Directors, and the change in status of Melt Hamman to Independent Non-Executive Director, MAS' Board comprises eight Non-Executive Directors, of which seven are independent, and three Executive Directors, of which two have no affiliation to, or interest in, Prime Kapital. Werner Alberts was Interim Chairman following the transaction with Prime Kapital in November 2019. Werner was originally appointed to the Board in September 2018 and was Lead Independent Director prior to being appointed Interim Chairman. Werner served with distinction in all Board-appointed roles he performed and, as a result, has the confidence of shareholders and the Board. The Board thanks Werner for accepting his appointment to (permanent) Chairman of the Board. Claudia Pendred, who joined the Board in December 2019 and has served on the Audit and Risk Committee since then, agreed to be appointed Lead Independent Director. Delegates to committees have been rearranged, and, as a result, comprise: (i) Audit and Risk Committee: Vasile Iuga (Chair), Brett Nagle, and Melt Hamman; (ii) Remuneration and Nomination Committee: Dan Pascariu (Chair), Pierre Goosen, and Werner Alberts, and (iii) Social and Ethics Committee: Malcolm Levy (Chair), Claudia Pendred, and Melt Hamman. All changes to Board and committee membership are effective 26 August 2021.

LONG-TERM STRATEGY AND DIVIDEND POLICY UPDATE

The Group expects to benefit from the continual high growth in Central and Eastern European consumption by directly deploying capital in income property and indirectly employing capital in commercial and residential developments via the DJV with co-investor, developer and general contractor Prime Kapital. Capital historically invested in Western European property is being divested.

MAS aims to maximise total long-term returns from property investments on a per share basis by concentrating on capital allocation, operational excellence, sensible leveraging and cost efficiency, thereby sustainably growing distributable earnings per share. The following factors are expected to have a substantial bearing on total returns per share in the medium term: (i) growth in rental income from retail properties driven by growth in consumption and asset management initiatives; (ii) the timing and successful deployment of capital in developments and extensions to MAS' direct properties and the DJV, and further increasing the DJV's development pipeline; (iii) new income investment opportunities in CEE; (iv) the cost and availability of debt finance, and (v) the raising of new capital and/or buying back of MAS' shares.

Management, and Prime Kapital via the DJV, have adopted ambitious growth targets, which the Board considers to be achievable, including: (i) annual LFL net rental growth of at least 4% on Central and Eastern European retail assets from a normalised post Covid-19 base, in addition to specific asset management initiatives to improve occupancy rates for the current Central and Eastern European retail assets to 99% over this period; (ii) completion of commercial developments to the cost of approximately €600million at a weighted initial net yield of more than 9% by the DJV over this period (figure not proportionally consolidated); (iii) residential sales and deliveries by the DJV of approximately €200million per annum by the 2026 financial year (figure not proportionally consolidated) at net after tax margins of approximately 20%, and (iv) direct acquisitions of high-quality CEE based commercial assets to the value of at least €150million during the 2022 financial year and a further €50million by the end of the 2023 financial year.

Access to debt finance at optimal cost is integral to long-term strategy. As a result, the Company aims to achieve an investment grade credit rating by the end of the 2026 financial year at the latest, and, with this in mind, intends to have approximately $2billion in gross assets by the end of the 2026 financial year.

The above targets and investment grade credit ratings' objectives are achievable within the current capital base while maintaining a full payout to shareholders of distributable earnings.

Despite distributable earnings per share growth not being the Group's sole focus, management is aware it is an integral part of maximising shareholders' returns. Excepting unforeseen circumstances, achieving the above targets should lead to the Company generating significant growth in annual distributable earnings per share. Due to Covid-19, the Group declined to declare an interim dividend. The Board stated that the Company will consider resuming dividend payments when the pandemic is effectively over, business is sufficiently profitable and depending on the attractiveness of investment opportunities.

The pandemic is not yet over. Vaccination rates in the Group's markets are low compared to Western European averages and the likely imposition of further Coronavirus related trading restrictions and social distancing measures over the course of the 2022 financial year necessitates the Group to remain prepared for disruption.

However, the business has returned to significant profitability, the Company has managed to effectively deal with the Covid-19 fallout in its markets and benefits from substantial liquidity. Moreover, in the Group's main market, Romania, GDP per capita is higher than pre-pandemic levels and consumption has largely recovered[7], tenants' turnovers at MAS' Romanian commercial assets have generally been higher than 2019 trading levels for the six months to 30 June 2021, steadily improving cash collection rates since the onset of the pandemic are satisfactory and sales related to residential developments in the DJV remain strong. Further Covid-19 disruptions are not expected to lead to negative operational cash flows in the short term or to negatively impact longer-term earnings targets.

Thus, the Board has agreed to resume dividend payments and intends to maintain this over the next five financial years, in the absence of unforeseen circumstances and provided that the Company's long-term objectives, including self-imposed gearing limitations and achieving an investment grade credit rating by the end of the 2026 financial year at the latest, are not considered at any point during this period to be at undue risk. Only if this is the case, or if there are attractive investment opportunities that are expected to substantially enhance total returns per share that cannot be otherwise more efficiently funded (for instance by selling assets, taking on additional gearing or issuing new share capital), will dividends relative to distributable earnings be reduced.

DIVIDEND DECLARATION

The Company achieved 5.93eurocents distributable earnings per share in respect of the financial year ended 30 June 2021, and the Board has consequently declared a cash dividend of 5.93eurocents per share for the twelve months ending then. Payment is expected by 27 September 2021 and further details will be announced separately.

Martin Slabbert (CEO) Irina Grigore (CFO)
26 August 2021, Douglas, Isle of Man

Released on 30 August 2021

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[1] DJV is an abbreviation for a separate corporate entity named PKM Development Limited (PKM Development), an associate of MAS since 2016 with independent governance. MAS owns 40% of the ordinary share capital of PKM Development, an investment conditional on it irrevocably undertaking to provide preference share capital to PKM Development on notice of drawdown. MAS' undertakings to PKM Development arose prior to Prime Kapital's founders joining MAS' Board in November 2019 and are unaffected. On 30 June 2021, MAS had invested €233.3million in preference shares and had an obligation of €186.7million outstanding (figures not proportionally consolidated). The balance of the ordinary share capital in PKM Development was taken up by Prime Kapital in 2016 for €30million in cash, and, in terms of applicable contractual undertakings and restrictions: (i) is not permitted to undertake real estate development in CEE outside of PKM Development until the DJV's capital commitments are fully drawn and invested or 2025 (end of exclusivity period); (ii) contributed secured development pipeline to PKM Development at cost; (iii) takes responsibility for sourcing further developments, and (iv) provides PKM Development with all necessary construction and development services via integrated in-house platform.

[2] From mid-March 2020, trading conditions and prospects deteriorated due to Covid-19's unprecedented spread, necessitating the Company to undertake appropriate measures, including, the drawdown of finance facilities, re-structuring the sales process of assets in WE, suspending dividend declarations and postponing appropriate developments and extensions. Authorities in all regions where MAS operates introduced strict pandemic restrictions, including closing all non-essential retail property and hospitality operations spring 2020. Inevitably, the restrictions introduced directly, and negatively, impacted the performance of MAS' non-essential retail and hospitality tenants and some smaller essential retailers. Accordingly, the financial results for the six months ended 30 June 2020 included an adjusted total loss of €85.5million, leading to an adjusted total loss of €39million for the twelve months ended 30 June 2020.

[3] GLA open for trade without restriction.

[4] GLA open for trade subject to restrictions (computed on a pro rata basis to reflect days with restrictions).

[5] GLA closed for trade (computed on a pro rata basis to reflect closures).

[6] MAS (80%) and Prime Kapital (20%) co-invested in fourteen CEE income properties, five of which sourced by Prime Kapital and offered to MAS for co-investment outside of the DJV and nine originally owned by, and developed in, the DJV and managed by Prime Kapital. MAS acquired Prime Kapital's interest in November 2019 in exchange for issuing shares to Prime Kapital, which are locked-up for three years from the transaction date.

[7] Romania's GDP per capita is higher than pre-pandemic levels. Moreover, the European Commission has recently adjusted their forecast for Romania upwards due to the strong quarter one (Q1) 2021 performance (total 2021 GDP real growth expected to be 7.1% compared to the 5.1% estimated this spring). Source: European Economic Forecast (Summer 2021), European Commission via Eurostat. Romania's consumption per capita is higher than pre-pandemic levels in RON terms (in € terms it has yet to recover due to RON depreciation). Source: Romanian Institute for National Statistics.

All amounts in € thousand unless otherwise stated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 Jun 21	Audited 30 Jun 20
Non-current assets	758,253	762,978
Current assets	568,327	530,091
Total assets	**1,326,580**	**1,293,069**
Equity attributable to owners of the Group	**869,423**	**796,023**
Non-current liabilities	321,059	266,015
Current liabilities	136,098	231,031
Total liabilities	**457,157**	**497,046**
Total shareholder equity & liabilities	**1,326,580**	**1,293,069**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Audited 30 Jun 21	Audited 30 Jun 20
Continuing operations		
Rental income	34,864	35,659
Service charge income and other recoveries	10,499	11,191
Gross revenue	**45,363**	**46,850**
Impairment of receivables	(6,090)	(4,763)
Service charge and other property operating expenses	(12,355)	(11,604)
Net rental income	**26,918**	**30,483**
Corporate expenses	(5,700)	(5,763)
Other income	2,690	6,308
Investment expenses	(631)	(3,927)
Fair value adjustments	28,432	(34,349)
Foreign currency exchange differences	3,100	(1,203)
Share of profit from equity-accounted investee, net of tax	10,629	4,848
Goodwill impairment	-	(29,452)
Profit/(loss) before finance income/(costs)	**65,438**	**(33,055)**
Finance income	15,397	13,231
Finance costs	(9,401)	(7,502)
Profit/(loss) before tax	**71,434**	**(27,326)**
Current Tax	(180)	(530)
Deferred Tax	(5,443)	223
Profit/(loss) for continuing operations	**65,811**	**(27,633)**
Discontinued operations		
Profit from discontinued operations, net of tax	5,931	7,446
Profit/(loss) for the year	**71,742**	**(20,187)**
Attributable to:		
Owners of the Group	71,742	(21,615)
Non-controlling interest	-	1,428
Profit/(loss) for the year	**71,742**	**(20,187)**

FINANCIAL PERFORMANCE

	Audited 30 Jun 21	Audited 30 Jun 20
IFRS Net asset value attributable to owners of the Group	869,423	796,023
IFRS Net asset value per share (eurocents)	123.4	113.0
IFRS Gross revenue from continuing operations	45,363	46,850
Earnings/(loss) per share (eurocents)*	10.18	(3.19)
Adjusted distributable earnings per share (eurocents)	5.93	7.35
Cash dividend (eurocents)	5.93	4.24
Gross headline earnings	36,744	12,578
Net headline earnings	48,414	12,076
Gross headline earnings per share (eurocents)	5.22	1.86
Net headline earnings per share (eurocents)	6.87	1.78
Gross diluted headline earnings per share (eurocents)	5.19	1.86
Net diluted headline earnings per share (eurocents)	6.84	1.78
Closing number of shares in issue**	704,493,798	704,493,798

* The Group's earnings per share have increased by 419% vs. 30 Jun 2020.
** Excluding treasury shares.

SEGMENTAL ANALYSIS INCOME STATEMENT (JAN – JUN 2021)

	Proportionate accounts Six months ended 30 Jun 2021					Adjustments Six months ended 30 Jun 2021					Adjusted proportionate accounts Six months ended 30 Jun 2021				
	Total	CEE	DJV	WE	Co***	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
EARNINGS	**50,477**	**17,837**	**15,348**	**10,165**	**7,127**	**(3,074)**	**2,954**	**(1,215)**	**(5,222)**	**409**	**47,403**	**20,791**	**14,133**	**4,943**	**7,536**
Distributable earnings	**19,206**	**9,566**	**7,495**	**5,667**	**(3,522)**	**(107)**	**-**	**-**	**-**	**(107)**	**19,099**	**9,566**	**7,495**	**5,667**	**(3,629)**
Net rental income – income property	24,043	13,145	2,607	8,291	-	-	-	-	-	-	24,043	13,145	2,607	8,291	-
Net income – preference shares	4,877	-	4,877	-	-	-	-	-	-	-	4,877	-	4,877	-	-
Net dividends – listed securities	962	-	-	-	962	(107)	-	-	-	(107)	855	-	-	-	855
Net corporate expenses	(2,611)	(350)	(166)	(255)	(1,840)	-	-	-	-	-	(2,611)	(350)	(166)	(255)	(1,840)
Interest on debt financing	(7,875)	(3,083)	(199)	(2,197)	(2,396)	-	-	-	-	-	(7,875)	(3,083)	(199)	(2,197)	(2,396)
Interest capitalised on developments	475	-	475	-	-	-	-	-	-	-	475	-	475	-	-
Other distributable net income/(cost)	(387)	(129)	(64)	(17)	(177)	-	-	-	-	-	(387)	(129)	(64)	(17)	(177)
Income tax	(278)	(17)	(35)	(155)	(71)	-	-	-	-	-	(278)	(17)	(35)	(155)	(71)
Non–distributable earnings	**31,271**	**8,271**	**7,853**	**4,498**	**10,649**	**(2,967)**	**2,954**	**(1,215)**	**(5,222)**	**516**	**28,304**	**11,225**	**6,638**	**(724)**	**11,165**
Fair value adjustments – income property	25,445	11,037	6,655	7,753	-	(9,994)	-	-	(9,994)	-	15,451	11,037	6,655	(2,241)	-
Fair value adjustments – interest rate derivatives	174	188	-	476	(490)	-	-	-	-	-	174	188	-	476	(490)
Fair value adjustments – listed securities	9,158	-	-	-	9,158	107	-	-	-	107	9,265	-	-	-	9,265
Fair value adjustments – other financial liabilities	(7)	-	-	(7)	-	-	-	-	-	-	(7)	-	-	(7)	-
Foreign currency exchange differences	2,582	-	-	-	2,582	-	-	-	-	-	2,582	-	-	-	2,582
Investment expenses	(1,378)	-	-	(1,355)	(23)	1,349	-	-	1,349	-	(29)	-	-	(6)	(23)
Share-based payment expense	(1,070)	(661)	-	-	(409)	1,070	661	-	-	409	-	-	-	-	-
Other non-distributable income/(cost)	(186)	-	(17)	-	(169)	-	-	-	-	-	(186)	-	(17)	-	(169)
Tax on sale of property	(4,691)	-	-	(4,691)	-	-	-	-	-	-	(4,691)	-	-	(4,691)	-
Deferred tax	1,244	(2,293)	1,215	2,322	-	1,078	2,293	(1,215)	-	-	2,322	-	-	2,322	-
Estimation for WE disposal realisation costs and losses	-	-	-	-	-	3,423	-	-	3,423	-	3,423	-	-	3,423	-
Weighted average number of shares (million) ~											**680.9**				
Adjusted distributable earnings per share (eurocents)											**2.81**				
Dividend per share (eurocents)											**5.93**				

SEGMENTAL ANALYSIS BALANCE SHEET (JUN 2021)

	Proportionate accounts 30 Jun 2021					Adjustments 30 Jun 2021					Adjusted proportionate accounts 30 Jun 2021				
	Total	CEE	DJV	WE	Co***	Total	CEE	DJV	WE	Co	Total	CEE	DJV	WE	Co
NET ASSET VALUE	**869,423**	**464,427**	**285,155**	**146,049**	**(26,208)**	**(32,465)**	**10,086**	**(15,418)**	**(27,133)**	**-**	**836,958**	**474,513**	**269,737**	**118,916**	**(26,208)**
Assets	**1,360,189**	**497,745**	**318,765**	**269,771**	**273,908**	**(33,920)**	**(14,350)**	**(19,570)**	**-**	**-**	**1,326,269**	**483,395**	**299,195**	**269,771**	**273,908**
Income property	755,723	455,733	88,388	211,602	-	-	-	-	-	-	755,723	455,733	88,388	211,602	-
Developments – income property	28,719	2,908	25,811	-	-	-	-	-	-	-	28,719	2,908	25,811	-	-
Developments – residential property	28,739	-	28,739	-	-	-	-	-	-	-	28,739	-	28,739	-	-
Preference shares	148,640	-	148,640	-	-	-	-	-	-	-	148,640	-	148,640	-	-
Listed securities	53,150	-	19,570	-	33,580	(19,570)	-	(19,570)	-	-	33,580	-	-	-	33,580
Goodwill	1,696	1,696	-	-	-	(1,696)	(1,696)	-	-	-	-	-	-	-	-
Deferred tax asset	3,600	1,682	130	1,788	-	-	-	-	-	-	3,600	1,682	130	1,788	-
Other assets	738	201	331	132	74	-	-	-	-	-	738	201	331	132	74
VAT receivable	2,498	152	1,253	727	366	-	-	-	-	-	2,498	152	1,253	727	366
Share-based payment prepayments	12,654	12,654	-	-	-	(12,654)	(12,654)	-	-	-	-	-	-	-	-
Trade and other receivables	32,923	6,419	1,871	24,493	140	-	-	-	-	-	32,923	6,419	1,871	24,493	140
Cash and cash equivalents	291,109	16,300	4,032	31,029	239,748	-	-	-	-	-	291,109	16,300	4,032	31,029	239,748
Liabilities	**490,766**	**33,318**	**33,610**	**123,722**	**300,116**	**(1,455)**	**(24,436)**	**(4,152)**	**27,133**	**-**	**489,311**	**8,882**	**29,458**	**150,855**	**300,116**
Debt financing	419,343	-	12,434	111,896	295,013	-	-	-	-	-	419,343	-	12,434	111,896	295,013
Interest rate derivative financial liabilities	848	-	-	848	-	-	-	-	-	-	848	-	-	848	-
Other liabilities	1,138	-	1,138	-	-	-	-	-	-	-	1,138	-	1,138	-	-
Deferred tax liability	28,588	24,436	4,152	-	-	(28,588)	(24,436)	(4,152)	-	-	-	-	-	-	-
Trade and other payables	40,849	8,882	15,886	10,978	5,103	-	-	-	-	-	40,849	8,882	15,886	10,978	5,103
Estimation for WE disposal realisation costs and losses	-	-	-	-	-	27,133	-	-	27,133	-	27,133	-	-	27,133	-
Closing number of shares in issue (million) ~											**676.1**				
Net asset value per share (eurocents)	**129**	**69**	**42**	**22**	**(4)**										
Tangible net asset value per share (eurocents)											**124**	**70**	**40**	**18**	**(4)**

*** Corporate (Co), other assets, liabilities and activities related to the Group's management, including investments in listed securities, Group level financing, as well as corporate level administration.
~Weighted number of shares for the period and Closing number of shares for proportionate accounting purposes are computed by elimination of MAS' 40% share of own shares acquired by the associate.

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement released on SENS on Monday, 30 August 2021 and available at: https://senspdf.jse.co.za/documents/2021/jse/isse/msp/MASFS2021.pdf or on the Company's website: https://www.masrei.com/investors/financials. This short-form announcement does not contain full or complete details, any investment decisions by investors and/or shareholders should be based on consideration of the full announcement. The full announcement is available for inspection or may be requested and obtained in person, at no charge, at the head office of the Company on the 2nd floor, Clarendon House, Douglas, Isle of Man, IM1 2LN, and at the offices of our sponsor Java Capital Trustees and Sponsors Proprietary Limited, at 6th Floor, 1 Park Lane, Sandton, Johannesburg, 2196, South Africa, during office hours from 30 August 2021 to 13 September 2021. The consolidated annual financial statements have been audited by the Company's auditors, PricewaterhouseCoopers LLC, who expressed an unmodified audit opinion thereon. The auditor's opinion includes communication of key audit matters in respect of valuation of investment property and investment property held for sale and impact of coronavirus. The opinion, together with the consolidated annual financial statements are available on the Company's website at the above link.