



**STENPROP**

**End of  
financial year  
presentation**

For the year ended  
31 March 2020



**Paul Arenson**  
Chief Executive Officer



**James Beaumont**  
Chief Financial Officer



**Julian Carey**  
Executive Property Director

Highlights

Our Portfolio

Financial Highlights

Dealing with Coronavirus

MLI Strategy & Performance

Transition Strategy

Conclusion

Appendices



# Highlights

- ▶ Fully covered dividend of 6.75p for the year
- ▶ Valuations up 2.8% on like-for-like basis
- ▶ MLI like-for-like contractual rental growth 5.6% for the year

## Resilient Financial Performance

## Strong Balance Sheet

- ▶ Strong balance sheet
- ▶ Significant banking covenant headroom
- ▶ £70m free cash at 31 March 2020
- ▶ Balancing Corona safety buffer with buying opportunities

- ▶ MLI performing strongly
- ▶ Highly diversified
- ▶ Industrials operating platform delivering
- ▶ Long term MLI trends accelerated by Coronavirus

## Growth Strategy

## Successful transition in progress

### All 2-year transition milestones achieved:

- ▶ LTV 41% (target 40%)
- ▶ MLI portfolio 58% (target 60%)
- ▶ 3rd party fund management now exited
- ▶ REIT status and listed on LSE

### New milestones for March 2022:

- ▶ Transition to 100% MLI
- ▶ Deliver Industrials operating platform

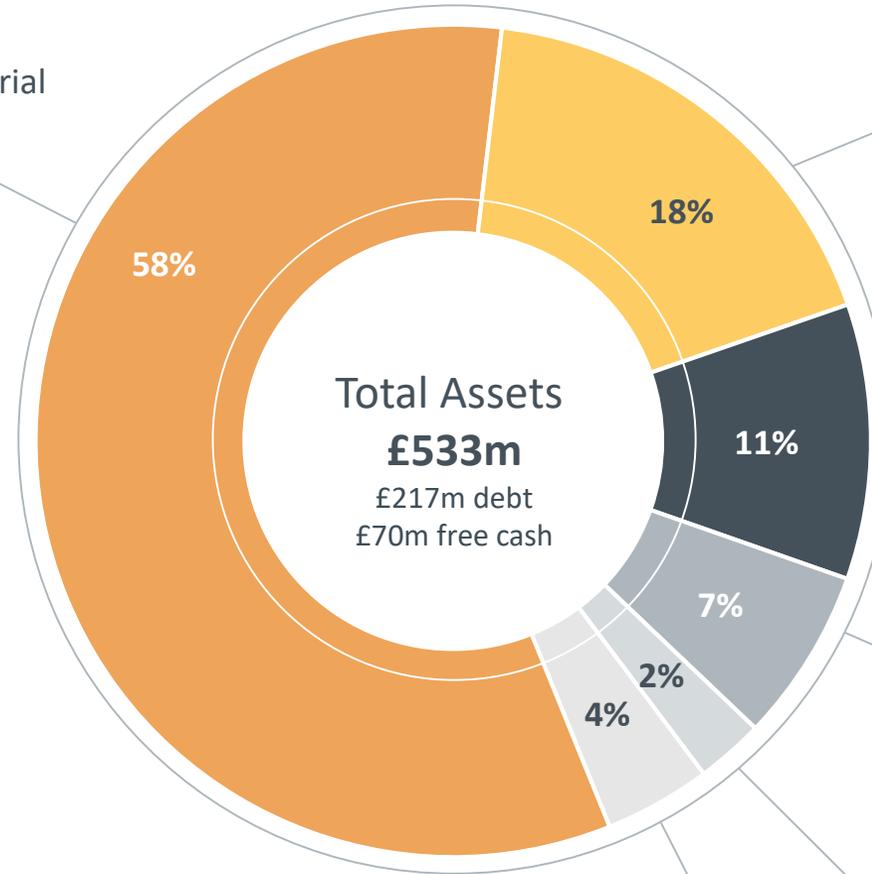
# Our Portfolio



# Portfolio Overview



Multi-let Industrial (UK) £309m



Retail (Germany) £95m



Office (Guernsey) £57m



Care Homes (Germany) £36m



Urban Logistics (UK) £22m



Leisure (Switzerland) £14m

# Portfolio valuations at 31 March 2020

In GBP – vs 31 March 2019 values \*

United Kingdom

▲ **2.8%**

3.7% MLI  
(0.9%) non-MLI

Germany

▲ **4.9%**

1.6% values  
3.3% currency

Switzerland

▼ **11.7%**

(18.9%) values  
7.2% currency

Only one property valued in CHF remaining

Total portfolio

▲ **2.8%**

1.7% values  
1.1% currency

United Kingdom

£388m

Germany

£131m

£14m

\* On a like-for-like basis, excluding the impact of acquisitions and disposals. Refer to Slide 36 for more detail on valuation movements

# Significant shift to MLI income

Sector	GRI March 2019	% of total income	GRI March 2020	% of total income	Vacancy	WAULT (years)	No of assets March 2020
MLI	£18.2m	46%	£22.7m	60%	8.9%	2.6	70
UK Urban Logistics	£1.7m	4%	£1.7m	4%	0.0%	1.5	5
Guernsey Office	£4.3m	11%	£4.3m	11%	0.2%	7.1	1
UK non-MLI	£0.8m	2%	-	-	-	-	-
Germany - Bleichenhof	£5.1m	13%	-	-	-	-	-
German Retail	£5.6m	14%	£5.7m	15%	0.8%	8.5	8
German Care Homes	£2.4m	6%	£2.5m	7%	0.0%	9.3	4
Swiss Leisure	£1.2m	3%	£1.0m	3%	0.0%	17.5	1
	<b>£39.3m</b>	<b>100%</b>	<b>£37.9m</b>	<b>100%</b>	<b>7.1%</b>	<b>4.8</b>	<b>89</b>



# Financial Highlights

# Financial highlights

for the year ended 31 March 2020

Final dividend per share  
fully covered out of earnings

**3.375p**

with scrip alternative and  
matching buyback programme

Full year  
dividend per share

**6.75p**

FY20 Diluted adjusted  
EPRA earnings per share

**6.88p ▼ 22%**

21% due to exiting third party management  
1% due to holding high levels of cash in the year

Diluted EPRA  
NAV per share

**£1.39 ▼ 1.4%**

(vs March 2019)

Dividend yield  
on EPRA NAV

**4.9%**

Dividend yield  
on current share price<sup>1</sup>

**6.3%**

<sup>1</sup> Based on a share price of £1.07

# Significantly reduced leverage

LTV incl. free cash  
31 March 2020

**27.7%**

LTV  
31 March 2020

**40.8%**

LTV  
31 March 2019

**44.2%**

All in cost of debt

**2.62%**

Weighted average  
debt maturity

**2.7 years**

Deliberate decision to keep short  
on non-MLI

Revolving credit facility

**£30m**

to facilitate new MLI acquisition while selling  
non-MLI assets. Incurs no non-utilisation fees

Target LTV

**< 40%**

# Strong balance sheet

## Well placed to cope with COVID-19 disruption

31 March 2020  
(£ million)

Investment properties	533
Free cash	70
Other net assets	5
Debt	(217)
<b>Net assets</b>	<b>391</b>

- ▶ Free cash at year end represents 18% of net assets
- ▶ Low level of gearing
- ▶ German sales at valuation would deliver cash of c. £57m:
  - Further strengthening the balance sheet
  - Net assets would comprise c. 30% cash<sup>1</sup>
  - Current share price would comprise c. 38% cash<sup>1</sup>
- ▶ Considerable cash resources for MLI acquisitions

<sup>1</sup> Based on a share price of £1.07 and after payment of final dividend (c. £9.6m)

Significant loan covenant headroom

- ▶ **LTV ratio covenants**  
LTV covenants allow for an average **33%** reduction in values
- ▶ **Interest Service Cover ratio covenants**  
Loan facilities subject to debt service cover ratio covenants allow for an average reduction in net rents of **60%**

# Dealing with Coronavirus



# Resilient Income Through Diversification

## Rent collected as a % of total billed

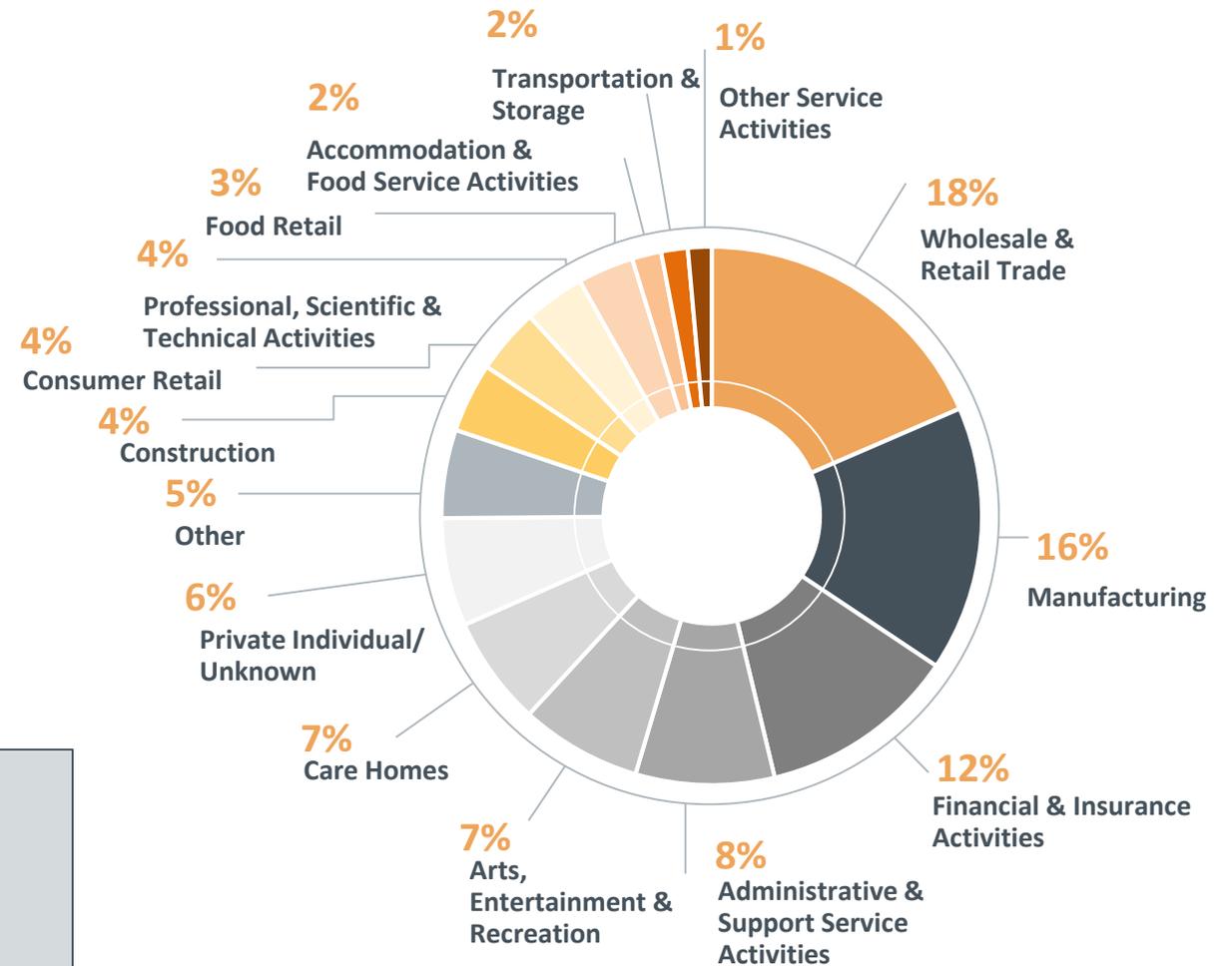
County / Sector	Monthly Rents		Quarterly Rents	Total
	April 2020	May 2020	April-June 2020	
UK MLI	75%	69%	86%	82%
UK Urban Logistics	-	-	100%	100%
Guernsey Office	-	-	100%	100%
Germany	85%	84%	-	84%
Switzerland	0%	0%	-	0%
<b>Total</b>	<b>74%</b>	<b>72%</b>	<b>91%</b>	<b>84%</b>

As at 10<sup>th</sup> June 2020

By late  
May 2020

The vast majority of our customers  
were open and trading

## Rental income by tenant industry



# Dealing with Coronavirus

## Short Term

- ▶ Reassure and support staff in move to home working
- ▶ Support and engage with customers through lock down
- ▶ Offer rent deferrals and monthly rents to those unable to pay
- ▶ Halt acquisitions and review expenditure plans
- ▶ Continue sales where interest remains at pre-Corona levels

Mar - May  
2020

## Mid-Term

- ▶ Establish new working practices and HR protocols
- ▶ Monitor customer who are trading vs closed
- ▶ Agree and implement payment plans and/or revised lease terms with remaining customers
- ▶ Start releasing capital for acquisitions with attractive risk-adjusted returns
- ▶ Continue with disposals where attractive pricing persists
- ▶ Continued investment into digital platform

Jun - Dec  
2020

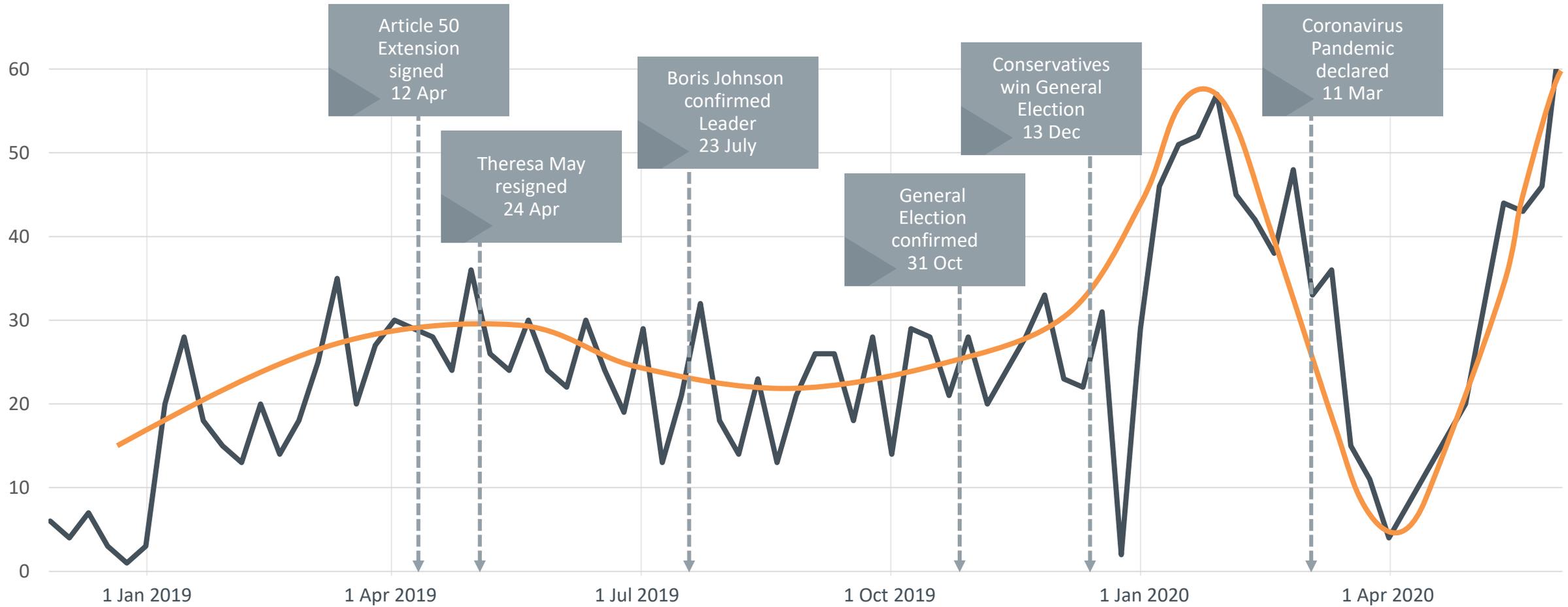
## Longer Term

- ▶ Resolve outstanding Corona related rent arrears
- ▶ Complete disposals of non-MLI assets
- ▶ Reinvest proceeds into highly diversified MLI property
- ▶ Continue to invest into digital infrastructure
- ▶ Capitalise on trend of more businesses moving into MLI space
- ▶ Enhance product offering to generate more diverse revenue base

2021  
Onwards

# Strong bounce-back in leasing enquiries

## Call centre leasing calls



1

## Financial

- ▶ Anticipate short term Impact on earnings
- ▶ MLI rents remain affordable and will remain resilient
- ▶ MLI valuations may fall initially, but will recover strongly
- ▶ Our non-MLI asset values will hold up driven by low interest rates and strong fundamentals

2

## Operational

- ▶ MLI occupier activity will bounce back quickly (see graph on previous page)
- ▶ We are likely to see higher than average insolvencies in the second half of 2020, but demand/supply will remain evenly balanced
- ▶ Digital only transactions will see increased acceptance, boosting demand for Smart Leases and online leasing
- ▶ Demand for MLI will increase as more businesses look to grow their online presence supported by industrial property

3

## Trends

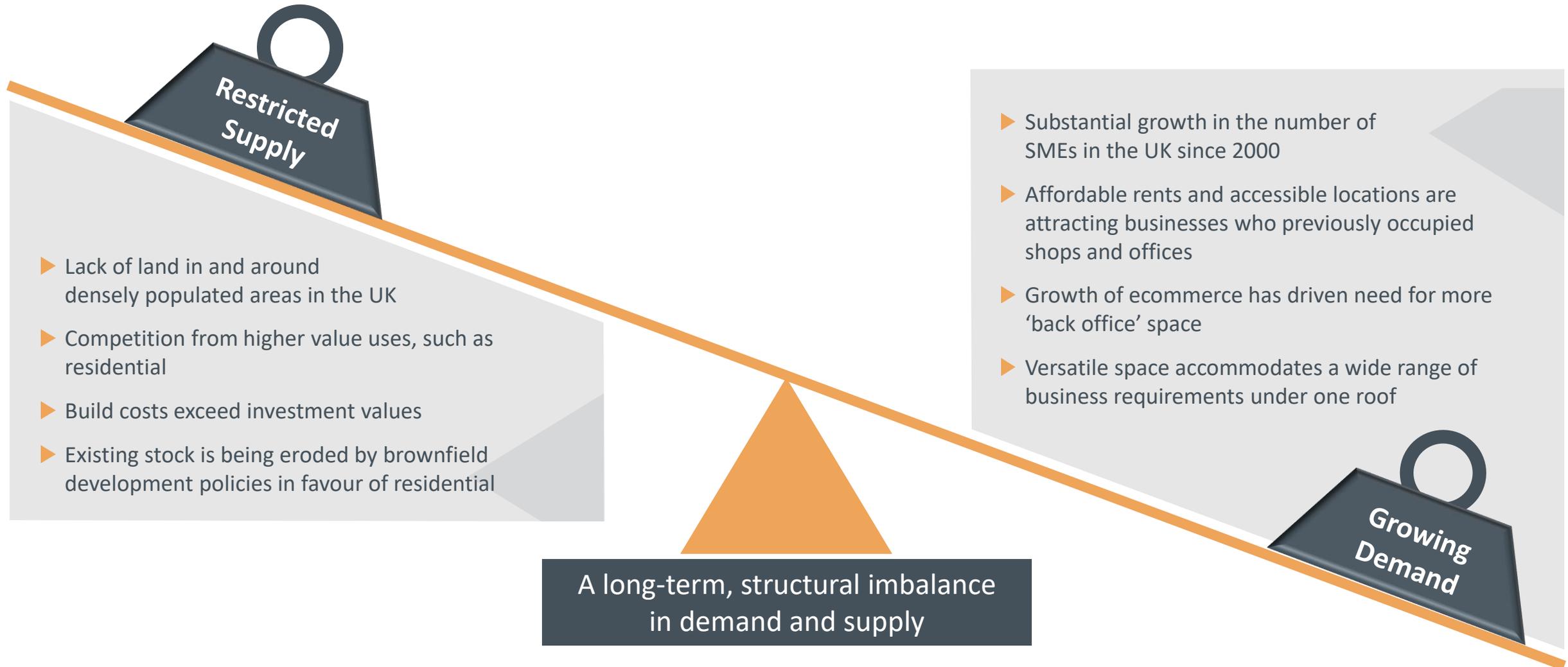
- ▶ Existing trends will be accelerated by Coronavirus – working from home, e-commerce, digital transactions, video conferencing
- ▶ Supply chains will be rethought – more onshoring, higher stock levels, greater resilience
- ▶ QE will lead to hardening of yields in some real estate asset classes
- ▶ Operational businesses will benefit from digital investment which brings greater efficiency and productivity

MLI  
Strategy &  
Performance



# What is MLI?





# MLI Portfolio Overview

**4,526,046**  
sq ft

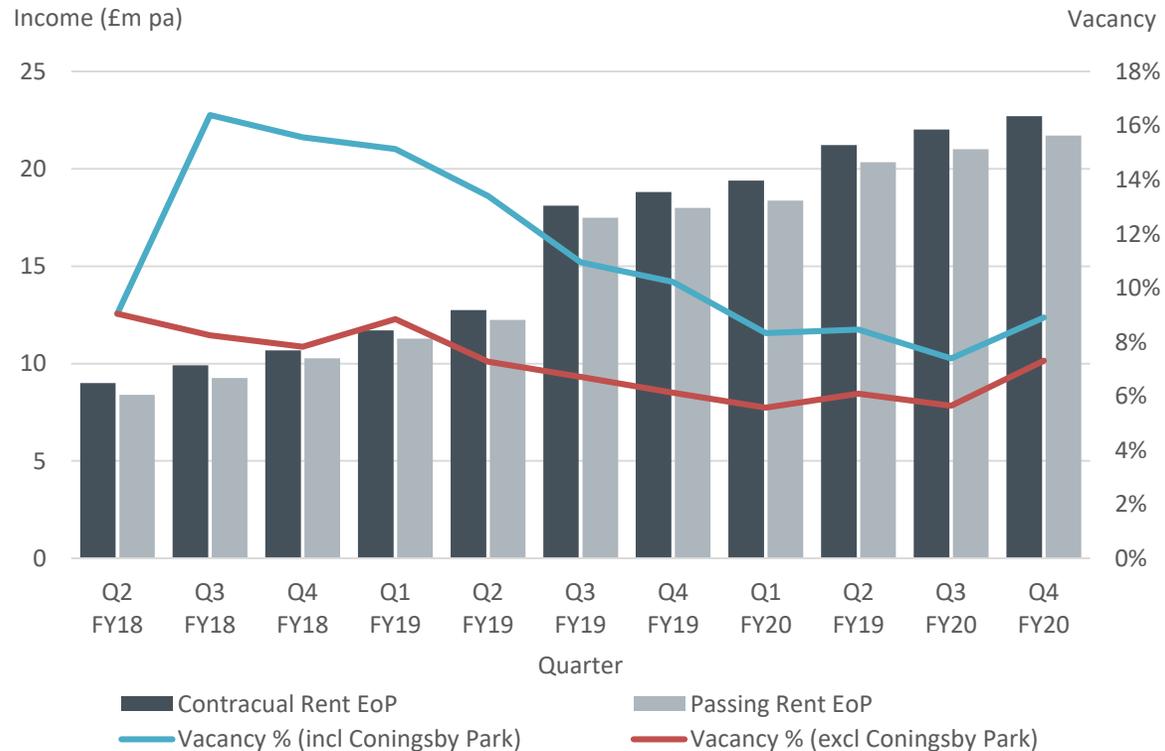
**1,260**  
Units

**70**  
Assets

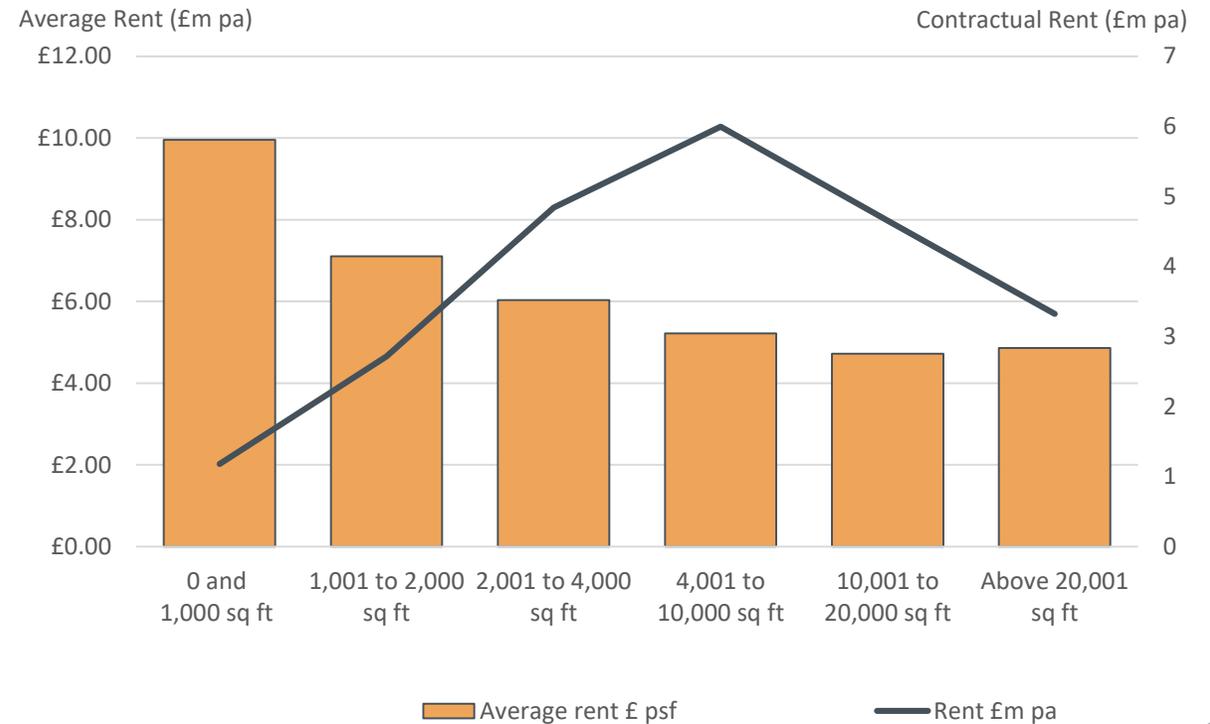
**900**  
Tenants

*Note: Excludes long-leasehold units and tenants*

## Difference between Contractual Rent and Current Passing Rent

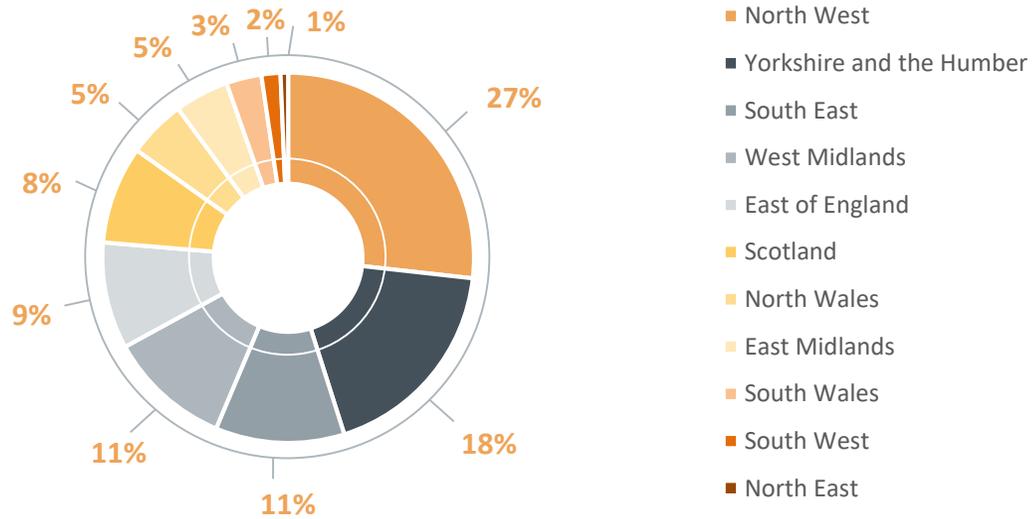


## Contractual Rent and Average Rent



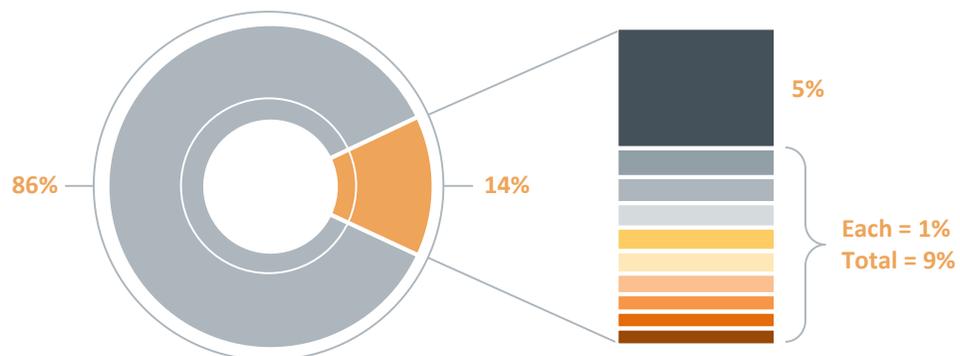
# Highly Diversified Portfolio

## Geographic Breakdown by Area



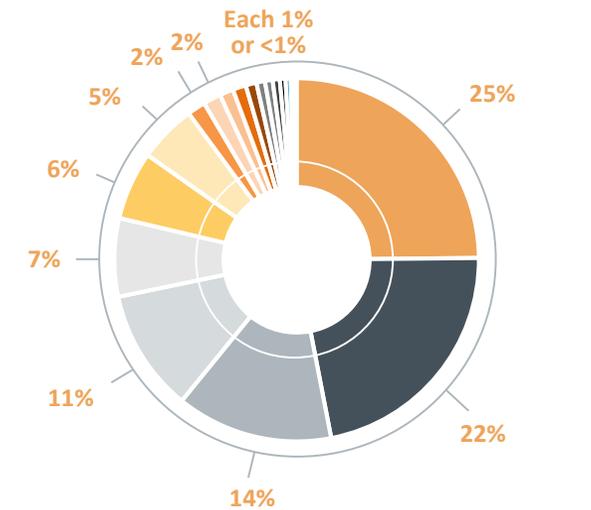
## Top 10 Tenant Risk

Contractual Rent by Top 10 Customers as % of Total Contractual Rent



## Business Sector Exposure

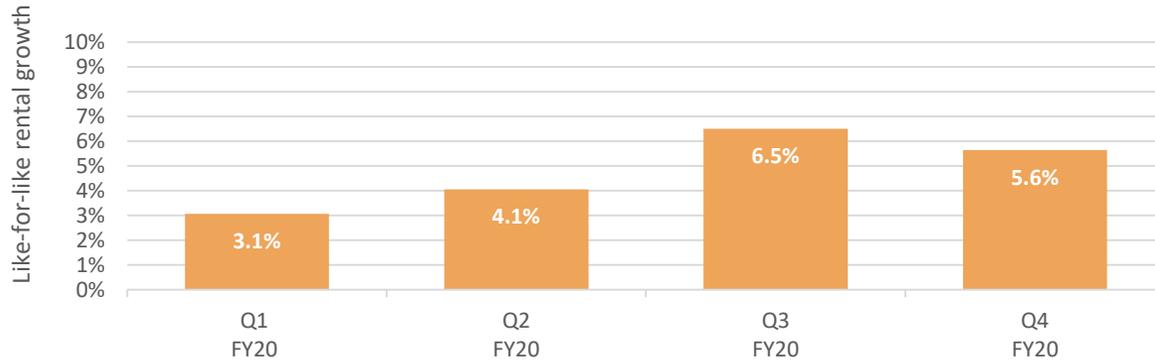
Contractual Rent £ pa by Industry Type



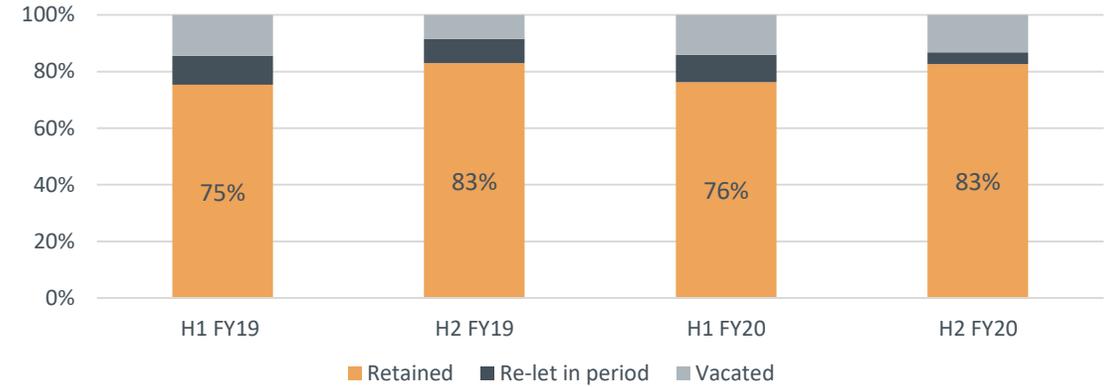
- Manufacturing
- Wholesale & Retail Trade
- Administrative & Support Service Activities
- Private Individual/Unknown
- Construction
- Professional, Scientific & Technical Activities
- Arts, Entertainment & Recreation

# Consistent Strong Performance

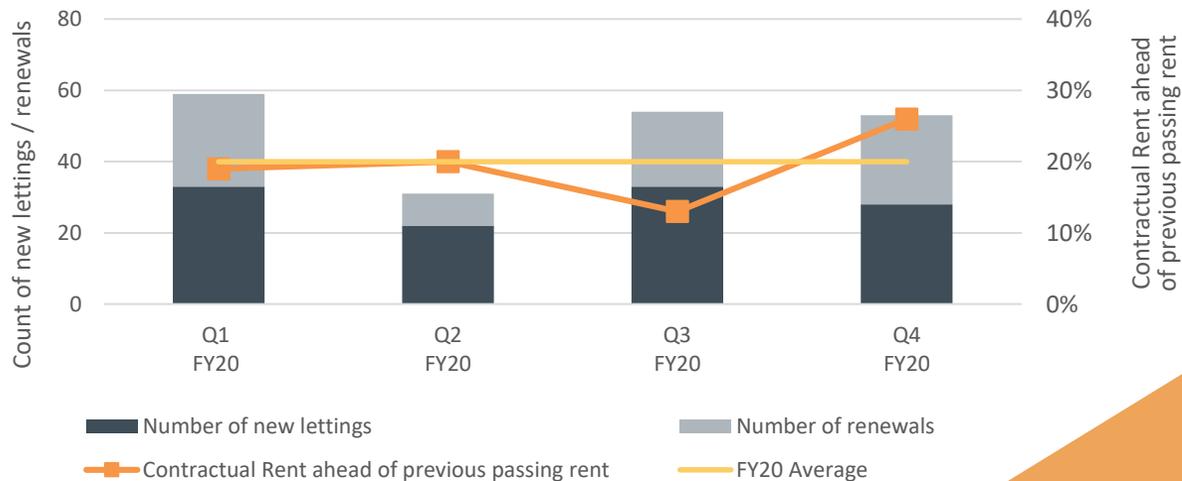
## Rental uplifts – cumulative rental growth (like for like)



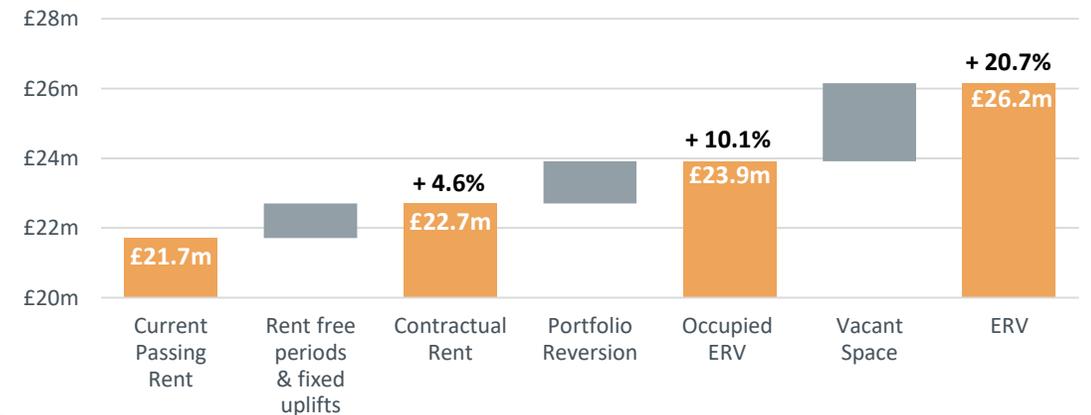
## Tenant Retention



## Leasing Activity FY20



## Rent Bridge as at 31 March 2020

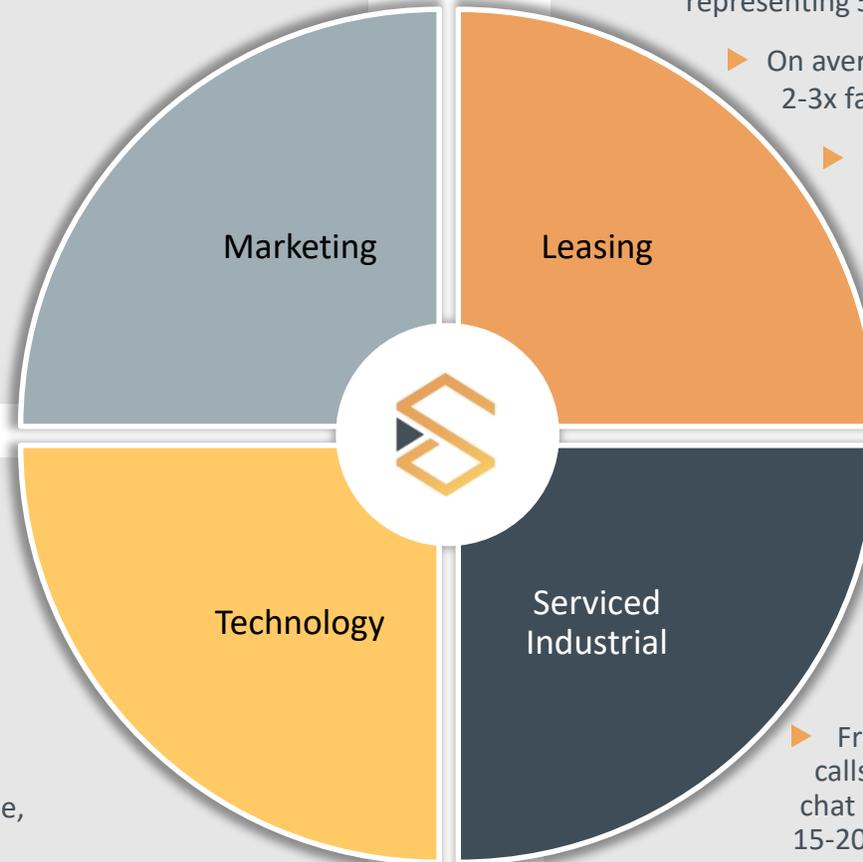


Built in growth

# The Industrials Platform – extracting value from MLI

- ▶ Industrials.co.uk logging over 50,000 unit/property views each year, reflecting c. 500 per available unit;
- ▶ Industrials.co.uk generates 2x enquiries vs all online portals combined, such as Rightmove, Zoopla etc.
- ▶ Multi-channel marketing strategy
- ▶ Direct to customer and agency relationships
- ▶ New CRM system to capture, triage, manage and track all leads, enquiries, customer requests and interactions

- ▶ New CRM system implemented in March 2020
- ▶ This system provides our leasing, marketing and asset management teams with live information on leasing enquiries, customer requests, property and customer information.
- ▶ New ERP system in design, with a view to implementation in early 2021
- ▶ This system will consolidate 3 existing systems into one, and deliver significant efficiency and data advantages.
- ▶ An integrated platform is a key part of our strategy, delivering a system which can scale efficiently as Stenprop grows the MLI operating business, further improving efficiencies and capturing economies of scale.



- ▶ Completed 56 Smart Lease lettings in 9 months to 31<sup>st</sup> March 2020, representing 50% of applicable transactions
  - ▶ On average Smart Leases take 13 days to complete, which is 2-3x faster than a traditional lease
  - ▶ Smart Leases can be drafted entirely digitally, approved and signed online and agreed without lawyers
  - ▶ Over 20 lettings completed during lock down

- ▶ Customer Engagement Manger (CEM) network now covering 80% of the UK
- ▶ CEMs involved in all stages of leasing process, from handling enquiries through to viewings, negotiations and handover
- ▶ Freephone customer service line processed over 4,000 calls during the year (up from 2,500 FY19), with online live chat launched during the year and now accounting for 15-20% of all enquiries
- ▶ Significant work underway to support additional products and services, such as utilities, cleaning and refuse collection

# Transition Strategy



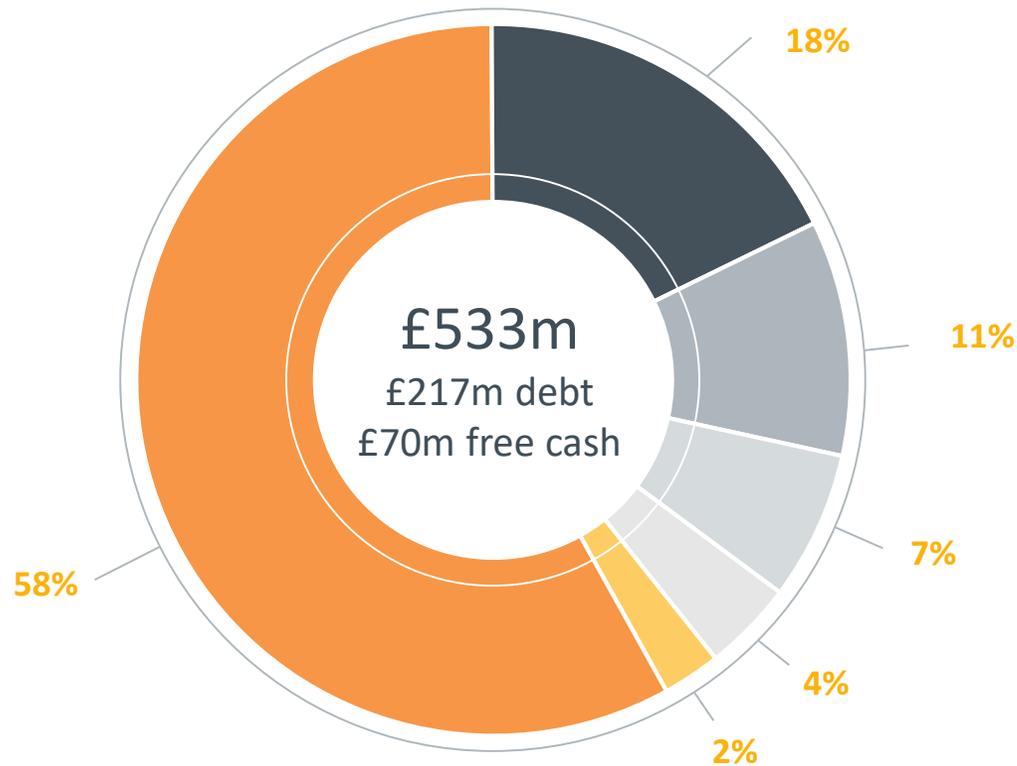
# Delivering On Transition Plan

	Measure	June 2017	March 2020 Target	March 2020 Actual
Transition to MLI	MLI %	16.5%	60.0%	58.0%
	Sales			£469m
	Acquisitions			£164m
Leverage	LTV %	56.2%	40%	40.8% (28% net of free cash)

Since June 2017, £469m of non-MLI assets were sold at an average 5.3% premium to valuation

# Completion Of Transition By March 2022

## Current portfolio



At the end of March 2022, Stenprop intends to be wholly MLI / Urban Logistics, with capacity to borrow against existing assets and expand with a target LTV of 40%

		March '20	March '21	March '22
Multi-let Industrial	UK	£309m	£399m	£499m
Retail	Germany	£95m	-	-
Office	UK	£57m	£57m	-
Care Homes	Germany	£36m	£36m	-
Urban Logistics	UK	£22m	£22m	£22m
Leisure	Switzerland	£14m	£14m	-
<b>Total portfolio</b>		<b>£533m</b>	<b>£528m</b>	<b>£521m</b>
<b>MLI %</b>		<b>58%</b>	<b>76%</b>	<b>96%</b>

Free cash	£70m	£21m	£17m
Total debt	£217m	£181m	£178m
LTV %	40.8%	34.2%	34.2%
LTV % incl. free cash	27.7%	30.3%	30.8%

An aerial photograph of a town situated in a valley. The foreground features several large, modern industrial buildings with dark roofs and skylights, along with parking lots containing various vehicles. A road runs through the center of the town. The middle ground shows a dense residential area with red-brick houses. The background consists of rolling green hills under a cloudy sky. A large orange and grey geometric graphic is overlaid on the left side of the image.

# Conclusion



**Resilient  
Financial  
Performance**

**Strong  
Balance  
Sheet**



**Growth  
Strategy**

**Successful  
transition  
in progress**



Q&A



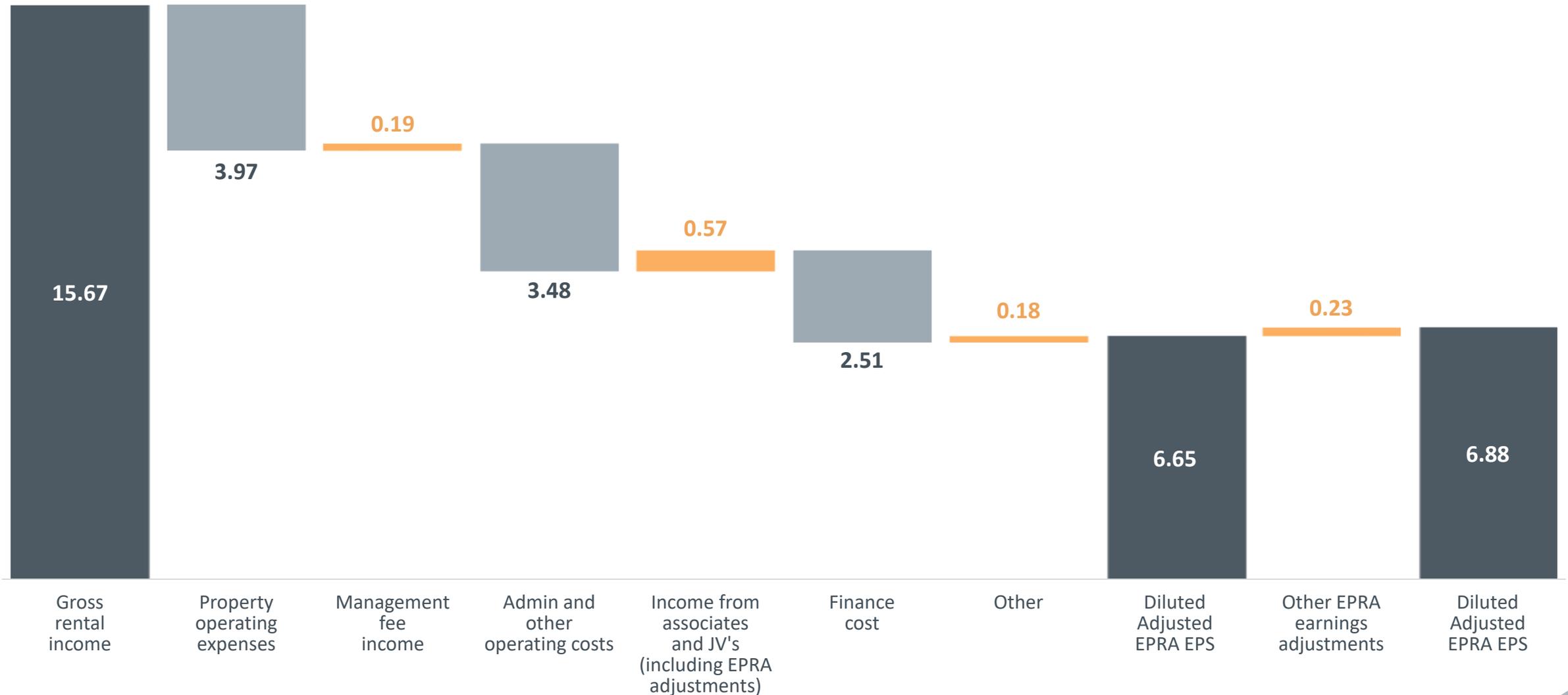


Appendix 1

More Financials

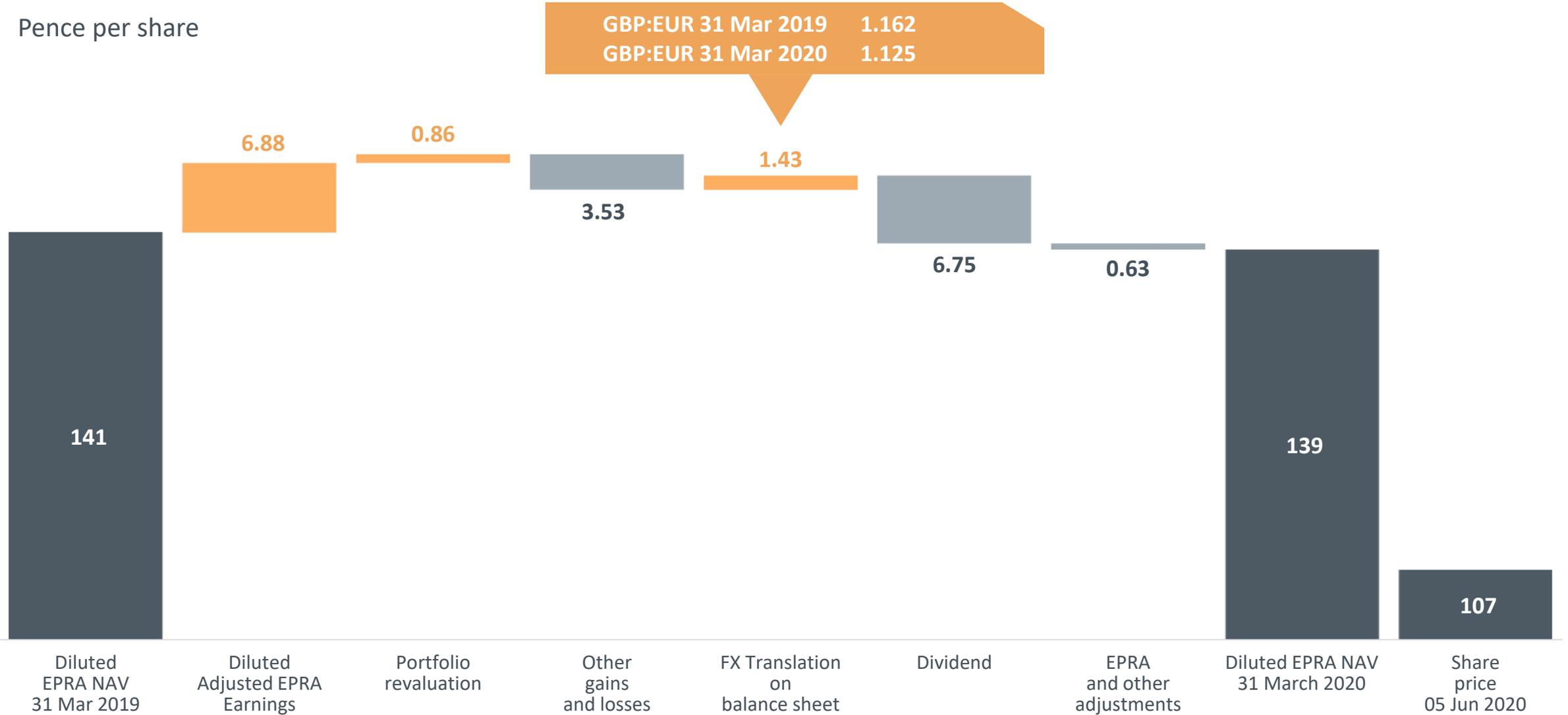
# EPRA earnings per share (pence)

Pence per share



# NAV movement 31 March 2019 to 31 March 2020

Pence per share



# Income Statement and Earnings

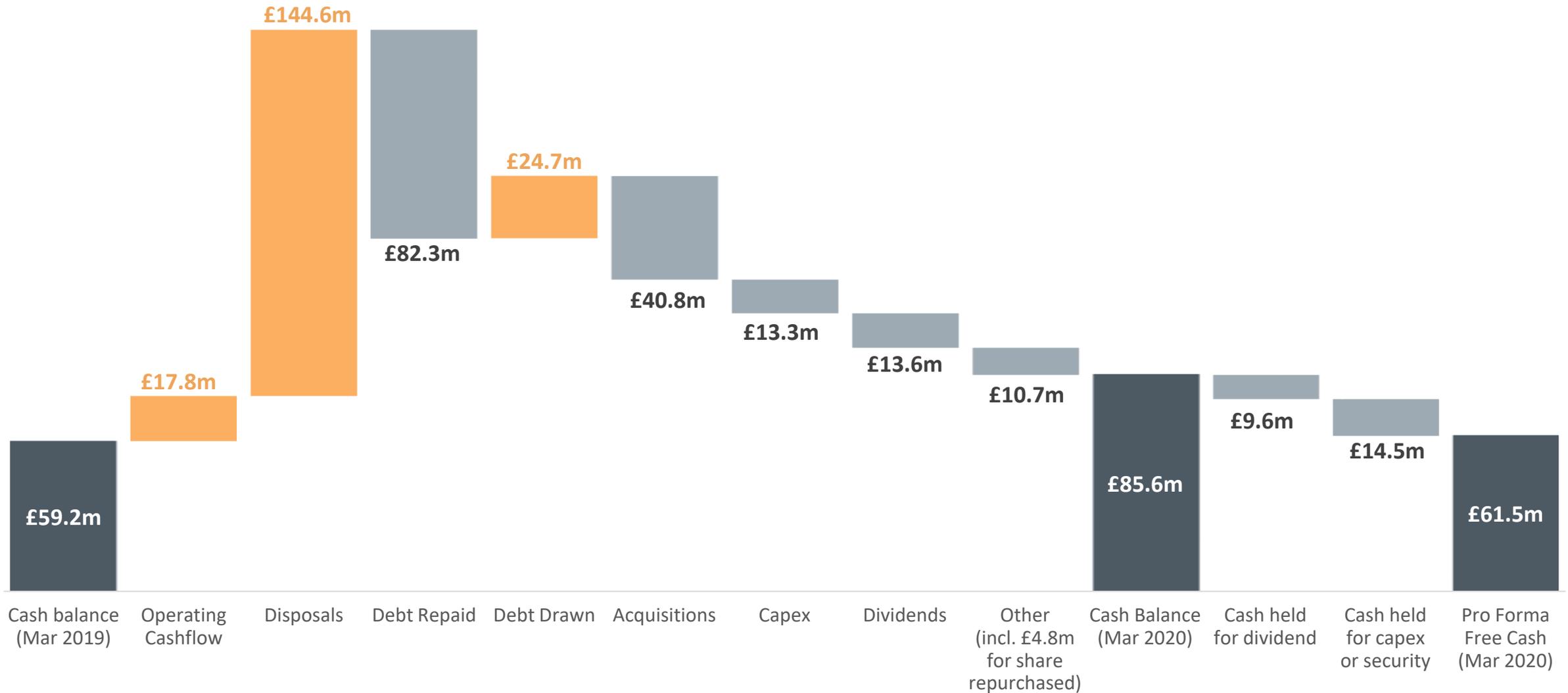
	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m
Net rental income*	33.5	35.3
Management fee income	0.6	5.8
Operating costs*	(10.3)	(11.5)
<b>Net operating income</b>	<b>23.8</b>	<b>29.6</b>
Income from Investment in associates/joint ventures (excl. fair value gains)	1.6	2.1
Net finance costs*	(7.2)	(8.5)
EPRA adjustments and other items*	1.5	2.0
<b>Adjusted EPRA earnings</b>	<b>19.7</b>	<b>25.2</b>
Diluted Adjusted EPRA EPS	6.88 cents	8.84 cents

## Annualised

	Earnings Yield	Dividend Yield
Current share price (£1.07)	6.4%	6.3%
EPRA NAV (£1.39)	5.0%	4.9%

\* Includes assets held for sale and discontinued operations

# Cashflows



# Valuation movement

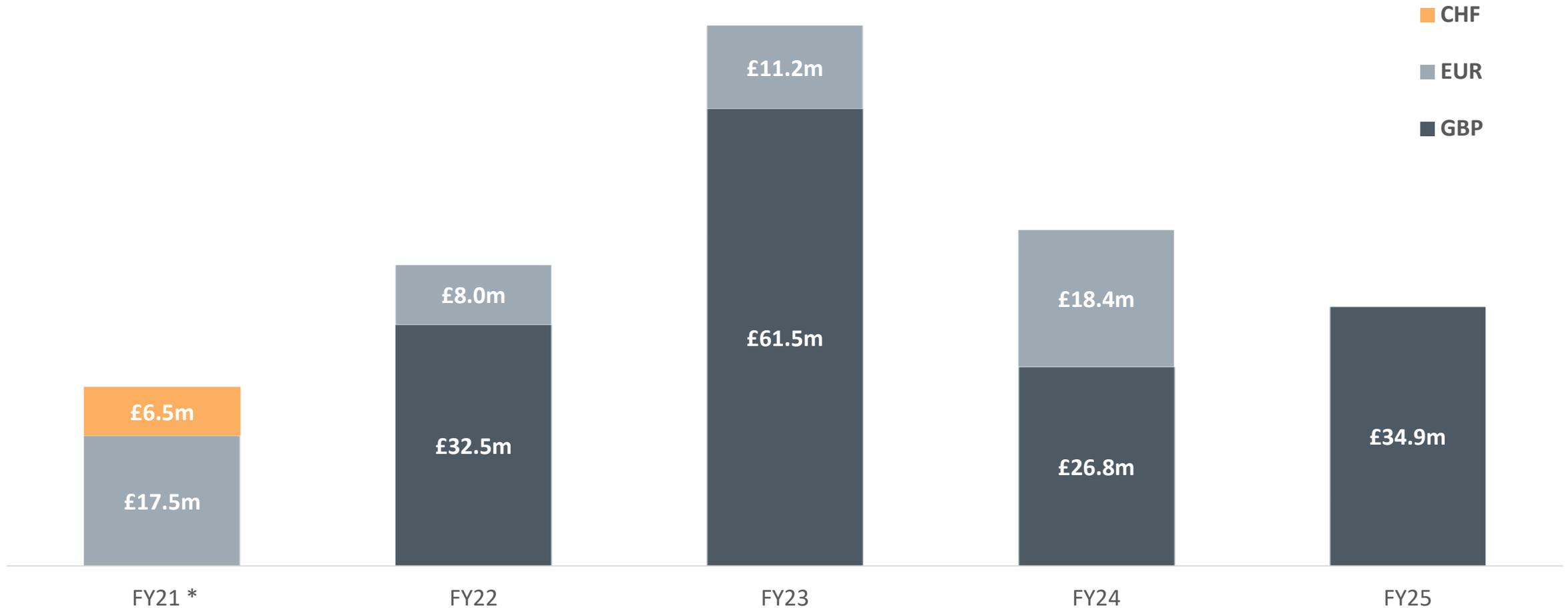
Property/Portfolio	Percentage Ownership	Market Value 31 March 2020 (million)	Market Value 31 March 2019 (million)	Change %
<b>United Kingdom - £</b>				
UK MLI (60 assets)	100%	£ 270.9	£ 261.5	3.7%
GGP1 Portfolio	100%	£ 21.3	£ 21.7	(1.4%)
Trafalgar Court	100%	£ 57.5	£ 57.8	(0.5%)
UK Sub-Total		£ 349.7	£ 341.0	2.8%
<b>Switzerland – CHF</b>				
Lugano	100%	F 17.0	F 21.0	(18.9%)
Swiss Sub-Total		F 17.0	F 21.0	(18.9%)
<b>Germany - €</b>				
Bikemax Portfolio	100%	€ 26.0	€ 26.5	(1.9%)
Hermann Quartier	100%	€ 25.8	€ 25.0	3.2%
Neukölln	100%	€ 23.4	€ 22.5	4.0%
Victoria Centre	100%	€ 31.4	€ 31.2	0.6%
Care Homes Portfolio	100%	€ 40.2	€ 39.4	2.0%
Germany Sub-Total		€ 146.8	€ 144.6	1.6%
<b>Properties disposed during period</b>		<b>Sales Price</b>		
Hemel Hempstead	100%	£ 1.9	£ 1.6	18.8%
Walsall	100%	£ 1.7	£ 2.1	(19.0%)
Grimsby	100%	£ 1.0	£ 0.7	42.9%
Bleichenhof	94.9%	€ 160.2	€ 147.4	8.7%
<b>Properties acquired in the twelve months to date</b>				
MLI (10 properties and added units at 2 estates)	100%	£ 38.1	-	-

## Appendix 2

## Debt Detail



# Debt maturity (£m)



\* £6.5m of debt in FY21 is related to the Lugano asset which is financed on a rolling term, and will be paid back only when sold. Terms for an extension have been agreed in principle for the £17.5m debt falling due in Germany in FY21. The banks are fully supportive of the sales process.

# Financial summary

Property/Portfolio	Ownership	Loan Value (£m)	Property Value (£m)	Gearing (LTV)	Contractual Rent <sup>1</sup> (£m)	Net initial yield
<b>UK</b>						
UK MLI	100%	(123.3)	309.0	40%	22.7	6.47%
GGP1 Portfolio	100%	(4.5)	21.4	21%	1.7	7.51%
Trafalgar Court	100%	(28.0)	57.4	49%	4.3	7.05%
UK Sub-Total		(155.8)	387.8	40%	28.7	6.62%
<b>SWISS</b>						
Lugano	100%	(6.5)	14.3	46%	1.0	5.81%
Swiss Sub-Total		(6.5)	14.3	46%	1.0	5.81%
<b>Germany</b>						
Bikemax Portfolio	100%	(11.2)	23.1	48%	1.6	6.22%
Neukölln	100%	(8.0)	20.9	39%	1.3	5.18%
Hermann Quartier	100%	(8.3)	22.9	37%	1.3	4.89%
Victoria Centre	100%	(9.1)	27.9	33%	1.5	4.27%
Germany Sub-Total		(36.6)	94.8	39%	5.7	5.10%
<b>Associates and joint ventures</b>						
Care Homes Portfolio	100%	(18.4)	35.7	51%	2.5	5.94%
<b>Portfolio Total</b>		<b>(217.3)</b>	<b>532.6</b>	<b>41%</b>	<b>37.9</b>	<b>6.28%</b>

GBP:EUR exchange rate of 1.1249 and a GBP:CHF exchange rate of 1.1914

1. Excludes potential rent on vacant space

# Debt summary

Property/Portfolio	Property Value (Local currency)	Loan Value (Local Currency)	Gearing (LTV)	Margin	Swap (fixed rate)	Negative interest rate impact	All in rate	Annual interest expense	Amortisation per annum	Loan Maturity
<b>UK - £m</b>										
UK MLI	309.0	(123.3)	40%	2.12%	1.00% <sup>1</sup>	-	3.07%	(3.8)	-	2 Jun '22 <sup>2</sup>
GGP1 Portfolio	21.4	(4.5)	21%	2.25%	1.21%	-	3.46%	(0.2)	-	26 May '21
Trafalgar Court	57.4	(28.0)	49%	2.00%	0.53% <sup>1</sup>	-	2.53%	(0.7)	-	31 Mar '22
UK Sub-Total	387.8	(155.8)	40%				2.98%	(4.6)	-	
<b>Swiss – CHFm</b>										
Lugano	17.0	(7.8)	46%	1.15%	0.00%	-	1.15%	(0.1)	(0.2)	N/A
Lugano - £m	14.3	(6.5)						(0.1)	(0.1)	
<b>Germany - €m</b>										
Bikemax Portfolio <sup>3</sup>	26.0	(12.6)	48%	1.55%	-	-	1.55%	(0.2)	-	31 Dec '22
Hermann Quartier	25.8	(9.4)	37%	1.13%	0.29%	-	1.42%	(0.1)	-	30 Jun '20
Victoria Centre	31.4	(10.3)	33%	1.28%	0.08%	-	1.36%	(0.1)	-	31 Aug '20
Neukölln	23.4	(9.0)	38%	2.32%	0.48%	-	2.80%	(0.3)	-	31 Dec '21
Care Homes Portfolio	40.2	(20.7)	51%	1.25%	0.57%	-	1.82%	(0.4)	(0.8)	30 Dec '23
Germany Sub-Total	146.8	(62.0)	42%				1.75%	(1.1)	(0.8)	
Germany - £m	130.5	(55.0)						(1.0)	(0.7)	
<b>Total (£m)</b>	<b>532.6</b>	<b>(217.3)</b>	<b>41%</b>				<b>2.62%</b>	<b>(5.7)</b>	<b>(0.8)</b>	

1. £16m of the Industrials debt is unhedged. The Trafalgar Court loan is unhedged.

2. RBS debt of £61m matures in June 2022, Lloyds loan of £27m matures in February 2024, £35m expires in November 2024

3. Fixed rate loan

## Appendix 3

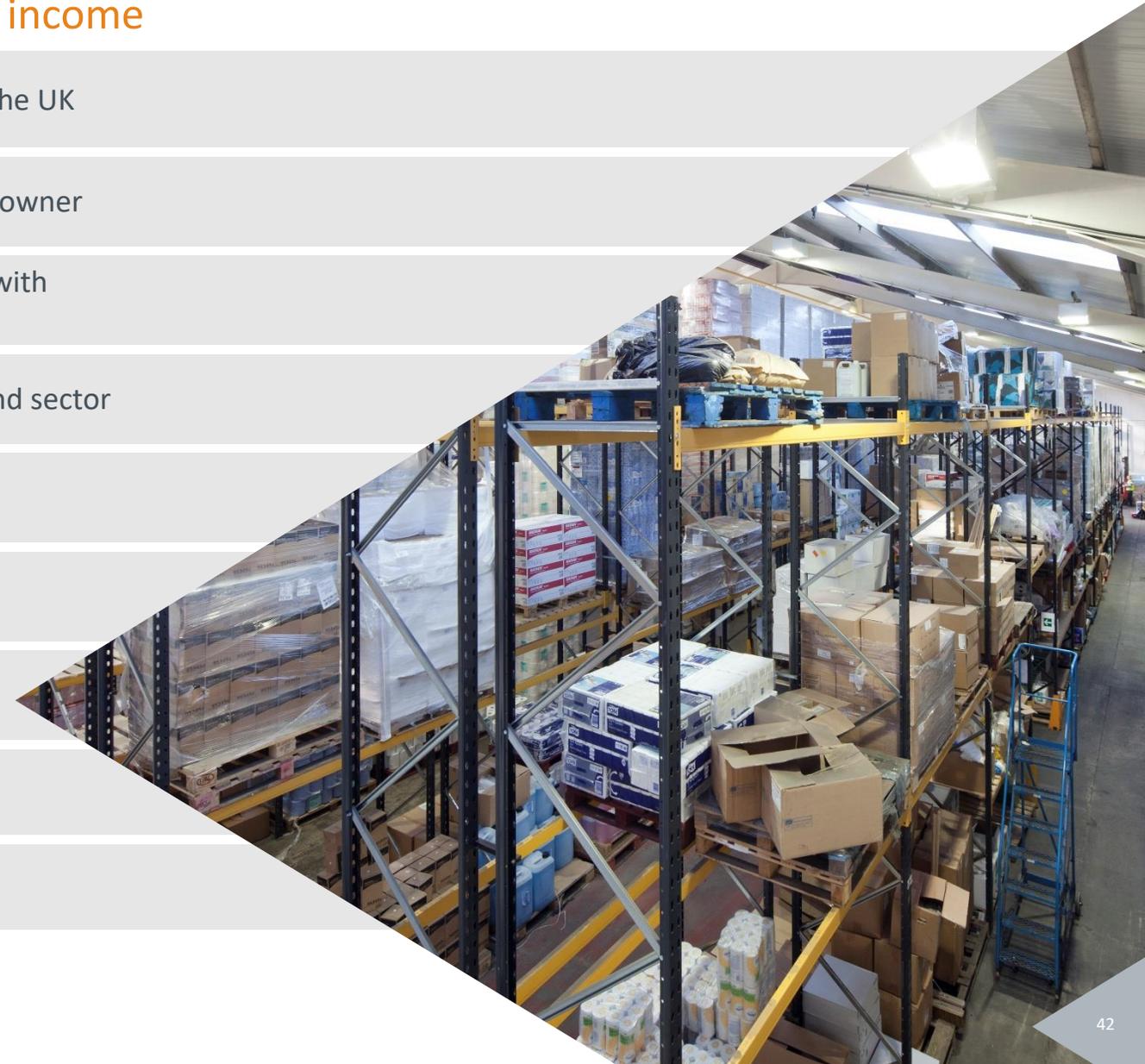
## The MLI Opportunity



# Features of Multi-let Industrial

## Versatile, flexible, urban, multi-tenanted, diversified income

- ▶ Located in and adjacent to densely populated cities and towns across the UK
- ▶ Purpose built units comprising 5 to 50 units on an estate controlled by owner
- ▶ Unit sizes on each estate typically range from 500 sq ft to 10,000 sq ft with the average being approximately 3,500 sq ft
- ▶ Highly diversified and granular tenant base in terms of company size and sector
- ▶ Predominantly let to UK Small-to-Medium Enterprises (“SMEs”)
- ▶ 3-5 year lease durations
- ▶ Small / medium lot sizes less than £20m per estate
- ▶ Low obsolescence, low capex, high versatility of uses
- ▶ Typical tenant paying c. £18,000 rent p.a. representing between 1% -2% of their turnover



# Best Performing Sector in UK Property

Long term outperformance against wider commercial property driven by rental income and low ongoing capex

▶ The industrial asset class has outperformed retail and office in terms of total return since 1986

▶ Industrial sector:

– Total return index **2275** over 30 years

▶ Office and retail sectors:

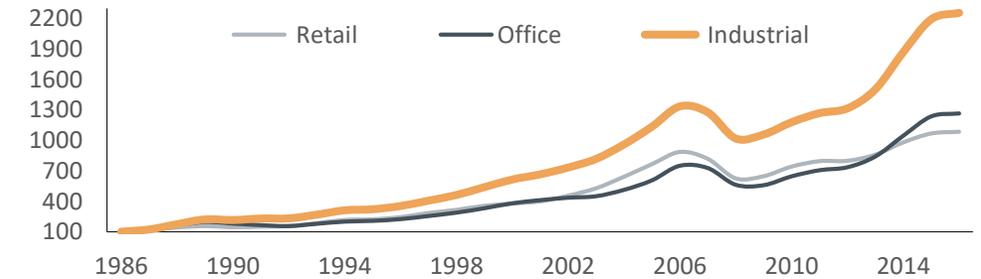
– Total return indices of **1220** and **1290** respectively over 30 years

▶ Industrial property's success is due to consistently higher income returns over the period

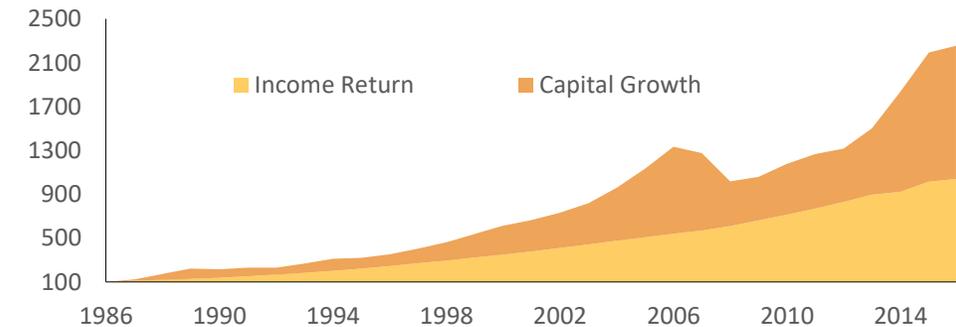
The best performing sector in property over a 30 year period

## Retail, office and industrial sectors total return evolution

Total Return Index (1986=100)



## Industrial sector return evolution



Source: IPD, 2017

Structural shift in the number and range of occupiers needing to operate from MLI units due to changes in communications technology

## The growth of small business

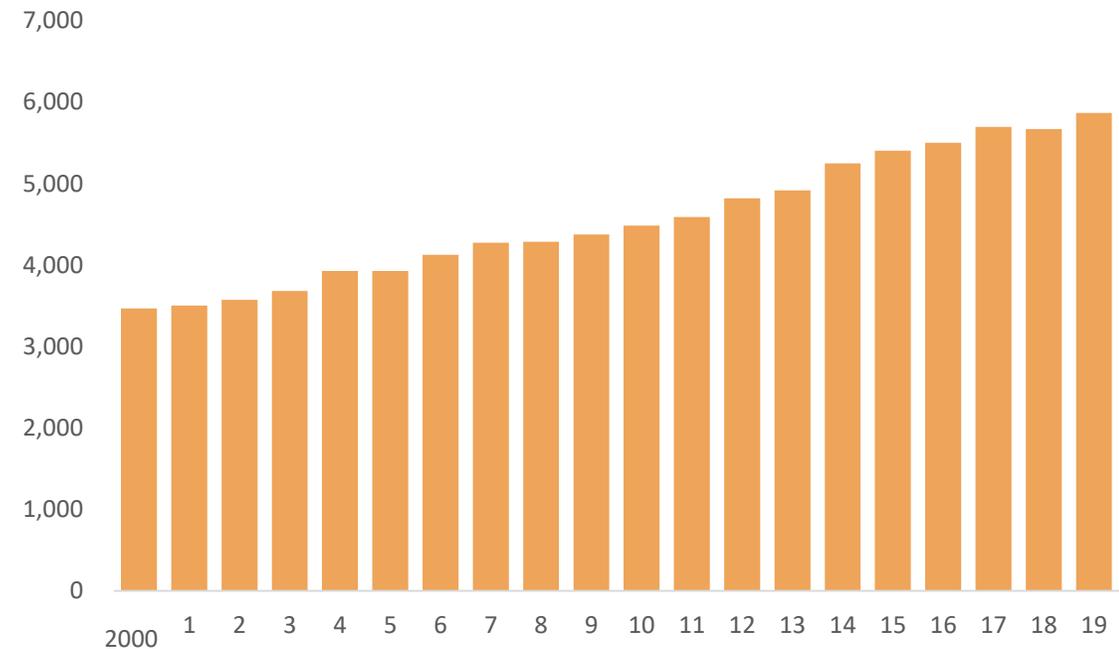
- ▶ The number of private sector businesses in the UK grew by **69%** between 2000 and 2019, and **3.5%** between 2018 and 2019
- ▶ SMEs account for **99%** of private sector businesses
- ▶ UK SMEs annual turnover is **£1.9tn** p.a, reflecting **52%** of all private sector turnover, and employ **16.6m** people (c. **60%** of all private sector employees)

## The move away from traditional asset classes

- ▶ Shift of retailers from shops to industrial/online
- ▶ Light industrial units provide flexible accommodation to sell, manufacture, dispatch and/or store goods, all under a single planning permission
- ▶ Click'n'Collect and Last Mile Distribution Networks are developing in urban areas
- ▶ Communication technology facilitating smaller more flexible independent businesses able to access suppliers, customers and other relationships more easily

### UK private sector businesses

Number of businesses (000s)



Source: Office for National Statistics

# Sector Fundamentals - Demand

A structural shift in long term demand for industrial is occurring

## The future

- ▶ The internet continues to make multi-let industrial accommodation increasingly attractive to a wider range of businesses needing functional working space at affordable rent
- ▶ Industrial efficiency gains and new technologies like 3D printing are enabling companies to start 'on-shoring' activities, driving demand for UK manufacturing which would previously have gone abroad
- ▶ Cultural change driven by technology such as driverless cars, big data and virtual reality will drive demand for flexible space near conurbations which can adapt to changing occupational requirements



Supply constrained and diminishing - Rents need to rise to justify building MLI units

## Build Costs

- ▶ Real building costs up **74%** in the 11 years to 2018, whilst only in the last 3 years or so have industrial rents started to move up having remained largely unchanged for a decade
- ▶ Industrial development accounts for just **15%** of private commercial construction in 2018 vs **30%** in 1997
- ▶ In Stenprop's view it is not economically viable to build small unit multi-let estates until rents increase by around **50%** in most regional UK markets
- ▶ Build costs are likely to remain high as there is little ability to financially engineer the design to reduce costs

**74%**

Real build cost increase between 2007 and 2018

**£138 psf**

Replacement cost of Industrials portfolio

**c. £1.1m**

Average UK consented vacant residential land value per acre (excluding Greater London)

**c. £900k**

Average purchase cost per acre of the Stenprop MLI portfolio

## Land Availability

- ▶ There is little land available in the UK in and around urban areas
- ▶ Most land supply is likely to be allocated to residential uses, or wider employment uses with higher development end values (such as office or single-let industrial units)
- ▶ Approximately 40% of our existing estates (107 acres) are directly adjacent to existing residential properties
- ▶ MLI supply is inelastic

**c. £8.00 psf**

Estimated rent required to justify new MLI development

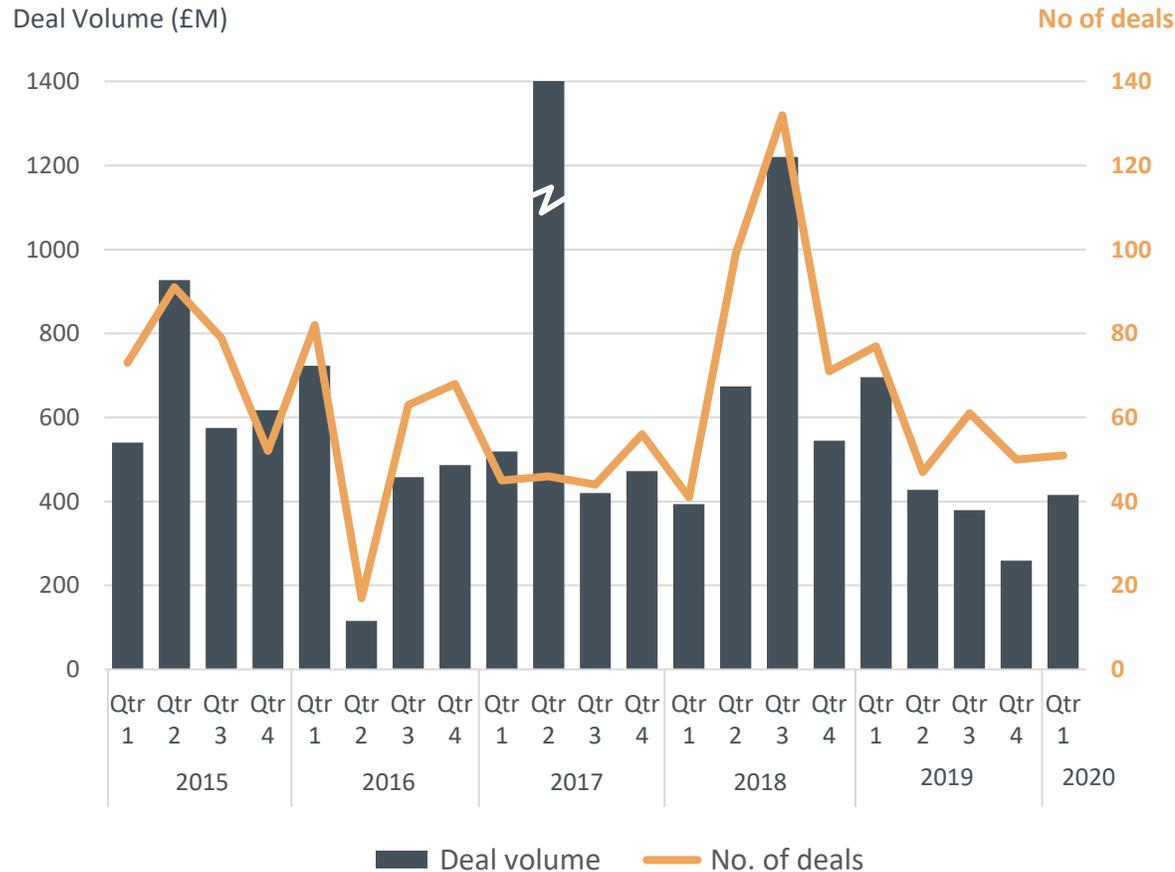
vs

**£5.27 psf**

Average passing rent on our MLI portfolio

# The MLI Market and Acquisition Criteria

## Multi-let Industrial Deal Flow



## Acquisition criteria

- ▶ Purpose-built industrial accommodation
- ▶ Multi tenanted income profile
- ▶ Located within or close to areas of high population density
- ▶ Accessible locations
- ▶ Areas of strong economic activity
- ▶ Acquisition below replacement cost value

Acquisition target of c. £100m p.a. enables disciplined investment

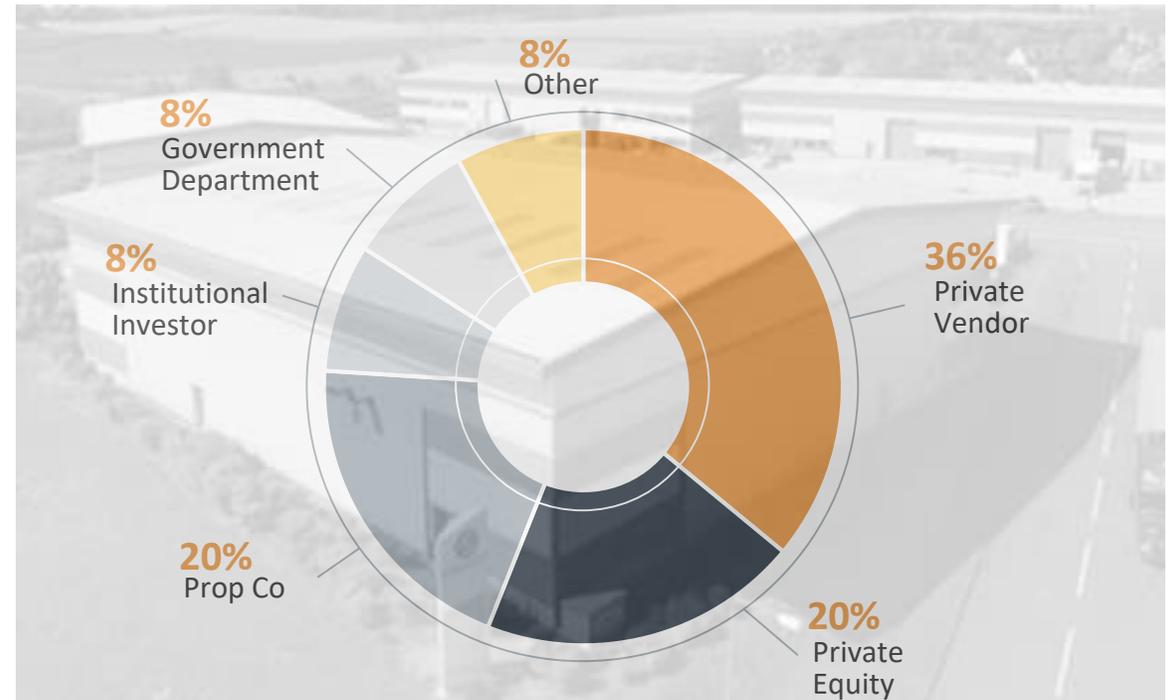
# Attractive Value In A Fragmented Market Place

## Acquisition Stats

Acquisitions since initial £127m portfolio

Acquisition purchase price (net)	£164 m
NIY	6.8%
Cap Val psf	£59 psf
Current valuation of these assets (net)	£174m

## Vendor Type



## Investment Criteria

- ▶ Purpose-built industrial accommodation
- ▶ Multi-tenanted income profile
- ▶ Located within or in close proximity to areas of high population
- ▶ Locations with strong infrastructure and high economic activity
- ▶ Acquisition cost below replacement cost

# The MLI Opportunity

## Supply

MLI supply is static/diminishing due to high build costs (relative to rents) and limited land availability

## Demand

Structural change in demand for small business units driven by technology and the internet

## Rental Growth

Supply/demand imbalance resulting in strong annual rental growth

## Asset Pricing

Current marketing pricing for existing MLI investments is c. 50-60% of replacement cost value

## Platform

Opportunity to increase efficiency and revenue by using emerging technology, scale and the serviced model



Appendix 4

Shareholder  
Profile

# Share Information

## Current share metrics

Diluted EPRA NAV / share

**139p**

(as at 31 March 2020)

Current share price

**107p**

(as at 05 June 2020)

Annualised dividend yield  
on share price

**6.3%**

Annualised earnings yield  
on share price

**6.4%**

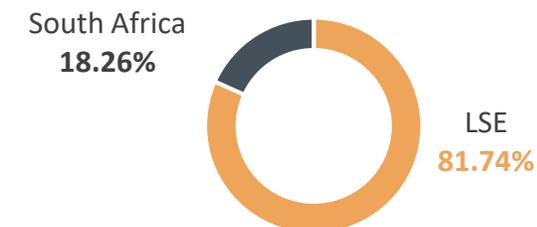
## Top 12 Shareholders as at 31 May 2020

	% Holding
Directors	8.33
Thames River Capital	7.79
Investec Wealth & Investment	5.15
Zarclear Holdings Limited (listed on JSE)	4.88
Lombard Odier Darier Hentsch	4.63
Public Investment Corporation (PIC)	4.18
Aberdeen Standard	3.17
36ONE Asset Management	3.02
Sesfikile Capital	2.45
Stenham Asset Management	2.33
Credo Capital	2.31
Nedbank Private Wealth	1.95
<b>Total</b>	<b>50.19</b>

## Trading volumes

	Monthly average trade	Daily average trade
LSE	7,825,833	371,186
JSE	1,830,459	86,620
<b>Total</b>	<b>9,656,292</b>	<b>458,006</b>

## Stock Exchange Split



## Shareholders by region



No. of shareholders: 1,775



Appendix 5

Environmental,  
Social &  
Governance

## Sustainability

- ▶ Installed/Acquired solar panels at five of our MLI estates, continuing to assess further opportunities
- ▶ Continue to assess and upgrade our units to enhance their EPC ratings
- ▶ Seeking to introduce sustainable activities across the business where possible, for example the adoption of Docusign for our Smart lease roll out

In the process of engaging a specialist sustainability consultant to assist putting in place a formal sustainability strategy and road map

## Social

- ▶ Raised over £19,000 for our main charity Demelza last year
- ▶ Our selected charity this year is Brain Tumour Research for which we are targeting a £20,000 fund raise
- ▶ Strong focus on staff well-being through communication, flexible working and creation of a support and learning culture

## Appendix 6

## Organisation Structure



## Board of Directors

### Executive Directors

<b>Paul Arenson</b> Chief Executive Officer	<b>James Beaumont</b> Chief Financial Officer	<b>Julian Carey</b> Executive Property Director
--	--	--

### Non-Executive Directors

<b>Richard Grant</b> Independent Non-Executive Chairman	<b>Phil Holland</b> Independent Non-Executive Director	<b>Patsy Watson</b> Non-Executive Director	<b>Paul Miller</b> Senior Independent Non-Executive Director	<b>Warren Lawlor</b> Non-Executive Director
--	---	---	---	--

### Committees

<ul style="list-style-type: none"><li>▶ Audit &amp; Risk</li><li>▶ Nominations (chairman)</li><li>▶ Remuneration</li><li>▶ Social &amp; Ethics</li></ul>	<ul style="list-style-type: none"><li>▶ Audit &amp; Risk (chairman)</li><li>▶ Nominations</li><li>▶ Remuneration</li><li>▶ Social &amp; Ethics (chairman)</li></ul>	<ul style="list-style-type: none"><li>▶ Nominations</li></ul>	<ul style="list-style-type: none"><li>▶ Audit &amp; Risk</li><li>▶ Nominations</li><li>▶ Remuneration (chairman)</li></ul>	<ul style="list-style-type: none"><li>▶ Remuneration</li></ul>
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## Senior Executives

### Asset Management

<b>Simon Ross</b> Department Head
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### Investments

<b>Will Lutton</b> Department Head
---------------------------------------

### Finance and Analysis

<b>Mike Handley</b> Department Head
--

### Debt and Special Projects

<b>James Wakelin</b> Department Head
---

### Legal, Compliance and HR

<b>Sarah Bellilchi</b> Department Head
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STENPROP

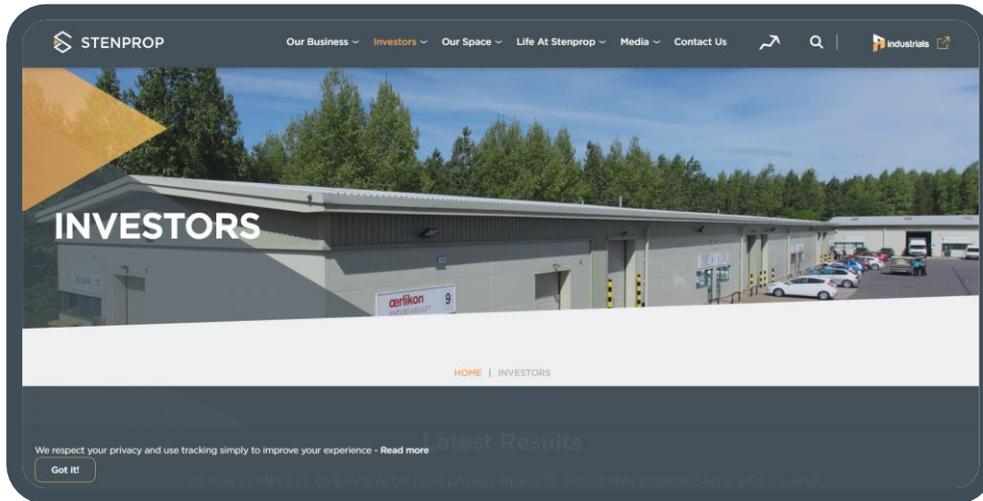
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Chief Financial Officer



**Julian Carey**  
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