STENPROP

HALF YEARLY REPORT 2016

Stenprop Limited ('Stenprop' or 'the Company' or 'the Group') is a European property investment group focused on cultivating a diversified portfolio of quality investment properties delivering sustainable earnings, distributions and capital growth to stakeholders. Our existing portfolio is focused primarily in major cities in the UK, Germany and Switzerland with an emphasis on commercial and retail assets. Stenprop has a primary listing on the Johannesburg Stock Exchange ('JSE') and a secondary listing on the Bermuda Stock Exchange ('BSX').

(Incorporated in Bermuda) (Registration number: 47031) BSX share code: STP.BH JSE share code: STP ISIN: BMG8465Y1093

Contents

Highlights

€1.54 diluted EPRA* NAV **per share**	5.32 cents diluted adjusted **EPRA earnings** per share	3.0% increase on the diluted adjusted **EPRA EPS** at 30 September 2015	4.5 cents interim dividend **per share** declared	7.1% increase in half-year dividend **per share** against prior year

- Declaration of interim dividend on 23 November 2016 of 4.5 cents per share for the six months ended 30 September 2016, payable on 20 January 2017, representing a 7.1% increase on the prior year interim dividend
- Based on a projected full year dividend of 9.00 cents per share, a dividend yield of 7.4% on the share price of €1.22^ at 21 November 2016, or 5.8% on the diluted EPRA NAV of €1.54 at 30 September 2016
- A diluted adjusted EPRA EPS of 5.32 cents for the period ended 30 September 2016, representing a 3.0% increase on the diluted adjusted EPRA EPS at 30 September 2015. IFRS loss per share was 1.95 cents (2015 EPS: 9.88 cents profit) and headline earnings were 5.80 cents per share (2015: 4.89 cents)
- Diluted EPRA net asset value per share of €1.54, a decrease of 7.8% since the year end, primarily due to the downward pressure on Sterling. Diluted IFRS net asset value per share was €1.48 per share (2015: €1.62)
- Stenprop repurchased 1,356,567 of its own shares for €1.8 million between 28 June and 11 July 2016 at an average price of €1.29 (excluding the final dividend of 4.7 cents).
- Subsequent to the period end, and with effect from 3 October 2016, Stenprop moved its listing on the Bermuda Stock Exchange from a primary listing to a secondary listing

Foreign exchange rates in period
Average foreign exchange rates in period: £1.00:€1.223; CHF1.00:€0.9153 (2015: £1.00:€1.389; CHF1.00:€0.947)
Period end foreign exchange rates: £1.00:€1.157; CHF1.00:€0.921 (2015: £1.00:€1.349; CHF1.00:€0.915)
* 'EPRA' means European Public Real Estate Association. 'EPS' means earnings per share.
^ JSE closing price on 21 November 2016 was ZAR18.40. ZAR:EUR rate at the same date was 15.1225:1

Commentary

In a half year overshadowed by uncertainty caused by the Brexit vote in the United Kingdom, Stenprop is particularly pleased to announce strong interim results for the six months ended 30 September 2016.

Investment strategy

Stenprop continues to focus on property investment in the United Kingdom and Germany with an emphasis on commercial and retail assets. Its objective is to cultivate a diversified portfolio of investment properties delivering sustainable and growing earnings, distributions and capital growth to shareholders. It does not generally pursue development exposure other than value add asset management and related development of existing assets to protect and improve capital values. Current policy is to distribute 85% of its diluted adjusted EPRA earnings which are available for distribution on a bi-annual basis.

Business review

Portfolio summary

As at 30 September 2016, including assets held for sale, the Company's real estate portfolio comprised an interest in 55 properties valued at €839.8 million, with 40% in the United Kingdom, 42% in Germany and 18% in Switzerland (by value). The portfolio, which has a gross lettable area of approximately 254,100[1] m^2 and gross annual rent of €50.9 million[1], is predominantly in the office and retail sectors which account for 50% and 38% of rental income respectively.

Top six properties by value as at 30 September 2016

Property	Market value (€ million)	Ownership interest %	Stenprop share of market value (€ million)	Sector	Lettable area (m^2)	Annualised gross rental (Stenprop share) (€ million)	Weighted average unexpired lease term (years)
Bleichenhof, Hamburg	123.8	94.9	117.5	Mixed use	20,067	5.6	5.0
Pilgrim Street, London	90.2	100	90.2	Office	9,706	5.1	4.7
Euston House, London	86.8	100	86.8	Office	10,103	4.4	5.6
Trafalgar Court, Guernsey	72.3	100	72.3	Office	10,565	4.9	10.6
Nova Eventis, Leipzig	218.8	28.4	62.2	Retail	96,387	5.2	5.3
Argyll Street, London	93.4	50.0	46.7	Office	6,008	2.3	2.9
Total	**685.3**	**–**	**475.7**	**–**	**152,836**	**27.5**	**5.9**

These six properties account for 57% of the total portfolio asset value. The value of the three Central London properties accounts for 27% of the total portfolio asset value.

[1] *Includes Stenprop's share of the properties held within the associate and joint venture investments.*

Additions and disposals

There were no additions or disposals in the period. On 30 September 2016 the sale of part of the Hermann Quartier property in Berlin was notarised for a sales price of €2.7 million. The sale reflects the execution of management's strategy, adopted when the property was acquired, to dispose of the Burger King annexe adjacent to the property.

Financial review

Earnings

The basic loss attributable to ordinary shareholders for the six month period to 30 September 2016 is €5.5 million (2015 earnings: €27.3 million). This equates to a diluted IFRS loss per share of 1.94 cents (2015 EPS: 9.86 cents). The variance compared to the prior year is almost entirely due to downward property valuation adjustments, which including Stenprop's share of associates and joint ventures, amounted to €22.1 million (2015: €14.5 million uplift) and the impact of the average Sterling exchange rate in force for the period of £1.00:€1.22 (2015: £1.00:€1.39). The headline earnings are €16.5 million (2015: €13.5 million) equating to a diluted headline EPS of 5.78 cents (2015: 4.88 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[2] earnings. Adjusted EPRA earnings attributable to shareholders are €15.2 million (2015: €14.3 million), equating to a diluted adjusted EPRA EPS of 5.32 cents (2015: 5.17 cents). This represents a 3.0% increase on the diluted adjusted EPRA EPS at 30 September 2015.

Management fee income relates to fees earned by the management companies on management and administration services provided to certain managed property syndicates and funds. During the period the Group earned fees relating to the disposal of assets held by managed syndicates of €1.0 million (2015: €0.7 million). Ongoing management fees made up the balance of the management fee income which totalled €2.2 million for the six month period (2015: €1.8 million).

Dividends

On 23 November 2016, the directors declared a dividend of 4.5 cents per share payable on 20 January 2017, relating to the six months to 30 September 2016. This interim dividend will be a cash dividend and reflects the directors' intention to maintain the historic payout ratio of at least 85% of diluted adjusted EPRA EPS. An announcement containing details of the dividend and the timetable will be made separately.

On 8 June 2016, the directors declared a final cash dividend of 4.7 cents per share in respect of the year ended 31 March 2016. The final dividend was paid on 29 July 2016.

Share repurchases

Towards the end of June 2016 the Company began a limited programme of share repurchases and during the period the Company repurchased 1,356,567 shares for an aggregate purchase price of €1.8 million. The combined average price per share of the repurchased shares was €1.337. The shares were purchased with the benefit of the dividend thereby effectively reducing the average price per share to €1.290. All shares repurchased are held as treasury shares.

Net asset value

The IFRS (basic and diluted) net asset value per share at 30 September 2016 was €1.48 (2015: €1.62).

As is the case with regard to the disclosure of EPRA earnings, the directors feel that it is appropriate and useful, in addition to IFRS NAV, to also disclose EPRA NAV[3]. The diluted EPRA NAV per share at 30 September 2016 was €1.54 (2015: €1.67).

The decrease over the period is primarily due to the downward pressure on Sterling following the Brexit vote and is considered further in the 'Foreign exchange' section below.

Foreign exchange

Approximately 45% of Stenprop's net asset value is in Sterling. As such the Sterling:Euro exchange rate has a material impact on reported Euro earnings and net asset values. In broad terms, a 10% decline in Sterling against the Euro will result in an overall 4.5% decline in earnings or net asset value reported in Euros. Euro rates against Sterling at

2 The European Public Real Estate Association ("EPRA") issued Best Practices Policy Recommendations in December 2014, which provide guidelines for performance measures relevant to real estate companies. Their recommended reporting standards are widely applied across this market, aiming to bring consistency and transparency to the sector. The EPRA earnings measure is intended to show the level of recurring earnings from core operational activities with the purpose of highlighting the Group's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. The measure excludes unrealised changes in the value of investment properties, gains or losses on the disposal of properties and other items that do not provide an accurate picture of the Group's underlying operational performance. The measure is considered to accurately capture the long-term strategy of the Group, and is an indication of the sustainability of dividend payments.

3 The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. EPRA NAV is used as a reporting measure to better reflect underlying net asset value attributable to shareholders. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. The EPRA measure thus takes into account the fair value of assets and liabilities as at the balance sheet date, other than fair value adjustments to financial instruments, deferred tax and goodwill. As the Group has adopted fair value accounting for investment property per IAS 40, adjustments to reflect the EPRA NAV include only those relating to the revaluation of financial instruments and deferred tax.

Commentary continued

the start of April 2016 were £1.00:€1.27. Sterling devalued by 8.6% over the 6 month reporting period to £1.00:€1.16. Further downward pressure on Sterling has continued into November. Against these foreign exchange challenges, Stenprop's full year earnings expectations and impact on net asset values have been revisited and are discussed below in the 'Prospects' section.

Stenprop's diversification across the UK, Germany and Switzerland continues to provide a natural spread of currencies. It remains our policy not to hedge currencies and to maintain this multi-currency exposure.

Portfolio valuation

Including the Company's share of associates and joint ventures, its investment properties were valued at €839.8 million (31 March 2016: €891 million), of which €58.6 million were classified as assets held for sale at 30 September 2016 (2015: nil). The valuation of the portfolio decreased by 5.7% primarily as a result of the decline in Sterling. The UK properties have been translated to Euros at a rate of £1.00:€1.16, which is 8.6% lower than the exchange rate of £1.00:€1.27 at 31 March 2016.

United Kingdom

The UK portfolio (excluding Stenprop's share of 25 Argyll Street), was independently valued at £248.0 million, a decrease of 2.40% on the year end valuation of £254.1 million. Given that the UK properties are all fully let with a WAULT of 6.4 years, this decrease in value of the UK assets of £6.1 million (€7.1 million) over the period was primarily as a result of valuers increasing the yield slightly to reflect the increased risks to UK property as a result of Brexit.

Germany

The German portfolio (excluding associates and joint ventures) was independently valued at €252.9 million (31 March 2016: €252.6 million). Included in this portfolio is a fast food restaurant built on the Hermann Quartier property and which has been classified as held for sale at 30 September 2016. The sale of this Burger King restaurant for a sale price of €2.7 million was notarised on 30 September 2016, in line with expectations and book value.

Switzerland

The Swiss portfolio was independently valued at CHF170.7 million, compared to the year end valuation of CHF170.3 million. CHF60.4 million (35%) of the portfolio is represented by the Baar, Vevey, Montreux and Interlaken properties which have been marketed for sale and have been classified as held for sale at the period end. A decision has been taken to sell these more mature assets and rotate the proceeds into other properties more likely to show long term growth in value and earnings.

Joint ventures and associates

The Care Homes portfolio valuation of €33.9 million remains broadly unchanged at the end of the period. The portfolio was valued at €34.2 million as at 31 March 2016.

Stenprop's 50% interest in 25 Argyll Street, a property located in the heart of London's West End, decreased by 1.2% against the 30 March 2016 valuation to £40.35 million, as the impact of the Brexit vote was felt. This was entirely due to the valuers changing the yield rather than a change in rents. The property remains fully let.

Stenprop owns a 28.42% share in a fund called Stenham European Shopping Centre Fund Limited ('SESCF'). SESCF owns a regional shopping centre known as Nova Eventis situated near Leipzig. The directors of SESCF are in the process of selling this asset. Based on the sale negotiations, the directors of SESCF have reduced the value of Nova Eventis by 17.4% from €265 million at year end to €220 million, less selling costs. Stenprop has reduced its valuation of its holding accordingly.

Capital management

The value of the property portfolio as at 30 September 2016, including the Group's share of associate and joint venture properties and assets held for sale, was €839.8 million. Bank debt at the same date was €443.2 million resulting in an average loan to value ratio of 52.8%, compared with the 51.6% reported at year end. Stenprop is targeting an average loan to value ratio of 50%.

The weighted average debt maturity stood at 1.8 years at 30 September 2016 compared with 2.2 years at the year end. Annual amortisation payments since the year end remain broadly unchanged in Germany and Europe but have been reduced in the UK by £0.7 million to nil following the £12.4 million refinancing at Davemount Properties Limited. The all-in contracted weighted average cost of debt dropped to 2.70% from 2.80% at 31 March 2016.

Stenprop's current weighted average debt maturity profile of 1.8 years (31 March 2016: 2.2 years) is as previously reported, temporarily skewed by three large loan structures:

- Swiss debt totalling CHF93.3 million which matures on 31 March 2017. Loans that remain with Stenprop, after anticipated sales of CHF60.4 million discussed below in 'Subsequent events', will be refinanced during the second half of the year on a five-year term. Swiss interest rates are at historically low levels and Stenprop expects to refinance at an all in interest rate of approximately 1.50% per annum. Stenprop has previously been paying approximately 2.75% per annum on its Swiss debt (including an extra 73 basis points due to negative interest rates which have been imposed on the swap contracts). The loans currently have amortisation payments of CHF3.8 million per annum which Stenprop expects to eliminate on refinancing.
- A loan of €84.9 million on the Bleichenhof property in central Hamburg. This loan matures at the end of December 2016. The property is undergoing a refurbishment/repositioning at the rear of the property to take advantage of the marriage value with the large scale redevelopment of the property next door. Discussions are ongoing with the existing lenders who know the asset well and have expressed a desire to enter into a new five year loan agreement. Whilst the directors are confident that the facility will be refinanced, this is subject to uncertainty, and in the event that the loan

is not refinanced, this may result in the property being realised at a value lower than reflected in the statement of financial position.

- The loan on Nova Eventis, which is held as an associate. Stenprop owns a 28.42% interest in this property which was funded with a four year loan which expired in July 2016, and which was extended until 24 January 2017, while the sale process is underway. The loan is at a floating all-in interest rate of 3.2% per annum. The lenders are fully informed of the sale process and are supportive. Should the sale not complete, the directors expect that the loan will be refinanced on favourable terms. This is however, subject to uncertainty and in the event that the loan is not subsequently refinanced, this may result in the property in the associate being realised at a value lower than its current carrying value.

Bermuda Stock Exchange listing and cessation of quarterly reporting

Shareholders were advised on 30 September 2016 that the Bermuda Stock Exchange ('BSX') approved Stenprop's request to move the Company's listing on the BSX from a primary listing to a secondary listing, with effect from 3 October 2016. This transfer does not affect the Company's current listing on the Main Board of the JSE and does not affect the trading of shares on either the JSE or the BSX.

One of the consequences of moving from a primary to a secondary listing on the BSX is that Stenprop will no longer have to publish quarterly results. This change is in line with the financial reporting protocol adopted by most of our peers who are listed on the Johannesburg and / or the London Stock Exchanges, neither of which require quarterly reporting.

A second consequence is that Stenprop is no longer required to have two board members who are resident in Bermuda.

Board appointments and resignations

On 4 April 2016 David Brown resigned from the Board as an independent non-executive director. On the same date Peter Hughes was appointed as an independent non-executive director.

On 14 September 2016 Michael Fienberg resigned as independent non-executive director following a change of his residency. On the same date Paul Miller was appointed as an independent non-executive director and Stephen Ball, currently an independent non-executive director, was appointed as lead independent non-executive director.

On 23 November 2016, the Board accepted the resignations of Peter Hughes and James Keyes. Both were independent non-executive directors and resident in Bermuda.

Subsequent events

As reported above, SESCF is in the process of selling the Nova Eventis Shopping Centre.

As highlighted by the disclosure in the Balance Sheet of 'assets held for sale', Stenprop is in the early stages of a strategy to dispose of selected Swiss properties, currently valued at CHF60.4 million. The sales process at the date of publishing this Interim Report is proceeding according to plan.

On 24 October 2016, Stenham Residential Berlin Fund ('SBRF'), an associate in which Stenprop has a 12.05% shareholding, disposed of its final investment in ADO Group on the Tel Aviv Stock Exchange for €4.7 million. SBRF now has a single investment in shares of ADO Properties Sarl, which is listed on the Frankfurt Stock Exchange. Following the sale of the shares in ADO Group, the directors of SBRF issued a voluntary share repurchase notice in November 2016. Stenprop intends to participate in the share repurchase and anticipates a cash receipt of approximately €4.0 million in December.

Prospects

In the Integrated Annual Report published on 10 August 2016, guidance was given on the impact on EPRA earnings per share of the weakening of Sterling against the Euro. The Report commented that at an average exchange rate for the year of €1.20:£1, the forecast adjusted annual EPRA EPS for 2017 would drop from 10.58 cents to 10.29 cents per share. At an average exchange rate for the year of €1.15:£1, the number would drop further to 10.15 cents per share.

Stenprop's guidance for adjusted annual EPRA EPS for the full year ended 31 March 2017, in country currencies, remains unchanged. With average exchange rates for the first half of the year established, Stenprop is now able to provide guidance on the impact of exchange rate fluctuations in the second half of the year.

At an average exchange rate of €1.15:£1 for H2, giving an average exchange rate for the full year of €1.19:£1, Stenprop expects to deliver an adjusted EPRA EPS of 10.26 cents.

At an average exchange rate of €1.10:£1 for H2, giving an average exchange rate for the full year of €1.16:£1, adjusted EPRA EPS drops to 10.18 cents.

At an average exchange rate of €1.20:£1 for H2, giving an average exchange rate for the full year of €1.21:£1, adjusted EPRA EPS rises to 10.34 cents.

Based on an expected EPRA EPS of 10.26, Stenprop expects to declare a final dividend in June 2017 of 4.5 cents, giving a full year dividend of 9.00 cents a share. This represents a 1% increase on the full dividend of 8.9 cents for the prior year, and increases the pay-out ratio slightly to 87.7% compared with the historic pay-out ratio of 85%.

This general forecast has been based on the Group's forecast and has not been reported on by the external auditors.

Given the nature of its business, Stenprop has adopted distribution per share as its key performance measure, as this is considered more relevant than earnings or headline earnings per share.

Independent review report to Stenprop Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed consolidated income statement, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Listings Requirements of the Johannesburg Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as issued by the International Accounting Standards Board. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion, but we will issue a review report addressed to the members of the entity. In order to comply with paragraph 8.60 of the JSE Listings Requirements, this review paragraph will be referred to in the interim financial information and will be made available by the Company for inspection at its registered office. Our report will not be prepared for the use of any third party nor for any purpose connected with any specific transactions and should not be relied upon by any such person or for any such purpose, save that you may disclose the contents of our report to the Listings Committee of the JSE Securities Exchange South Africa.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the International Accounting Standards Board.

Emphasis of matter

In forming our conclusion, which is not modified, we have considered the adequacy of the disclosures in notes 1, 8, 9 and 12 to the financial statements concerning the Group's refinancing of the Bleichenhof property and the refinancing by the Group's associate, Stenham European Shopping Centre Fund Limited, of its interest in the Nova Eventis property. At 30 September 2016, the full value of the related loans are €85 million and €152 million, the related loans expire on 31 December 2016 and 24 January 2017 respectively, and the Group's share of the net assets of the structures is €45 million and €21 million respectively. Whilst the directors are confident that each facility will be refinanced, should these facilities not be refinanced, the lenders may exercise their security with the result that one or both of the properties may ultimately be realised at values materially lower than those reflected in the statement of financial position.

Deloitte LLP
Chartered Accountants and Statutory Auditor

Guernsey
23 November 2016

Condensed consolidated statement of comprehensive income

		Note	Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
Net rental income		3	**18,942**	19,625
Management fee income			**2,222**	1,786
Operating costs		4	**(3,169)**	(4,650)
Net operating income			**17,995**	16,761
Fair value movement of investment properties		8	**(7,386)**	11,982
Loss from associates		9	**(9,654)**	(1,016)
Income from joint ventures		10	**566**	6,410
Profit from operations			**1,521**	34,137
Net loss from fair value of derivative financial instruments			**(435)**	(180)
Net finance costs			**(4,878)**	(5,577)
Net foreign exchange gains			**79**	81
(Loss)/profit for the period before taxation			**(3,713)**	28,461
Taxation			**(1,763)**	(1,030)
(Loss)/profit for the period after taxation			**(5,476)**	27,431
(Loss)/profit attributable to:				
Equity holders			**(5,535)**	27,254
Non-controlling interest			**59**	177
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Fair value movement on derivative financial instruments			**–**	519
Foreign currency translation reserve			**(17,514)**	(6,539)
Total comprehensive (loss)/profit for the period			**(22,990)**	21,411
Total comprehensive (loss)/profit attributable to:				
Equity holders			**(23,049)**	21,234
Non-controlling interest			**59**	177
(Loss)/earnings per share				
IFRS EPS	(cents)	5	**(1.95)**	9.88
Diluted IFRS EPS	(cents)	5	**(1.94)**	9.86

Results derive from continuing operations.

Condensed consolidated statement of financial position

		Note	Reviewed 30 September 2016 €'000	Audited 31 March 2016 €'000
ASSETS				
Investment properties		8	**638,361**	729,782
Investment in associates		9	**29,663**	39,298
Investment in joint ventures		10	**34,441**	37,620
Other debtors			**12,635**	7,406
Total non-current assets			**715,100**	814,106
Cash and cash equivalents			**32,220**	36,811
Trade and other receivables			**5,838**	6,367
Assets classified as held for sale		11	**58,590**	–
Total current assets			**96,648**	43,178
Total assets			**811,748**	857,284
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		7	**395,141**	389,927
Equity reserve			**(1,206)**	480
Retained earnings			**44,481**	63,426
Foreign currency translation reserve			**(15,850)**	1,664
Total equity attributable to equity shareholders			**422,566**	455,497
Non-controlling interest			**2,191**	2,132
Total equity			**424,757**	457,629
Non-current liabilities				
Bank loans			**181,001**	178,708
Derivative financial instruments			**5,163**	4,173
Other loan and interest			**12**	12
Deferred tax			**8,026**	9,705
Total non-current liabilities			**194,202**	192,598
Current liabilities				
Bank loans			**173,033**	188,785
Derivative financial instruments			**710**	1,769
Accounts payable and accruals			**16,672**	16,503
Deferred tax			**2,374**	–
Total current liabilities			**192,789**	207,057
Total liabilities			**386,991**	399,655
Total equity and liabilities			**811,748**	857,284
IFRS net asset value per share	(cents)	6	**1.48**	1.61
EPRA net asset value per share	(cents)	6	**1.55**	1.67

Condensed consolidated statement of changes in equity

	Share capital and share premium €'000	Equity reserve €'000	Retained earnings €'000	Foreign currency translation reserve €'000	Cash flow hedge reserve €'000	Attributable to equity shareholders €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 April 2016	**389,927**	**480**	**63,426**	**1,664**	**–**	**455,497**	**2,132**	**457,629**
Issue of share capital	**5,214**	**(14)**	**–**	**–**	**–**	**5,200**	**–**	**5,200**
Credit to equity for equity-settled share-based payments	**–**	**142**	**–**	**–**	**–**	**142**	**–**	**142**
Repurchase of own shares	**–**	**(1,814)**	**–**	**–**	**–**	**(1,814)**	**–**	**(1,814)**
Total comprehensive (loss)/profit for the period	**–**	**–**	**(5,535)**	**(17,514)**	**–**	**(23,049)**	**59**	**(22,990)**
Ordinary dividends	**–**	**–**	**(13,410)**		**–**	**(13,410)**	**–**	**(13,410)**
Balance at 30 September 2016	**395,141**	**(1,206)**	**44,481**	**(15,850)**	**–**	**422,566**	**2,191**	**424,757**
Balance at 1 April 2015	374,127	–	37,561	22,143	(519)	433,312	1,815	435,127
Issue of share capital	10,909	(25)	–	–	–	10,884	–	10,884
Credit to equity for equity-settled share-based payments	–	328	–	–	–	328	–	328
Total comprehensive profit for the period	–	–	27,254	(6,539)	519	21,234	177	21,411
Ordinary dividends	–	–	(11,653)	–	–	(11,653)	–	(11,653)
Balance at 30 September 2015	385,036	303	53,162	15,604	–	454,105	1,992	456,097

Condensed consolidated statement of cash flows

	Note	Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
Operating activities			
Profit from operations		**1,521**	34,137
Share of loss in associates	9	**9,654**	1,016
Decrease/(increase) in fair value of investment property	8	**7,386**	(11,982)
Share of profit in joint ventures	10	**(566)**	(6,410)
Exchange rate gains		**79**	81
Decrease in trade and other receivables		**972**	373
(Decrease)/increase in trade and other payables		**(311)**	896
Interest paid		**(4,893)**	(5,320)
Interest received		**681**	520
Net tax paid		**(479)**	(263)
Net cash generated from operating activities		**14,044**	13,048
Investing activities			
Dividends received from associates		**–**	1,388
Dividends received from joint ventures		**403**	210
Purchases of investment property	8	**–**	(24,485)
Capital expenditure	8	**(698)**	(2,417)
Acquisition of investment in joint venture	10	**–**	(26,782)
Net cash used in investing activities		**(295)**	(52,086)
Financing activities			
New bank loans raised		**–**	50,069
Dividends paid		**(13,411)**	(8,198)
Repayment of borrowings		**(2,526)**	(36,437)
Repurchase of shares		**(1,814)**	–
Financing fees paid		**(192)**	(945)
Payments made on swap break		**(63)**	(571)
Net cash (used in)/from financing activities		**(18,006)**	3,918
Net decrease in cash and cash equivalents		**(4,257)**	(35,120)
Effect of foreign exchange rate changes		**(334)**	110
Cash and cash equivalents at beginning of the period		**36,811**	80,430
Cash and cash equivalents at end of the period		**32,220**	45,420

Notes to the condensed consolidated financial statements

1. Basis of preparation

These reviewed and unaudited condensed consolidated financial statements (the 'IFRS Statements') for the six months ended 30 September 2016 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'), specifically IAS 34 'Interim Financial Reporting', the JSE Listings Requirements and the BSX Listing Regulations as applicable.

These financial statements have been prepared by, and are the responsibility of, the directors of Stenprop.

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 2016 which were audited and reported on by the Group's external auditors, except for the new standards adopted during the period. The consolidated annual financial statements for the year ended 31 March 2016 are available on the Company's website www.stenprop.com.

Going concern

At the date of signing these accounts, the Group has positive operating cash flow forecasts and positive net assets. Management have reviewed the Group's cash flow forecasts for the 18 months to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Company and the Group have access to adequate resources to meet the obligations and continue in operational existence for the foreseeable future, and specifically the 12 months subsequent to the signing of these financial statements. The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

Refinancing of loans and valuation of investment properties

The expiry of the Swiss and Bleichenhof debt due on 31 March 2017 and 31 December 2016 respectively, is primarily responsible for the high level of bank loans shown under current liabilities in the condensed consolidated statement of financial position. Stenprop has seen evidence of significant liquidity in both the German and Swiss lending markets, particularly at the levels of gearing shown by the properties in question. Stenprop has strong refinancing experience and given the strength of the assets and the level of existing gearing, Stenprop expects to secure favourable all-in interest rates on refinancing and the directors are confident that both facilities will be refinanced. However, due to the proximity of the Bleichenhof maturity date, this refinancing is subject to uncertainty, and in the event that the loan is not able to be refinanced, the lender may exercise their security which may result in the Company realising the property at a value significantly lower than that reflected in the statement of financial position (refer note 8).

The Nova Eventis shopping centre near Leipzig, in which the Group has a 28.4% interest, was subject to a sale process during the period. The original loan, which matured on 24 July 2016 was extended for a period of six months to 24 January 2017 on terms which are substantially the same as the original loan term. The lenders are fully informed on the sale process and are supportive. Should the sale not complete, the directors expect that the loan will be refinanced on favourable terms. Whilst the directors are confident that the facility will be refinanced, this is subject to uncertainty, and in the event that the directors of SESCF are not able to secure refinancing, the lender may exercise their security which may result in SESCF realising the property at a value lower than its current carrying value which will have a significant impact on the valuation of the Company's interest in the associate (refer note 9).

Adoption of new and revised standards

In the current period the following new and revised Standards have been adopted:

IFRS 14	Regulatory Deferral Accounts (1 January 2016)
IFRS 11 (amendments)	Accounting for acquisitions of interests in joint operations (1 January 2016)
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation (1 January 2016)
IAS 27 (amendments)	Equity method in separate financial statements (1 January 2016)
IAS 1 (amendments)	Disclosure Initiative (1 January 2016)
IFRS 10, IFRS 12 & IAS 28 (amendments)	Sale or contribution of assets between an Investor and its Associate or Joint Venture (1 January 2016)
Annual Improvements 2012 to 2014 cycle	(1 January 2016)

Notes to the condensed consolidated financial statements

1. Basis of preparation continued

At the date of authorisation of these financial statements, the following applicable standards which have not been applied to these financial statements, were in issue but not yet effective. They are effective for periods commencing on or after the disclosed date:

IFRS 9	Financial instruments (1 January 2018)
IFRS 15	Revenue from Contracts with Customers (1 January 2018)
IFRS 16	Leases (1 January 2019)
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses (1 January 2017)
IAS 7 (amendments)	Disclosure Initiative (1 January 2017)
IAS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions (1 January 2018)
IFRS 10 & IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely)

Management are in the process of assessing these standards and do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in the forthcoming period.

Arising from the adoption as set out above and the changes in the business in the period, the following are the new accounting policies applicable in the period:

Repurchase of share capital (Own Shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Such shares may either be held as Own Shares (treasury shares) or cancelled. Where Own Shares are subsequently re-sold from treasury, the amount received is recognised as an increase in equity.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated financial statements requires the use of certain critical judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses reported during the period. Although the estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment properties

The Group's investment properties are stated at estimated fair value, determined by the directors, based on independent external appraisals. The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location and the expectation of future rentals.

As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate, particularly in times of volatility or low transaction flow in the market. Following Brexit, the Group's UK valuers, JLL, have noted that there remains a shortage of comparable evidence of arm's length transactions and have therefore had to exercise a greater degree of judgement than would be applied under more liquid market conditions.

The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be false, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

As already noted above under 'Refinancing of loans and valuation of investment properties', there is uncertainty on the refinancing of the loan which may affect the valuation of the Bleichenhof property.

Associates

As already noted above under 'Refinancing of loans and valuation of investment properties', there is uncertainty on the refinancing of the loan which may affect the valuation of the Nova Eventis property. Furthermore, the directors of SESCF have deemed the company to be a going concern. Stenprop Limited has therefore deemed it appropriate to continue to disclose the investment in associate relating to SESCF as a non-current asset.

2. Operating segments

The Group is focused on real estate investment in well-developed, large economies with established real estate markets. The investment portfolio is geographically diversified across Germany, the United Kingdom and Switzerland, and these geographical locations provide the basis of the business segments identified by the Group. Each segment derives its revenue from the rental of investment properties in the respective geographical regions.

Relevant financial information is set out below:

i) Information about reportable segments

	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
Reviewed for the period ended 30 September 2016				
Net rental income	**6,485**	**9,107**	**3,350**	**18,942**
Fair value movement of investment properties	**77**	**(7,524)**	**61**	**(7,386)**
Net gain/(loss) from fair value of financial liabilities	**65**	**(1,300)**	**800**	**(435)**
Loss from associates	**(9,654)**	**–**	**–**	**(9,654)**
Income from joint ventures	**592**	**(243)**	**–**	**349**
Net finance costs	**(1,442)**	**(2,210)**	**(1,230)**	**(4,882)**
Operating costs	**(441)**	**(65)**	**(246)**	**(752)**
Total profit/(loss) per reportable segments	**(4,318)**	**(2,235)**	**2,735**	**(3,818)**
Reviewed 30 September 2016				
Investment properties	**249,929**	**286,918**	**101,514**	**638,361**
Investment in associates	**29,663**	**–**	**–**	**29,663**
Investment in joint ventures	**10,346**	**24,049**	**–**	**34,395**
Cash	**13,235**	**10,692**	**2,734**	**26,661**
Other	**13,673**	**3,096**	**1,123**	**17,892**
Assets classified as held for sale	**2,970**	**–**	**55,620**	**58,590**
Total assets	**319,816**	**324,755**	**160,991**	**805,562**
Borrowings – bank loans	**(145,558)**	**(122,613)**	**(85,863)**	**(354,034)**
Other	**(9,571)**	**(14,078)**	**(7,118)**	**(30,767)**
Total liabilities	**(155,129)**	**(136,691)**	**(92,981)**	**(384,801)**
Reviewed for the period ended 30 September 2015				
Net rental income	5,431	10,194	4,000	19,625
Fair value movement of investment properties	2,641	13,050	(3,709)	11,982
Net gain/(loss) from fair value of financial liabilities	51	(985)	754	(180)
Income from associates	(1,016)	–	–	(1,016)
Income from joint ventures	1,099	5,093	–	6,192
Net finance costs	(1,431)	(2,879)	(1,267)	(5,577)
Operating costs	(307)	(150)	(326)	(783)
Total profit per reportable segments	6,468	24,323	(548)	30,243
Audited 31 March 2016				
Investment properties	252,510	321,532	155,740	729,782
Investment in associates	39,298	–	–	39,298
Investment in joint venture	10,329	27,250	–	37,579
Cash	10,435	15,053	3,395	28,883
Other	9,687	2,277	1,178	13,142
Total assets	322,259	(366,112)	(160,313)	(848,684)
Borrowings – bank loans	(145,913)	(134,512)	(87,068)	(367,493)
Other	(9,154)	(12,231)	(7,826)	(29,211)
Total liabilities	(155,067)	(146,743)	(94,894)	(396,704)

Notes to the condensed consolidated financial statements

2. Operating segments continued

ii) Reconciliation of reportable segment profit or loss

	Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
Rental income		
Net rental income for reported segments	**18,942**	19,625
Profit or loss		
Fair value movement of investment properties	**(7,386)**	11,982
Net loss from fair value of financial liabilities	**(435)**	(180)
Loss from associates	**(9,654)**	(1,016)
Income from joint ventures	**349**	6,192
Net finance costs	**(4,882)**	(5,577)
Operating costs	**(752)**	(783)
Total (loss)/profit per reportable segments	**(3,818)**	30,243
Other profit or loss – unallocated amounts		
Management fee income	**2,222**	1,786
Income from joint ventures	**217**	218
Net finance income	**4**	–
Tax, legal and professional fees	**(79)**	(202)
Audit fees	**(143)**	(158)
Administration fees	**(144)**	(156)
Non-executive directors	**(82)**	(128)
Staff remuneration costs	**(1,323)**	(1,847)
Other operating costs	**(646)**	(1,376)
Net foreign exchange gain	**79**	81
Consolidated (loss)/profit before taxation	**(3,713)**	28,461

2. Operating segments continued

iii) Reconciliation of reportable segment financial position

	Reviewed six months ended 30 September 2016 €'000	Audited year ended 31 March 2016 €'000
ASSETS		
Investment properties	**638,361**	729,782
Investment in associates	**29,663**	39,298
Investment in joint venture	**34,395**	37,579
Cash	**26,661**	28,883
Other	**17,892**	13,142
Assets classified as held for sale	**58,590**	–
Total assets per reportable segments	**805,562**	848,684
Other assets – unallocated amounts		
Investment in joint ventures	**46**	41
Cash	**5,559**	7,928
Other	**581**	631
Total assets per consolidated statement of financial position	**811,748**	857,284
LIABILITIES		
Borrowings – bank loans	**(354,034)**	(367,493)
Other	**(30,767)**	(29,211)
Total liabilities per reportable segments	**(384,801)**	(396,704)
Other liabilities – unallocated amounts		
Other	**(2,190)**	(2,951)
Total liabilities per consolidated statement of financial position	**(386,991)**	(399,655)

Notes to the condensed consolidated financial statements

	Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
3. Net rental income		
Rental income	**20,879**	21,763
Other income – tenant recharges	**3,382**	2,577
Other income	**115**	178
Rental income	**24,376**	24,518
Direct property costs	**(5,434)**	(4,893)
Total net rental income	**18,942**	19,625
4. Operating costs		
Tax, legal and professional fees	**403**	505
Audit fees	**143**	123
Interim audit fees	**37**	41
Administration fees	**197**	211
Investment advisory fees	**241**	198
Non-executive directors	**82**	131
Staff remuneration costs	**1,323**	2,176
Other operating costs	**743**	1,265
	3,169	4,650

	Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
5. Earnings per ordinary share		
Reconciliation of (loss)/profit for the period to adjusted EPRA[1] earnings		
(Loss)/earnings per IFRS income statement attributable to shareholders	**(5,535)**	27,254
Adjustments to calculate EPRA earnings, exclude:		
Changes in fair value of investment properties	**7,386**	(11,982)
Changes in fair value of financial instruments	**435**	180
Deferred tax in respect of EPRA adjustments	**665**	609
Adjustments above in respect of joint ventures and associates		
Changes in fair value	**12,169**	(2,478)
Deferred tax in respect of EPRA adjustments	**(478)**	(318)
EPRA earnings attributable to shareholders	**14,643**	13,265
Further adjustments to arrive at adjusted EPRA earnings		
Straight-line unwind of purchased swaps	**556**	1,021
Adjusted EPRA earnings attributable to shareholders	**15,199**	14,286
Weighted average number of shares in issue (excluding treasury shares)[2]	**284,521,579**	275,801,583
Share-based payment award	**920,287**	652,799
Diluted weighted average number of shares in issue	**285,441,866**	276,454,382
(Loss)/earnings per share		
IFRS EPS (cents)	**(1.95)**	9.88
Diluted IFRS EPS (cents)	**(1.94)**	9.86
EPRA EPS (cents)	**5.15**	4.81
Diluted EPRA EPS (cents)	**5.13**	4.80
Adjusted EPRA EPS (cents)	**5.34**	5.18
Diluted adjusted EPRA EPS (cents)	**5.32**	5.17

1. *The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in December 2014, which provide guidelines for performance measures relevant to real estate companies. Their recommended reporting standards are widely applied across this market, aiming to bring consistency and transparency to the sector. The EPRA earnings measure is intended to show the level of recurring earnings from core operational activities with the purpose of highlighting the Group's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. The measure excludes unrealised changes in the value of investment properties, gains or losses on the disposal of properties and other items that do not provide an accurate picture of the Group's underlying operational performance. The measure is considered to accurately capture the long-term strategy of the Group, and is an indication of the sustainability of dividend payments.*
2. *As at 30 September 2016, the Company held 1,356,567 treasury shares (March 2016 and September 2015: nil).*

Notes to the condensed consolidated financial statements

5. Earnings per ordinary share continued

Straight-line unwind of purchased swaps

A further adjustment was made to the EPRA earnings attributable to shareholders relating 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.

Reconciliation of profit for the period to headline earnings

		Reviewed six months ended 30 September 2016 €'000	Reviewed six months ended 30 September 2015 €'000
(Loss)/earnings per IFRS income statement attributable to shareholders		**(5,535)**	27,254
Adjustments to calculate headline earnings, exclude:			
Changes in fair value of investment properties		**7,386**	(11,982)
Changes in fair value of financial instruments		**–**	519
Deferred tax in respect of headline earnings adjustments		**1,113**	609
Adjustments above in respect of joint ventures and associates			
Changes in fair value of investment properties		**14,684**	(2,551)
Deferred tax		**(1,135)**	(367)
Headline earnings attributable to shareholders		**16,513**	13,482
Earnings per share			
Headline EPS	(cents)	**5.80**	4.89
Diluted headline EPS	(cents)	**5.78**	4.88

		Reviewed 30 September 2016 €'000	Reviewed 30 September 2015 €'000	Audited 31 March 2016 €'000
6. Net asset value per ordinary share				
Net assets attributable to equity shareholders		**422,566**	454,105	455,497
Adjustments to arrive at EPRA net asset value:				
Derivative financial instruments		**5,873**	5,362	5,942
Deferred tax		**10,400**	7,653	9,705
Adjustments above in respect of non-controlling interests		**2,187**	2,343	2,838
EPRA net assets attributable to shareholders		**441,026**	469,463	473,982
Number of shares in issue (excluding treasury shares)[1]		**285,325,313**	279,720,942	282,984,626
Share-based payment award		**920,287**	652,799	647,806
Diluted number of shares in issue		**286,245,600**	280,373,741	283,632,432
Net asset value per share (basic and diluted)				
IFRS net asset value per share	(cents)	**1.48**	1.62	1.61
Diluted IFRS net asset value per share	(cents)	**1.48**	1.62	1.61
EPRA net asset value per share	(cents)	**1.55**	1.68	1.67
Diluted EPRA net asset value per share	(cents)	**1.54**	1.67	1.67
7. Share capital				
Authorised				
1,000,000,000 ordinary shares with a par value of €0.000001258 each		**1**	1	1

		Reviewed six months ended 30 September 2016	Reviewed six months ended 30 September 2015	Audited year ended 31 March 2016
Issued share capital				
Opening balance		**282,984,626**	272,236,146	272,236,146
Issue of new shares		**3,697,254**	7,484,796	10,748,480
Closing number of shares issued[1]		**286,681,880**	279,720,942	282,984,626
Share capital				
Share premium	(€'000)	**397,999**	387,895	392,785
Less: Acquisition/transaction costs	(€'000)	**(2,858)**	(2,859)	(2,858)
Total share premium	(€'000)	**395,141**	385,036	389,927

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

The Company has 286,681,880 (March 2016: 282,984,626) ordinary shares in issue at the reporting date. On 9 June 2016, 3,687,191 and 10,063 new ordinary shares were issued on the JSE and the BSX respectively at an issue price of €1.41 per share in respect of the Share Purchase Plan and Deferred Share Bonus Plan respectively.

1. *As at 30 September 2016, the Company held 1,356,567 treasury shares (March 2016 and September 2015: nil). This was as a result of a limited share repurchase programme between 28 June and 11 July 2016.*

Notes to the condensed consolidated financial statements

8. Investment property

The fair value of the consolidated investment properties at 30 September 2016 was €638,361,000 (31 March 2016: €729,782,000). This excludes an amount of €58,590,000 (31 March 2016: €nil) for properties which have been classified as held for sale. The carrying amount of investment property is the fair value of the property as determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued ('valuers').

The fair value of each of the properties for the period ended 30 September 2016 was assessed by the valuers in accordance with the Royal Institute of Chartered Surveyors ('RICS') standards and IFRS 13. Valuers are qualified for purposes of providing valuations in accordance with the 'Appraisal and Valuation Manual' published by RICS.

The valuations performed by the independent valuers are reviewed internally by senior management. This includes discussions of the assumptions used by the external valuers, as well as a review of the resulting valuations.

Discussions of the valuations process and results are held between the senior management and the external valuers on a biannual basis. The Audit Committee reviews the valuation results and, provided the committee is satisfied with the results, recommends them to the board for approval.

The valuation techniques used are consistent with IFRS 13 and use significant 'unobservable' inputs. Investment properties are all at level 3 in the fair value hierarchy and valuations represents the highest and best use of the properties. There have been no changes in valuation techniques since the prior year.

There are interrelationships between all these unobservable inputs as they are determined by market conditions. An increase in more than one unobservable input would magnify the impact on the valuation. The impact on the valuation would be mitigated by the interrelationship of two unobservable inputs moving in the opposite directions, e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yield. All revenue is derived from the underlying tenancies given on the investment properties.

The key unobservable inputs used in the valuation of the Group's investment properties at 30 September 2016 are detailed in the table below:

Combined portfolio (including share of jointly controlled entities)	Percentage of portfolio by market value (%)	Market value 30 September 2016 (€ million)	Properties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	Voids by area (%)
UK	**36.7**	**286.9**	**13**	**63,504**	**18.2**	**5.68**	**0.0**
Germany	**32.0**	**249.9**	**23**	**92,032**	**14.0**	**5.08**	**4.4**
Switzerland	**13.0**	**101.6**	**9**	**36,714**	**5.1**	**4.47**	**24.7**
Subtotal	**81.7**	**638.4**	**45**	**192,250**	**37.3**	**5.25**	**6.8**
Share of joint ventures and associates	**18.3**	**142.8**	**6**	**49,728**	**10.3**	**5.66**	**2.0**
Total	**100.0**	**781.2**	**51**	**241,978**	**47.6**	**5.27**	**5.8**

As discussed in note 1 under 'Refinancing of loans and valuation of investment properties', there is uncertainty on the refinancing of the loan which may affect the valuation of the Bleichenhof property.

	Reviewed 30 September 2016 €'000	Audited 31 March 2016 €'000
8. Investment property continued		
Opening balance	**729,782**	695,196
Properties acquired	**–**	48,206
Capitalised expenditure	**698**	3,604
Disposals through the sale of property	**–**	(6,701)
Foreign exchange movement in foreign operations	**(26,143)**	(33,462)
Net fair value (loss)/gain on investment property	**(7,386)**	22,939
Transfer to assets held for sale	**(58,590)**	–
Closing balance	**638,361**	729,782
Acquisitions		
Germany		
Stenprop Hermann Ltd	**–**	24,458
Stenprop Victoria Ltd	**–**	23,748
	–	48,206
Disposals		
UK		
GGP1 Limited	**–**	(6,701)
	–	(6,701)

Prior year acquisitions

The acquisition of a retail centre known as Hermann Quartier for a purchase price, including acquisition costs of €24.5 million completed on 24 August 2015. The property is on a high-street location in 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 exceeded 7% per annum at inception.

The acquisition of the Victoria retail centre for €23.7 million, including acquisition costs, completed on 24 November 2015. The property is located in the Lichtenberg district of Berlin, approximately 15 minutes by underground from the city centre and is anchored by Kaufland (a hypermarket chain) on a new 17-year lease. The return on equity on this investment exceeded 8% per annum at inception.

Prior year disposals

On 20 January 2016, the Group disposed of one of the eight properties owned by GGP1 Limited known as Leigh, UK, for £5.37 million (equating to €6.7 million after disposal costs). The proceeds of the sale were utilised to part pay down the outstanding Santander facility of £10.4 million by £2.04 million.

Notes to the condensed consolidated financial statements

9. Investments in associates

Details of the Group's associates at the end of the reporting period are as follows:

Name	Place of incorporation	Principal activity	% equity owned by subsidiary
Stenham European Shopping Centre Fund Limited ('SESCF')	**Guernsey**	**Fund**	**28.42***
Stenham Berlin Residential Fund Limited	**Guernsey**	**Fund**	**12.05**

* *28.16% of the investment in the underlying property is held through SESCF, and 0.26% of the property investment is held via a wholly-owned subsidiary, Leatherback Property Holdings Limited, a company incorporated in the British Virgin Islands.*

Summarised financial information in respect of each of the Group's associates is set out below:

	Stenham European Shopping Centre Fund Limited €'000	Stenpark Management Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
30 September 2016				
Non-current assets	**180.0**	**–**	**38,832**	**39,012**
Assets held for sale	**218,820**	**–**	**4,700**	**223,520**
Current assets	**9,017**		**29,395**	**38,412**
Non-current liabilities	**–**	**–**	**–**	**–**
Current liabilities	**(154,762)**	**–**	**(200)**	**(154,962)**
Equity attributable to owners of the Company	**73,255**	**–**	**72,727**	**145,982**
Revenue	**9,713**	**–**	**32,919**	**42,632**
(Loss)/Profit from continuing operations and total comprehensive income	**(42,733)**	**–**	**20,638**	**(22,095)**
31 March 2016				
Non-current assets	–	–	55,672	55,672
Current assets	265,286	–	–	265,286
Non-current liabilities	15,408	–	4,600	20,008
Current liabilities	(164,318)	–	(150)	(164,468)
Equity attributable to owners of the Company	116,376	–	60,122	176,498
Revenue	20,638	–	4,621	25,259
Profit from continuing operations and total comprehensive income	1,343	–	6,876	8,219

9. Investments in associates continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the financial statements:

	Stenham European Shopping Centre Fund Limited €'000	Stenpark Management Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
30 September 2016				
Opening balance	33,019	–	6,279	39,298
Share of associates' (loss)/profit*	(12,135)	–	2,481	(9,654)
Adjustment to associate balance	20	–	–	20
Distribution received from associates	(1)	–	–	(1)
Closing balance	**20,903**	**–**	**8,760**	**29,663**
31 March 2016				
Opening balance	34,041	41	5,570	39,652
Share in associates acquired during the period	367	–	–	367
Reclassification of associate to joint venture	–	(41)	–	(41)
Share of associates' profit*	366	–	709	1,075
Distribution received from associates	(1,755)	–	–	(1,755)
Closing balance	**33,019**	**–**	**6,279**	**39,298**

* *The share of associates' profit includes the fair value movement in the underlying investments for the period. The investment property in Stenham European Shopping Centre, Nova Eventis was valued by the directors of the associate at €220 million less selling costs at 30 September 2016, a 17.4% reduction of the fair value at 31 March 2016 of €265 million. The Stenham Berlin Residential Fund share price increased by 39.5% from €1.24 to €1.73 per share during the period under review.*

Stenham European Shopping Centre Fund Limited ('SESCF')

In January 2016, external property agents were appointed to market the sole asset owned by SESCF, known as Nova Eventis, for sale. The original loan, which matured on 24 July 2016 was extended for a period of six months to 24 January 2017 on terms which are substantially the same as the original loan term. Should the sale not complete, the directors expect that the loan will be refinanced on favourable terms. Whilst the directors are confident that the facility will be refinanced, this is subject to uncertainty, and in the event that the directors of SESCF are not able to secure refinancing, the lender may exercise their security which may result in SESCF realising the property at a value lower than its current carrying value which will have an impact on the valuation of the Company's interest in the associate. The lenders are fully informed on the sale process and are supportive. As at 30 September 2016, the consolidated accounts of SESCF show the investment property as held for sale and its accounts have been prepared on a going concern basis. Stenprop Limited has therefore deemed it appropriate to continue to disclose the investment in associate relating to SESCF as a non-current asset and for the accounts to be prepared on a going concern basis. Readers are referred to note 1 where this is discussed under 'Refinancing of loans and valuation of investment properties'.

Notes to the condensed consolidated financial statements

10. Investment in joint ventures

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name	Place of incorporation	Principal activity	% equity owned by subsidiary
Luxembourg			
Elysion S.A.	Luxembourg	Holding company	50.00
Elysion Braunschweig Sarl	Luxembourg	Property company	50.00
Elysion Dessau Sarl	Luxembourg	Property company	50.00
Elysion Kappeln Sarl	Luxembourg	Property company	50.00
Elysion Winzlar Sarl	Luxembourg	Property company	50.00
Guernsey			
Stenpark Management Limited	Guernsey	Management company	50.00
BVI			
Stenprop Argyll Limited	BVI	Holding company	50.00
Regent Arcade House Holdings Limited	BVI	Property company	50.00

Summarised consolidated financial information in respect of the Group's joint ventures is set out below:

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
Reviewed 30 September 2016				
Investment property	34,120	–	93,362	127,482
Current assets	554	401	5,514	6,469
Assets	34,674	401	98,876	133,951
Bank loans	(22,946)	–	(43,128)	(66,074)
Shareholder loan third party	–	–	(21,807)	(21,807)
Shareholder loan Group	(14,263)	–	(21,807)	(36,070)
Deferred tax	(296)	–	–	(296)
Financial liability	(855)	–	(2,073)	(2,928)
Current liabilities	(231)	(309)	(5,577)	(6,117)
Liabilities	(38,591)	(309)	(94,392)	(133,292)
Net (liabilities)/assets of joint ventures	(3,917)	92	4,484	659
Net assets of joint ventures excluding shareholder loans	10,346	92	48,098	58,536
Group share of net assets	10,346	46	24,049	34,441
Revenue	1,383	540	2,621	4,544
Interest payable	(994)	–	(680)	(314)
Tax expense	(81)	–	–	(81)
Profit/(loss) from continuing operations and total comprehensive income excluding interest due to Group	592	433	(486)	539
Share of joint ventures profit/(loss) due to the Group	592	217	(243)	566

10. Investment in joint ventures continued

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
Audited 31 March 2016				
Investment property	34,349	–	103,375	137,724
Current assets	613	405	4,130	5,148
Assets	**34,962**	**405**	**107,505**	**142,872**
Bank loans	(23,222)	–	(47,131)	(70,353)
Shareholder loan third party	–	–	(23,851)	(23,851)
Shareholder loan Group	(14,140)	–	(23,850)	(37,990)
Deferred tax	(223)	–	–	(223)
Financial liability	(1,068)	–	(1,585)	(2,653)
Current liabilities	(120)	(324)	(4,290)	(4,734)
Liabilities	**(38,773)**	**(324)**	**(100,707)**	**(139,804)**
Net assets/(liabilities) of joint ventures	(3,811)	81	6,798	3,068
Net assets of joint ventures excluding shareholder loans	10,329	81	54,499	64,909
Group share of net assets	10,329	41	27,250	37,620
Revenue	2,797	1,115	4,990	8,902
Interest payable	(2,456)	–	–	(2,456)
Tax expense	(91)	–	–	(91)
Profit from continuing operations and total comprehensive income excluding interest due to Group	2,569	848	9,654	13,071
Share of joint ventures profit due to the Group	2,569	424	4,827	7,820

Reconciliation of the above summarised financial information to the carrying amount of the interest recognised in the consolidated financial statements:

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
Reviewed 30 September 2016				
Opening balance	**10,329**	**41**	**27,250**	**37,620**
Share of joint venture profit/(loss)	**592**	**217**	**(243)**	**566**
Distribution received from joint venture	**(575)**	**(200)**	**(637)**	**(1,412)**
Foreign exchange movement in foreign operations	**–**	**(12)**	**(2,321)**	**(2,333)**
Closing balance	**10,346**	**46**	**24,049**	**34,441**

Notes to the condensed consolidated financial statements

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
10. Investment in joint ventures continued				
Audited 31 March 2016				
Opening balance	8,506	–	–	8,506
Reclassification of associate to joint venture	–	41	–	41
Share in joint ventures acquired during the period	–	–	26,782	26,782
Share of joint venture profit	2,569	424	4,827	7,820
Distribution received from joint ventures	(746)	(420)	(1,072)	(2,238)
Foreign exchange movement in foreign operations	–	(4)	(3,287)	(3,291)
Closing balance	10,329	41	27,250	37,620

Prior period acquisitions

On 20 May 2015, the Group acquired a 50% interest in Regent Arcade House Holdings Limited ('RAHHL') through Stenprop Argyll Limited, a wholly owned subsidiary of the Group. RAHHL 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.

11. Assets held for sale

Management consider four properties and an annexe of a fifth property ('Burger King') to meet the conditions relating to assets held for sale, as per IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These properties are expected to be disposed of during the next quarter and are recognised at either the sale price per signed sales and purchase agreement, or in the case where this is not yet finalised, the fair value as determined by a third party valuer.

The fair value of these properties, and their comparatives are shown in the table below:

Company	Property	Ownership interest (%)	Reviewed 30 September 2016 €'000	Audited 31 March 2016 €'000
Germany				
Stenprop Hermann Ltd	'Burger King' element of the Hermann Quartier property	100.00	**2,970**	2,990
			2,970	2,990
Switzerland				
Clint Properties S.a.r.l. (Lux)	Interlaken	100.00	**6,260**	6,220
	Baar	100.00	**21,634**	21,843
	Montreux	100.00	**22,361**	21,166
	Vevey	100.00	**5,365**	5,331
			55,620	54,560
Opening balance			**–**	–
Transfers from investment property			**58,590**	–
Closing balance			**58,590**	–

	Reviewed 30 September 2016 €'000	Audited 31 March 2016 €'000
12. Borrowings		
Opening balance	**367,493**	364,931
Loan repayments	**(351)**	(30,608)
New loans	**–**	56,196
Amortisation of loans	**(2,175)**	(7,514)
Capitalised borrowing costs	**(186)**	(1,049)
Amortisation of transaction fees	**218**	378
Foreign exchange movement in foreign operations	**(10,965)**	(14,841)
Total borrowings	**354,034**	367,493
Amount due for settlement within 12 months	**173,033**	188,785
Amount due for settlement between one to three years	**72,209**	29,892
Amount due for settlement between three to five years	**99,792**	139,816
Amount due for settlement after five years	**9,000**	9,000
	354,034	367,493
Non-current liabilities		
Bank loans	**181,001**	178,708
Total non-current loans and borrowings	**181,001**	178,708
The maturity of non-current borrowings is as follows:		
One year to five years	**172,001**	169,708
More than five years	**9,000**	9,000
	181,001	178,708
Current liabilities		
Bank loans	**173,033**	188,785
Total current loans and borrowings	**173,033**	188,785
Total loans and borrowings	**354,034**	367,493

The facilities are secured by debentures and legal charges over the properties to which they correspond. There is no cross-collaterisation of the facilities.

On 26 May 2016, two Stenprop subsidiaries, Davemount Properties Limited ('Davemount') and GGP1 Limited ('GGP1') refinanced their loan facilities with Santander. Santander has provided a single facility of £12.4 million for a five-year period, split £4.0 million to Davemount and £8.4 million to GGP1. The all-in rate on this facility is 3.46%, which compares to 2.7% on the previous Davemount facility and 3.72% on the previous GGP1 facility.

A loan of £84.9 million on the Bleichenhof property in central Hamburg matures on 31 December 2016. Discussions are ongoing with the existing lenders and Stenprop expects to refinance the loan on favourable terms. Whilst the directors are confident that the facility will be refinanced, this is subject to uncertainty, and in the event that the loan is not able to be refinanced, the lender may exercise their security which may result in the property being realised at a value lower than that reflected in the statement of financial position

Notes to the condensed consolidated financial statements

13. Financial risk management

Fair value of financial instruments

The following table summarises the Group's financial assets and liabilities into categories required by IFRS 7 Financial instruments disclosures. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Held at fair value through profit and loss €'000	Held at amortised cost €'000	Total carrying amount 30 September 2016 €'000
Financial assets			
Cash and cash equivalents	**–**	**32,220**	**32,220**
Accounts receivable	**–**	**2,669**	**2,669**
Other debtors	**–**	**14,043**	**14,043**
	–	**48,932**	**48,932**
Financial liabilities			
Bank loans	**–**	**354,034**	**354,034**
Other loan and interest	**–**	**12**	**12**
Derivative financial instruments	**5,873**	**–**	**5,873**
Accounts payable and accruals	**–**	**16,672**	**16,672**
Reviewed 30 September 2016	**5,873**	**370,718**	**376,591**

	Held at fair value through profit and loss €'000	Held at amortised cost €'000	Total carrying amount 31 March 2016 €'000
Financial assets			
Cash and cash equivalents	–	36,811	36,811
Accounts receivable	–	3,509	3,509
Other debtors	–	9,338	9,338
	–	49,658	49,658
Financial liabilities			
Bank loans	–	367,493	367,493
Other loan and interest	–	12	12
Derivative financial instruments	5,942	–	5,942
Accounts payable and accruals	–	16,503	16,503
Audited 31 March 2016	5,942	384,008	389,950

13. Financial risk management continued

Fair value hierarchy

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

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	Total financial instruments recognised at fair value €'000	Designated at fair value		
		Level 1 €'000	Level 2 €'000	Level 3 €'000
Reviewed 30 September 2016				
Liabilities				
Derivative financial liabilities	**5,873**	**–**	**5,873**	**–**
Total liabilities	**5,873**	**–**	**5,873**	**–**
Audited 31 March 2016				
Liabilities				
Derivative financial liabilities	5,942	–	5,942	–
Total liabilities	5,942	–	5,942	–

Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the period under review.

Significant transfers between Level 1, Level 2 and Level 3

There have been no significant transfers during the period under review.

Notes to the condensed consolidated financial statements

14. Related party transactions

Parties are considered related if one party has control, joint control or significant influence over the other party in making financial and operating decisions. Transactions with related parties are made on terms equivalent to those that prevail in an arm's-length transaction.

Other than those further referred to below, there were no other related party transactions during the period ended 30 September 2016.

P Arenson and M Fienberg, both directors of the Company until 14 September 2016 when M Fienberg resigned, are also directors of Stenham Limited which at 30 September 2016 had an indirect beneficial interest of 4.85% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2016: 4.91%).

At 30 September 2016, P Arenson held an indirect 1.12% interest in the share capital of Stenham Limited (March 2016: 2.58%). His interest in Stenprop Limited is 3.77% as at 30 September 2016 (March 2016: 3.16%).

M Yachad is a non-executive director of the Company and an executive director of Peregrine Holdings Limited, which has a beneficial interest (direct and indirect) of 6.75% in the shares of the Company at 30 September 2016 (March 2016: 6.41%).

15. Events after the reporting period

(i) BSX listing

With effect from 3 October 2016 the Bermuda Stock Exchange ('BSX') approved Stenprop's request to move the Company's listing on the BSX from a primary listing to a secondary listing. The transfer does not affect the Company's current primary listing on the Main Board of the Johannesburg Stock Exchange ('JSE') or the trading of shares on either the JSE or BSX.

(ii) Stenham Berlin Residential Fund Limited ('SBRF')

On 24 October 2016, Stenham Residential Berlin Fund ('SBRF'), an associate in which Stenprop has a 12.05% shareholding, disposed of its final investment in ADO Group on the Tel Aviv Stock Exchange for €4.7 million. SBRF now has a single investment in shares of ADO Properties Sarl, which is listed on the Frankfurt Stock Exchange. Following the sale of the shares in ADO Group, the Directors of SBRF issued a voluntary share buyback notice in November. Stenprop intends to participate in the share buyback and anticipates a cash receipt of approximately €4.0m in December.

(iii) Nova Eventis sale

The Group holds an investment in SESCF which owns a shopping centre known as Nova Eventis near Leipzig. This asset is in the process of being sold. The current loan on this asset expires on 24 January 2017. The directors of SESCF will seek to extend this loan if they consider that the sale may complete after the maturity date.

(iv) Bleichenhof refinancing

The loan of €84.9 million secured against the Bleichenhof property in central Hamburg matures on 31 December 2016. Stenprop is in the process of refinancing this loan on five year term with the existing lender, Berlin Hyp AG. The property is undergoing a refurbishment/repositioning at the rear of the property to take advantage of the marriage value with the large scale redevelopment of the property next door.

Corporate information

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JSE share code: STP
ISIN: BMG8465Y1093

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