

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the three months ended 30 June 2015

## Stenprop Limited

(Incorporated in Bermuda)

(Registration number 47031)

BSX share code: STPBH JSE share code: STP ISIN: BMG8465Y1093

("Stenprop" or "the Company" or "the Group")

*Stenprop Limited, a Bermuda company which holds a primary listing on the Bermuda Stock Exchange and a secondary listing on the Alternative Exchange of the Johannesburg Stock Exchange ("JSE"), today announces its results for the three months ended 30 June 2015.*

*The Company is required to publish financial results for the three months ended 30 June 2015 in terms of the rules of the Bermuda Stock Exchange ("BSX"). Accordingly, this announcement presents the unaudited condensed consolidated financial results of the Group in respect of the financial period from 1 April 2015 to 30 June 2015 in a form compliant with the requirements of the BSX.*

## Financial review

### Earnings

The basic earnings attributable to ordinary shareholders for the three month period to 30 June 2015 are €7,098,805. This equates to a diluted EPS of 2.60 cents. The headline earnings are €8,306,922 equating to a diluted headline EPS of 3.04 cents.

In accordance with reporting standards widely adopted across the real estate industry in Europe, the board of directors feels it is appropriate and useful, in addition to providing the IFRS disclosed earnings, to also disclose EPRA\* earnings.

Adjusted EPRA earnings attributable to shareholders are €6,967,239, equating to a diluted adjusted EPRA EPS of 2.55 cents.

Stenprop intends to declare an interim dividend in December 2015 relating to the six months to 30 September 2015. It expects this dividend to be 4.2 cents per share.

### Prospects

As announced on the JSE News Service in the Forecast Financial Information announcement published on 14 August 2015, the Group expects adjusted diluted EPRA earnings per share for the year ended 31 March 2016 of 10.32 cents. The Group expects to make two distributions during the current financial year totalling 8.5 cents per share.

Stenprop intends to migrate to the Main Board of the JSE in the third quarter of the current financial year.

\* European Public Real Estate Association.

## Net assets

The basic and diluted IFRS NAV per share at 30 June 2015 is €1.61 and €1.60 respectively. The basic and diluted EPRA NAV per share is €1.66.

The Group's investment properties are stated at their 31 March 2015 valuations. The period end balance sheet includes investment properties of €709.0 million and investments in associates and joint ventures of €76.8 million. Loan obligations outstanding, net of capitalised loan transaction costs, were €374.0 million.

## Acquisitions

On 20 May 2015, the Group acquired a 50% interest in Regent Arcade House Holdings Limited ("RAHHL"), which owns the property known as 25 Argyll Street. The acquisition cost of this interest was £18.9 million which was based on a valuation of the property of £75 million. RAHHL refinanced the property with an interest only bank loan of £37.5 million at an all-in rate of 2.974% per annum, with a term of five years.

The acquisition of a retail centre known as Hermann Quartier for a purchase price of €22.7 million completed on 24 August 2015. The property is on a high street location of Berlin's central suburb of Neukölln with excellent public transport links, including an underground station inside the shopping centre. The acquisition was financed 50% by debt at an all-in interest rate of 1.42% per annum. The return on equity on this investment is expected to exceed 7% per annum at inception.

The purchase of the Victoria retail centre for €20.6 million was notarised on 18 June 2015 and is expected to complete later in September. The property is located in the Lichtenberg district of Berlin, approximately 15 minutes by underground from the city centre. The property is anchored by Kaufland (a hypermarket chain) on a 17 year lease. Based on indicative five-year swap rates, the return on equity on this investment is expected to achieve circa. 8% per annum at inception.

## Refinancing

On 8 May 2015, the Group refinanced the property known as Euston House on favourable terms with a five year loan to May 2020. The new facility of £27,540,000 is interest only. A five year interest rate swap agreement was entered into to fix the interest rate at an all-in rate of 3.02% per annum (previous facility: 4.54%). The Group incurred costs of £413,000 to break the former swap agreement.

On 29 May 2015, the Group extended the existing bank loan (which was due to expire in March 2016), on the property known as Pilgrim Street on favourable terms until March 2019. With effect from signature, the loan became interest only. An interest rate swap agreement was entered into to fix the interest rate for the period from the prior termination date, being 23 March 2016, until the new termination date, at an all-in rate of 2.90% per annum. An existing swap agreement results in an all-in rate of 4.11% until 23 March 2016. The previous all-in rate on the loan was 4.96%.

## Dividends

On 11 June 2015, the Company announced a final distribution of 4.2 cents per share in respect of the year ended 31 March 2015 and offered shareholders the option to receive in respect of all or a part of their Stenprop shareholding either a scrip dividend by way of an issue of new Stenprop shares (of the same class as existing shares) credited as fully paid up, or a cash dividend. On 13 July 2015, the Company announced a 29.48% take up of the scrip dividend by shareholders, for which 2,257,894 new Stenprop shares have been issued at an issue price of €1.52142 per share.

## Condensed consolidated statement of comprehensive income

	Note	Unaudited for the three months ended 30/6/2015 €	*Restated Unaudited for the three months ended 30/6/2014 €	**Pro forma Unaudited for the three months ended 30/6/2014 €	
Net rental income		9,767,807	855,654	8,190,849	
Management fee income		1,192,294	–	33,525	
Operating costs		(2,820,694)	(188,254)	(1,300,830)	
<b>Net operating income</b>		<b>8,139,407</b>	<b>667,400</b>	<b>6,923,544</b>	
Fair value movement of investment properties		–	–	6,248,324	
Reversal of provision for selling costs		–	–	2,806,229	
Investment in associates		1,034,973	–	580,485	
Investment in joint ventures		599,105	–	554,174	
Impairment of goodwill		–	–	(9,687,000)	
<b>Profit from operations</b>		<b>9,773,485</b>	<b>667,400</b>	<b>7,425,756</b>	
Other gains and losses		–	12,323	11,641	
Net gain from fair value of financial liabilities		563,730	–	106,891	
Net finance costs		(2,756,874)	(142,053)	(2,525,391)	
Net foreign exchange gain		67,639	–	–	
<b>Profit for the period before taxation</b>		<b>7,647,980</b>	<b>537,670</b>	<b>5,018,897</b>	
Taxation		(501,513)	(80,724)	(386,957)	
<b>Profit for the period after taxation</b>		<b>7,146,467</b>	<b>456,946</b>	<b>4,631,940</b>	
<b>Profit attributable to:</b>					
Equity holders		7,098,805	456,946	4,594,619	
Non-controlling interest		47,662	–	37,321	
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss					
Fair value movement on interest rate swaps		853,308	39,838	6,714	
Foreign currency translation reserve		8,524,597	679,735	1,323,921	
<b>Total comprehensive profit for the period</b>		<b>16,524,372</b>	<b>1,176,519</b>	<b>5,962,575</b>	
<b>Total comprehensive profit attributable to:</b>					
Equity holders		16,476,710	1,176,519	5,949,951	
Non-controlling interest		47,662	–	12,624	
<b>Earnings per share</b>					
IFRS EPS	(cents)	2	<b>2.61</b>	<b>2.86</b>	<b>1.85</b>
Diluted IFRS EPS	(cents)	2	<b>2.60</b>	<b>2.86</b>	<b>1.85</b>
EPRA EPS	(cents)	2	<b>2.37</b>	<b>2.86</b>	<b>2.20</b>
Diluted EPRA EPS	(cents)	2	<b>2.37</b>	<b>2.86</b>	<b>2.20</b>
Adjusted EPRA EPS	(cents)	2	<b>2.56</b>	<b>2.86</b>	<b>2.45</b>
Diluted adjusted EPRA EPS	(cents)	2	<b>2.55</b>	<b>2.86</b>	<b>2.45</b>

\* The comparatives have been restated to reflect the change in presentational currency. See note 1.

\*\* Readers are referred to note 1 where the basis of preparation of the comparative pro forma information is explained.

## Condensed consolidated statement of financial position

	Note	Unaudited as at 30/6/2015 €	Audited as at 31/3/2015 €
<b>ASSETS</b>			
Investment properties		708,987,939	695,196,554
Investment in associates		40,952,144	39,651,808
Investment in joint ventures		35,886,843	8,505,605
Property, plant and equipment		906	1,805
Derivative financial instruments		495,865	–
<b>Total non-current assets</b>		<b>786,323,697</b>	<b>743,355,772</b>
<b>Current assets</b>			
Cash		64,420,003	80,430,326
Accounts receivable		1,471,718	2,633,857
Other debtors		10,210,946	3,910,244
Prepayments		1,637,137	1,518,633
<b>Total current assets</b>		<b>77,739,804</b>	<b>88,493,060</b>
<b>Total assets</b>		<b>864,063,501</b>	<b>831,848,832</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	4	349	342
Share premium	4	381,601,025	374,126,562
Equity reserve		303,190	–
Retained earnings		33,006,736	37,561,379
Foreign currency translation reserve		30,667,933	22,143,336
Cash flow hedge reserve		334,444	(518,864)
<b>Total equity attributable to equity shareholders</b>		<b>445,913,677</b>	<b>433,312,755</b>
<b>Non-controlling interest</b>		<b>1,862,499</b>	<b>1,814,837</b>
<b>Total equity</b>		<b>447,776,176</b>	<b>435,127,592</b>
<b>Non-current liabilities</b>			
Bank loans		362,585,582	296,872,794
Derivative financial instruments		3,959,355	5,108,197
Other loan and interest		24,583	22,843
Deferred tax		7,627,145	7,230,161
<b>Total non-current liabilities</b>		<b>374,196,665</b>	<b>309,233,995</b>
<b>Current liabilities</b>			
Bank loans		11,446,956	68,057,714
Derivative financial instruments		1,030,189	1,272,534
Accounts payable and accruals		29,613,515	18,156,997
<b>Total current liabilities</b>		<b>42,090,660</b>	<b>87,487,245</b>
<b>Total liabilities</b>		<b>416,287,325</b>	<b>396,721,240</b>
<b>Total equity and liabilities</b>		<b>864,063,501</b>	<b>831,848,832</b>
IFRS net asset value per share	3	1.61	1.59
EPRA net asset value per share	3	1.66	1.65

## Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Equity reserve €	Retained earnings €	Foreign translation reserve €	Cash flow hedge reserve €	Attributable to equity shareholders €	Non-controlling interest €	Total equity €
Balance at 1 April 2015	342	374,126,562	–	37,561,379	22,143,336	(518,864)	433,312,755	1,814,837	435,127,592
Issue of share capital	7	7,474,463	(25,444)	–	–	–	7,449,026	–	7,449,026
Credit to equity for equity-settled share based payments	–	–	328,634	–	–	–	328,634	–	328,634
Total comprehensive profit for the period	–	–	–	7,098,805	8,524,597	853,308	16,476,710	47,662	16,524,372
Ordinary dividends	–	–	–	(11,653,448)	–	–	(11,653,448)	–	(11,653,448)
<b>Balance at 30 June 2015</b>	<b>349</b>	<b>381,601,025</b>	<b>303,190</b>	<b>33,006,736</b>	<b>30,667,933</b>	<b>334,444</b>	<b>445,913,677</b>	<b>1,862,499</b>	<b>447,776,176</b>
	Share capital €	Share premium €	Equity reserve €	Retained earnings €	Foreign translation reserve €	Cash flow hedge reserve €	Attributable to equity shareholders €	Non-controlling interest €	Total equity €
Balance at 1 April 2014	19	21,131,499	–	(37,425)	–	4,501	21,098,594	–	21,098,594
Total comprehensive profit for the period	–	–	–	456,946	679,735	39,838	1,176,519	–	1,176,519
<b>Balance at 30 June 2014</b>	<b>19</b>	<b>21,131,499</b>	<b>–</b>	<b>419,521</b>	<b>679,735</b>	<b>44,339</b>	<b>22,275,113</b>	<b>–</b>	<b>22,275,113</b>

## Condensed consolidated statement of cash flows

	Unaudited for the three months ended 30/6/2015 €	*Restated Unaudited for the three months ended 30/6/2014 €
<b>Operating activities</b>		
Profit from operations	9,773,485	667,400
Share of profit in associates	(1,034,973)	–
Increase in fair value of joint venture	(599,105)	–
Exchange rate gains	67,639	–
Decrease in trade and other receivables	783,032	68,330
Increase/(decrease) in trade and other payables	501,917	(149,429)
Interest paid	(2,713,031)	(112,053)
Interest received	7,900	34
Net tax received	48,229	–
<b>Net cash from operating activities</b>	<b>6,835,093</b>	<b>474,282</b>
<b>Investing activities</b>		
Dividends received from trading activities	–	7,384
Dividends received from associates	617,423	–
Acquisition of investment in a joint venture	(26,782,133)	–
<b>Net cash (used in)/from investing activities</b>	<b>(26,164,710)</b>	<b>7,384</b>
<b>Financing activities</b>		
Repayment of borrowings	(35,401,162)	–
Financing fees paid	(740,095)	(54,048)
Unutilised facility fee paid	–	(15,744)
Payments made on swap break	(571,216)	–
New bank loans raised	39,018,672	–
<b>Net cash from/(used in) financing activities</b>	<b>2,306,199</b>	<b>(69,792)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,023,418)</b>	<b>411,874</b>
Effect of foreign exchange rate changes	1,013,095	53,827
Cash and cash equivalents at beginning of the period	80,430,326	1,670,754
<b>Cash and cash equivalents at end of the period</b>	<b>64,420,003</b>	<b>2,136,455</b>

\* The comparatives have been restated to reflect the change in presentational currency. See note 1.

## Notes to the unaudited condensed consolidated financial results

### 1. Basis of preparation

These unaudited condensed consolidated financial results (the "IFRS Statements") for the three months ended 30 June 2015 have been prepared in accordance with the recognition and measurements principles of the International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). The accounting policies and methods of computation are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2015 which were audited and reported on by the Group's external auditors. Readers are referred to the published Annual Results for the year ended 31 March 2015 which contain further detail including details regarding events subsequent to that reporting date.

The condensed consolidated financial results prepared in accordance with IFRS and the *pro forma* statement of comprehensive income have not been reviewed or reported on by the Group's external auditors. They have been prepared by, and are the responsibility of the directors of Stenprop who approved the report on 9 September 2015.

#### Comparative *pro forma*

In the interests of consistency in those areas of reporting that are seen to be of most relevance to investors, and of providing a meaningful basis of comparison for users of the financial information, the Group has prepared for the comparative period an unaudited *pro forma* statement of comprehensive income for the three months ended 30 June 2014.

The main difference between the comparative *pro forma* statement of comprehensive income and the comparative IFRS statements is that the comparative *pro forma* statement of comprehensive income has been prepared as if completion of the acquisition of the property owning companies had taken place on 1 April 2014, which was the effective date on which risk and reward passed to Stenprop in the purchase of the various property companies, while the comparative IFRS statements use the completion date of the acquisition (date that control passes), being 2 October 2014, to account for these investments.

The comparative *pro forma* statement of comprehensive income therefore separately shows trading profits, property revaluations and other adjustments for the three months ended 30 June 2014. This has been calculated by halving the *pro forma* unaudited results for the six month period to 2 October 2014, as disclosed in the 2014 Interim Results. In addition, the comparative *pro forma* statement of comprehensive income discloses the notional goodwill arising on the purchase of the management companies, the gain arising on the purchase of the property companies (which under IFRS is treated as one linked transaction), and the recognition of the amount of the deferred consideration which is reasonably expected to become payable.

#### Comparative presentational currency

The functional currency of the Group is the Euro and all amounts referred to in this announcement are, unless otherwise stated, in Euros. The change from GBP to Euro was implemented with effect from 1 October 2014 as from this date the Euro was considered to be the currency which best reflects the primary economic environment in which the Group operates. All prior period comparatives have been restated at a rate of £1:€1.2492 being the exchange rate prevailing at 30 June 2014. For the purposes of changing the currency denomination of the share capital of the Company, a GBP:EUR exchange rate of £1:1.2102 was used at 31 March 2014.

## 2. Earnings per ordinary share

	Unaudited for the three months ended 30/6/2015 €	*Restated Unaudited for the three months ended 30/6/2014 €	**Pro forma Unaudited for the three months ended 30/6/2014 €
<b>Reconciliation of profit for the period to adjusted EPRA earnings</b>			
<b>Earnings per IFRS income statement attributable to shareholders</b>	<b>7,098,805</b>	<b>456,946</b>	<b>4,594,619</b>
<i>Adjustments to calculate EPRA earnings, exclude:</i>			
Changes in fair value of investment properties	–	–	(6,248,324)
Reversal of provision for selling costs	–	–	(2,806,229)
Reversal of impairment of goodwill	–	–	9,687,000
Changes in fair value of financial instruments	(563,730)	–	(106,891)
Deferred tax in respect of EPRA adjustments	354,809	–	286,775
<i>Adjustments above in respect of joint ventures and associates:</i>			
Changes in fair value	(503,143)	–	72,888
Deferred tax in respect of EPRA adjustments	75,471	–	(10,933)
<b>EPRA earnings attributable to shareholders</b>	<b>6,462,212</b>	<b>456,946</b>	<b>5,468,905</b>
<i>Further adjustments to arrive at Adjusted EPRA earnings</i>			
Straight-line unwind of purchase swaps	505,027	–	636,421
<b>Adjusted earnings attributable to shareholders</b>	<b>6,967,239</b>	<b>456,946</b>	<b>6,105,326</b>
<b>Weighted average number of shares in issue</b>	<b>272,236,146</b>	<b>15,986,003</b>	<b>248,902,812</b>
Share-based payment awards	649,829	–	–
<b>Diluted weighted average number of shares in issue</b>	<b>272,885,975</b>	<b>15,986,003</b>	<b>248,902,812</b>
<b>Earnings per share</b>			
IFRS EPS	(cents) 2.61	2.86	1.85
Diluted IFRS EPS	(cents) 2.60	2.86	1.85
EPRA EPS	(cents) 2.37	2.86	2.20
Diluted EPRA EPS	(cents) 2.37	2.86	2.20
Adjusted EPRA EPS	(cents) 2.56	2.86	2.45
Diluted adjusted EPRA EPS	(cents) 2.55	2.86	2.45

### Straight-line unwind of purchase swaps

A further adjustment was made to the EPRA earnings attributable to shareholders and relates to the straight-line unwind of the value as at 1 April 2014 of the swap contracts in the property companies acquired. When the property companies were acquired by Stenprop with effect from 1 April 2014, it also acquired the bank loans and swap contracts which were in place within these property companies. As a result, Stenprop took over loans with higher swap interest rates than would have been the case had new loans and swaps been put in place at 1 April 2014. To compensate for this, the value of the swap break costs was calculated at 1 April 2014 and the purchase consideration for the property companies was reduced accordingly to reflect this liability.



## 2. Earnings per ordinary share continued

	Unaudited for the three months ended 30/6/2015 €	*Restated Unaudited for the three months ended 30/6/2014 €	**Pro forma Unaudited for the three months ended 30/6/2014 €
<b>Reconciliation of profit for the period to headline earnings</b>			
<b>Earnings per IFRS income statement attributable to shareholders</b>	<b>7,098,805</b>	<b>456,946</b>	<b>4,594,619</b>
<i>Adjustments to calculate headline earnings, exclude:</i>			
Changes in fair value of investment properties	–	–	(6,248,324)
Reversal of provision for selling costs	–	–	(2,806,229)
Reversal of gain on acquisition	–	–	9,687,000
Changes in fair value of financial instruments	853,308	39,838	6,714
Deferred tax in respect of headline earnings adjustments	354,809	–	286,775
<i>Adjustments above in respect of joint ventures and associates:</i>			
Changes in value of investment properties	–	–	72,888
Deferred tax	–	–	(10,933)
<b>Headline earnings attributable to shareholders</b>	<b>8,306,922</b>	<b>496,784</b>	<b>5,582,510</b>
<b>Earnings per share</b>			
Headline EPS (cents)	3.05	3.11	2.24
Diluted headline EPS (cents)	3.04	3.11	2.24

\* The comparatives have been restated to reflect the change in presentational currency. See note 1.

\*\* Readers are referred to note 1 where the basis of preparation of the pro forma information is explained.

## 3. Net asset value per ordinary share

	Unaudited 30/6/2015 €	Audited 31/3/2015 €
<b>Net asset value per share</b>		
<b>Net assets attributable to equity shareholders</b>	<b>445,913,677</b>	<b>433,312,755</b>
<i>Adjustments to arrive at EPRA net asset value:</i>		
Derivative financial instruments	4,493,679	6,380,731
Deferred tax	7,627,145	7,230,161
Adjustments above in respect of non-controlling interests	2,401,412	2,504,354
<b>EPRA net assets attributable to shareholders</b>	<b>460,435,913</b>	<b>449,428,001</b>
<b>Number of shares in issue</b>		
Share-based payment awards	649,829	291,563
<b>Diluted number of shares in issue</b>	<b>278,112,877</b>	<b>272,527,709</b>
<b>Net asset value per share</b>		
IFRS net asset value per share (cents)	<b>1.61</b>	1.59
Diluted IFRS net asset value per share (cents)	<b>1.60</b>	1.59
EPRA net asset value per share (cents)	<b>1.66</b>	1.65
Diluted EPRA net asset value per share (cents)	<b>1.66</b>	1.65

#### 4. Share capital

	Unaudited as at 30/6/2015 €	Audited as at 31/3/2015 €
	<b>Authorised</b>	
1,000,000,000 ordinary shares with a par value of €0.000001258 each	1 258	1 258
	<b>Unaudited for the three months ended 30/6/2015</b>	<b>Audited for the year ended 31/3/2015</b>
<b>Issued share capital</b>		
Opening balance	272,236,146	15,986,003
Issue of new shares	5,226,902	256,250,143
<b>Closing number of shares issued</b>	<b>277,463,048</b>	<b>272,236,146</b>
<b>Share capital</b>	(€) <b>349</b>	<b>342</b>
Share premium	(€) 384,459,860	376,985,397
Less: Acquisition/transaction costs	(€) (2,858,835)	(2,858,835)
<b>Total share premium</b>	(€) <b>381,601,025</b>	<b>374,126,562</b>

There were no changes made to the number of authorised shares of the Company during the period under review. Stenprop has one class of share; all shares rank equally and are fully paid.

The Company had 277,463,048 (March 2015: 272,236,146) ordinary shares in issue at the reporting date which have a primary listing on BSX and a secondary listing on JSE. On 30 June 2015, 5,209,109 and 17,793 new ordinary shares were issued on the BSX and JSE at an issue price of €1.43 per share in respect of the Share Purchase Plan and Deferred Share Bonus Plan respectively.

#### 5. Events after the reporting period

The acquisition of a retail centre known as Hermann Quartier for a purchase price of €22.7 million completed on 24 August 2015. The property is on a high street location of Berlin's central suburb of Neukölln with excellent public transport links, including an underground station inside the shopping centre. Based on indicative five-year swap rates, the return on equity on this investment is expected to exceed 7% per annum at inception.

On 11 June 2015, the Company announced a final distribution of 4.2 Euro cents per share in respect of the year ended 31 March 2015 and offered shareholders the option to receive in respect of all or a part of their Stenprop shareholding either a scrip dividend by way of an issue of new Stenprop shares (of the same class as existing shares) credited as fully paid up, or a cash dividend. On 13 July 2015, the Company announced a 29.48% take up of the scrip dividend by shareholders, for which 2,257,894 new Stenprop shares have been issued at an issue price of €1.52142 per share, resulting in the number of shares in issue, at the date of this announcement, being 279,720,942.

Stenprop has a primary listing on the Bermuda Stock Exchange and a secondary listing on the Alternative Exchange of the Johannesburg Stock Exchange.

Date: 10 September 2015

**South African corporate advisor and JSE sponsor**



**BSX sponsor**

Appleby Securities (Bermuda) Limited

**STENPROP**