THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to Stenprop Limited (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") made under section 73A of FSMA, has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules. This document has been made available to the public as required by the Prospectus Rules.

The Company's entire issued ordinary share capital is currently admitted to trading on the Main Board for listed securities of JSE Limited (the "**JSE**") and the Bermuda Stock Exchange ("**BSX**"). Application will be made to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Ordinary Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("**UK Admission**"). Admission to trading on the London Stock Exchange constitutes admission to trading on a regulated market. It is expected that UK Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the London Stock Exchange at 8.00 a.m. on 15 June 2018. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be of no effect if UK Admission does not take place and such dealings will be at the sole risk of the parties concerned. The Company has notified the BSX of its intention to delist from the BSX with effect from 15 June 2018. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or traded on any other stock exchange.

Specialist Fund Segment securities are not admitted to the Official List. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.

The Company and the Directors (whose names appear on page 44 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Although the whole text of this document should be read, the attention of persons receiving this document is drawn to the section headed "Risk Factors" contained on pages 24 to 39 of this document. All statements in this document, in particular regarding the Group's business, financial position and prospects, should be viewed in light of such Risk Factors.

STENPROP LIMITED

(a company limited by shares and registered under the Companies (Guernsey) Law, 2008 (as amended) with the Registrar of Companies in Guernsey with registered number 64865)

Admission to trading on the Specialist Fund Segment of the London Stock Exchange of 291,718,476 issued Ordinary Shares

Financial Adviser

Numis Securities Limited

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the contents of this document and UK Admission. Numis will not regard any other person (whether or not a recipient of this document) as its client in relation to this document or UK Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to UK Admission, the contents of this document or any transaction or arrangement referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility whatsoever, and makes no representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification, or in relation to any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person in connection with the Company, the Ordinary Shares or UK Admission, and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Numis accordingly, to the fullest extent permitted by law, disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or transaction or arrangement referred to herein.

The distribution of this document and the sale of Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

Prospective investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Numis. The Company will comply with any obligation to publish a supplementary prospectus containing further updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information. Subject to FSMA, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the rules of the LSE, the JSE Listings Requirements and applicable laws, the delivery of this document shall not under any circumstances imply that there has been no change in the affairs of the Group since the date of this document or that the information contained in this document is correct at any time after the date of this document.

This document does not constitute or form part of an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares to any person in any jurisdiction.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act). In addition, neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Ordinary Shares or determined if this document is truthful or complete. Any representation to the contrary is a criminal offence in the United States.

The contents of this document should not be construed as legal, business or tax advice. Each prospective investor should consult his, her or its legal adviser, financial adviser or tax adviser for advice, and in making an investment decision each prospective investor must rely on their own examination, analysis and enquiry of the Company, including the merits of the risks involved in an investment in the Company. Neither the Company nor any of its Directors, employees, agents or representatives is making any representation to any offeree or purchaser or acquirer of Ordinary Shares regarding the legality of an investment in Ordinary Shares by such offeree or purchaser or acquirer under the laws applicable to such offeree or purchaser or acquirer.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of highly knowledgeable or professionally advised retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the UK Admission or any subsequent offer of Ordinary Shares.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

Dated: 8 June 2018

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A - E (A.1 - E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words 'not applicable'.

Section A – Introduction and warnings		
Element		
A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of a member state of the EU, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the Ordinary Shares.
A.2	Subsequent resale or final placement of securities through financial intermediaries	Not applicable. This document has not been drawn up in connection with any subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
Element		
B.1	Legal and commercial name	The Company's legal and commercial name is Stenprop Limited. The Company was formerly known as GoGlobal Properties Limited.

Section B – Issuer		
Element		
B.2	Domicile and legal form, legislation and country of incorporation	The Company was registered in Guernsey on 23 March 2018 as a non-cellular company limited by shares with registered number 64865. The Company was previously incorporated as a company limited by shares and registered in Bermuda on 26 October 2012 with registration number 47031. The Company migrated to Guernsey on 23 March 2018. The principal legislation under which the Company operates is the Companies Law.
B.5	Group description	The Company is the ultimate holding company of the Group.

B.6 Notifiable interests and voting rights

Insofar as it is known to the Company, as at the Latest Practicable Date, the following Shareholders were interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital or voting rights:

Name	Number of Ordinary Shares	Percentage holding
Sandown Capital Limited	20,220,468	6.93%
Paul Arenson	12,523,096	4.29%
36One Asset Management	9,270,302	3.18%

All Shareholders have the same voting rights in respect of the share capital of the Company.

As at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

B.7 Selected historical key financial information

The selected historical key financial information set out below has been extracted without material adjustment from the historical financial information of the Group set out in Part 5 of this document.

The selected historical key financial information has been prepared in accordance with IFRS and applicable legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended 31 March 2018 £'000	Audited for the year ended 31 March 2017 £'000	Audited for the year ended 31 March 2016 £'000
Net rental income	32,861	25,468	29,006
Management fee income	5,092	3,109	2,143
Operating costs	(8,290)	(5,019)	(6,800)
Net operating income	**29,663**	**23,558**	**24,349**
Fair value movement of	20,223	2,431	16,796

Section B – Issuer					
Element					
		investment properties			
		Gain/(loss) from associates	292	(9,838)	787
		Income from joint ventures	7,624	3,430	5,726
		Loss on disposal of subsidiaries	(26)	-	-
		Profit from operations	**57,776**	**19,581**	**47,658**
		Net gain/(loss) from fair value of derivative financial instruments	2,453	489	(732)
		Net finance costs	(9,487)	(5,996)	(8,120)
		Net foreign exchange (losses)/gains	(492)	274	(98)
		Other gains and losses	1,046	-	-
		Goodwill impairment	(3,500)	-	-
		Profit for the year before taxation	**47,796**	**14,348**	**38,708**
		Taxation	(4,849)	(2,252)	(2,404)
		Profit for the year from continuing operations	**42,947**	**12,096**	**36,304**
		(Loss)/profit for the year from discontinued operations	(2,712)	2,814	-
		Profit for the year	**40,235**	**14,910**	**36,304**
		Profit attributable to:			
		- Equity holders	39,357	14,687	36,072
		- Non-controlling interest	878	223	232
		Fair value movement on derivative financial instruments	-	-	380
		Foreign currency translation reserve	(154)	16,827	11,993
		Total comprehensive profit for the period	**40,081**	**31,737**	**48,677**

Element

Total comprehensive profit attributable to:			
- Equity holders	39,203	31,514	48,445
- Non-controlling interest	878	223	232
Earnings per share (from continuing and discontinued operations)			
IFRS EPS	13.98p	5.20p	12.96p
Diluted IFRS EPS	13.89p	5.18p	12.93p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited as at 31 March 2018 £'000	**Audited as at 31 March 2017 £'000**	**Audited as at 31 March 2016 £'000**
Assets			
Investment properties	535,509	470,603	576,757
Investment in associates	303	17,863	31,057
Investment in joint ventures	14,660	31,435	29,731
Other debtors	13,617	11,634	5,853
Derivative financial instruments	712	-	-
Total non-current assets	**564,801**	**531,535**	**643,398**
Cash and cash equivalents	24,549	25,202	29,093
Trade and other receivables	8,208	4,069	5,032
Assets classified as held for sale	147,408	135,373	-
Total current assets	**180,165**	**164,644**	**34,125**
Total assets	**744,966**	**696,179**	**677,523**
Equity and liabilities			
Share capital and share premium	315,551	310,141	305,999
Equity reserve	(8,453)	(8,976)	353
Retained earnings	57,947	40,945	48,021
Foreign currency translation reserve	22,286	22,440	5,613
Total equity attributable to:			
- Equity holders	387,331	364,550	359,986
- Non-	2,939	2,051	1,685

Section B – Issuer					
Element					
		controlling interest			
		Total equity	**390,270**	**366,601**	**361,671**
		Non-current liabilities			
		Bank loans	256,697	216,047	141,236
		Derivative financial instruments	699	2,853	3,298
		Other loans and interest	-	-	9
		Deferred tax	9,379	5,794	7,670
		Total non-current liabilities	**266,775**	**224,694**	**152,213**
		Current liabilities			
		Bank loans	2,800	13,004	149,198
		Derivative financial instruments	-	119	1,398
		Accounts payable and accruals	17,714	15,560	13,043
		Liabilities directly associated with assets classified as held for sale	67,707	76,201	-
		Total current liabilities	**87,921**	**104,884**	**163,639**
		Total liabilities	**354,696**	**329,578**	**315,852**
		Total equity and liabilities	**744,966**	**696,179**	**677,523**
		IFRS NAV per share	£1.37	£1.31	£1.27
		Diluted IFRS NAV per share	£1.36	£1.31	£1.27
		CONSOLIDATED STATEMENT OF CASH FLOWS			
			Audited for the year ended 31 March 2018 £'000	**Audited for the year ended 31 March 2017 £'000**	**Audited for the year ended 31 March 2016 £'000**
		Net cash from operating activities	22,975	24,643	17,387
		Net cash from/(used in) investing activities	9,294	10,971	(49,412)
		Net cash (used in)/from financing activities	(32,919)	(40,117)	1,931

Section B – Issuer

Element

Net decrease in cash and cash equivalents	(650)	(4,503)	(30,094)
Effect of foreign exchange rate changes	110	1,237	360
Cash and cash equivalents at beginning of the period	25,827	29,093	58,827
Cash and cash equivalents at end of the period	25,287	25,827	29,093

The following significant changes to the Group's financial condition and operating results occurred during the financial years ended 31 March 2016, 31 March 2017 and 31 March 2018:

- In May 2015, two London properties, one located in Pilgrim Street and one known as Euston House, were refinanced with £37.05 million and £27.54 million of debt respectively, at all-in interest rates of 2.90 per cent. and 3.02 per cent. per annum respectively, with no capital repayments. The Pilgrim Street loan was repaid in January 2018 when the property was sold.
- In May 2015, a 50 per cent. interest in 25 Argyll Street, a multi-let office building located in London's West End, was acquired based on a valuation of £75 million.
- In August 2015, the acquisition of the Hermann Quartier retail centre in Berlin at a purchase price of €22.7 million was completed.
- In November 2015, the acquisition of a second retail centre in Berlin, the Victoria Centre, at a purchase price of €22.0 million was completed.
- In January 2016, a distribution warehouse in Leigh, north west England, was sold for £5.37 million.
- In May 2016, £12.4 million of debt on a portfolio of UK regional properties was refinanced for a five year period at an all-in interest rate of 3.46 per cent. per annum with no capital repayments.
- In November 2016, the Group's property located in Interlaken in Switzerland was sold for CHF6.8 million.
- In February 2017, the Group's Bleichenhof

Element		
		property located in central Hamburg was refinanced on an interest-only basis for a five year term, at an all-in fixed rate of 1.58 per cent. • During the financial year ended 31 March 2017, Stenprop repurchased 9,026,189 of its own shares for €11.4 million at an average price of €1.217 per share excluding any dividends. • In April 2017, all of the bank loans on the Group's Swiss properties, which expired on 31 March 2017, were extended on a short-term rolling basis pending disposal. The extended loans have no swaps, and interest is charged at Swiss LIBOR plus a margin of between 1.05 per cent. and 1.35 per cent., with the exception of one tranche of CHF3.09 million which carries a margin of 2.47 per cent. Where Swiss LIBOR is negative, the margin represents the current interest rate. • In April 2017, an annexe of the Group's Hermann Quartier property was sold for a price of €2.7 million. • With effect from 1 April 2017, Stenprop changed its reporting currency from Euros to Pounds Sterling. • In June 2017, Stenprop secured a 12-month bridging finance facility of €31 million at an all-in interest rate of 7 per cent. and paid a one-off 1 per cent. arrangement fee. The loan was used to partly fund the Group's £127 million UK MLI portfolio acquisition in the same month. The loan was repaid in January 2018 following the sale of the Group's property in Pilgrim Street, London. • In June 2017, a further 12-month facility of €8 million was secured at an all-in interest rate of 7 per cent. (with no arrangement fee). The loan was used to partly fund the Group's £127 million UK MLI portfolio acquisition in the same month. The loan was repaid in January 2018 following the sale of the Group's property in Pilgrim Street, London. • In June 2017, a further £6.1 million was drawn down on the bank loan secured against Trafalgar Court, Guernsey at an all-in interest rate of 3.85 per cent. The loan matures in March 2020. An amount of £1.4 million has been repaid as at the Latest Practicable Date.

Element

		• In June 2017, Stenprop acquired a portfolio of 25 MLI properties situated across the UK for a purchase consideration which valued the properties at £127 million. The portfolio comprised properties with a gross lettable area of approximately 2 million square feet and contractual rent of approximately £9.1 million per annum, representing an average passing rent of £5.15 psf. As part of the acquisition a five year stapled finance facility of £69 million was provided by The Royal Bank of Scotland PLC. The facility is partially hedged by way of a swap and the margin is 2.25 per cent per annum. • In June 2017, Stenprop also acquired C2 Capital Limited, the management platform responsible for aggregating and managing the MLI portfolio acquired on the same date, for a purchase consideration of £3.5 million which was settled by the issue of 3,270,000 Stenprop shares valued at €1.22 per share. • Stenprop owns a 28.42 per cent. interest in Stenham European Shopping Centre Fund. The fund owned a shopping centre known as Nova Eventis, situated near Leipzig in Germany. Stenham European Shopping Centre Fund sold the shopping centre in June 2017 at a valuation of €208.5 million, and Stenprop has received substantially all of its share of the proceeds arising from the disposal. • In July 2017, the Group's property in Granges Paccot in Switzerland was sold for CHF20 million. • In August 2017, Stenprop sold an office block in Uxbridge, west London, for £3.4 million. • In October 2017, Stenprop sold a property in Cham, Switzerland for CHF14.2 million. • In November 2017, Stenprop acquired Souterhead Industrial Estate, a MLI estate located in Aberdeen, Scotland for £4.15 million. • In December 2017, the bank facility of €14.5 million relating to the five German Bikemax properties was refinanced with the existing lender for a new five year term, maturing in December 2022, at a margin of 1.55 per cent. An interest rate cap was purchased for €43,000 in order to provide flexibility over future disposals whilst also allowing

Section B – Issuer		
Element		
		Stenprop to benefit from the current low interest rate environment. • In December 2017, in two separate MLI transactions Stenprop acquired Venture Park and Coningsby Park, both in Peterborough, for an aggregate price of £9.35 million. • In December 2017, Stenprop sold an office property in Worthing, West Sussex for £3.7 million. • In December 2017, Stenprop secured a revolving credit facility of £50 million. The facility can be accessed for acquisitions for eighteen months until April 2019 and carries an interest rate equal to one-month LIBOR plus 7 per cent. per annum. • In January 2018, Stenprop completed the acquisition of Globe Park, a MLI estate near Manchester, for £2.2 million. • In January 2018, Stenprop completed the sale of its property located in Pilgrim Street, London, for a disposal price of £79.9 million. • In January 2018, Stenprop refinanced the acquisition of the four newly acquired industrial estates in Aberdeen, Peterborough and Rochdale, through an additional £8.98 million tranche to the existing RBS facility on similar terms, carrying an interest rate equal to three month LIBOR plus a margin 2.25 per cent per annum. • In March 2018, Stenprop completed the acquisition of Ellis Hill Industrial Estate in Huddersfield for £5.8 million. • Stenprop migrated its jurisdiction of incorporation from Bermuda to Guernsey on 23 March 2018. • In March 2018 the Group's four Care Home properties in Germany were refinanced with €22.12 million of debt, with combined annual amortisation payments of €549,000, for a term of five years and nine months until 30 December 2023. The new margin of 1.25 per cent. and a swap of 0.63 per cent. give an all-in interest rate of 1.88 per cent. Since 31 March 2018 (being the date to which the historical key financial information included in this document was prepared) the following significant changes to the Group's financial condition and operating results have occurred:

Section B – Issuer		
Element		
		• In April 2018, Stenprop completed the acquisition of Greenwood Industrial Estate, a MLI estate in Shrewsbury, for £2.9 million. • On 30 April 2018, the Group's 14 Aldi properties in Germany were refinanced with €14,831,250 of debt on an interest only basis for a two year term until 30 April 2020, at an interest rate equal to the three month Euribor plus a margin of 1.85 per cent. with a floor on the all-in interest rate of zero. Interest rate hedging is only required if the three month Euribor exceeds 1.50 per cent. for three consecutive banking days. • On 1 May 2018, Stenprop elected for UK REIT status. • In May 2018, Stenprop completed the MLI acquisition of Kirkstall Park, Leeds for £8.15 million. • In May 2018, an amount of £8.43 million was drawn down from The Royal Bank of Scotland plc, secured against the MLI properties located in Shrewsbury, Leeds and Huddersfield, with a term of five years and an interest rate equal to three month LIBOR plus a margin of 2.25 per cent. per annum. • On 4 June 2018, Stenprop completed the sale of its 50 per cent. interest in the office building located in Argyll Street at a price which valued the property at £83.4 million. Save as set out above, there has been no significant change in the financial condition or operating results of the Group since 31 March 2018 (being the date to which the historical key financial information included in this document was prepared).
B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information is included in this document.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates for the Company have been made.
B.10	Audit report qualifications	Not applicable. None of the auditor's reports on the historical financial information included in this document contains any qualifications.
B.11	Working capital	The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is,

Section B – Issuer		
Element		
		for the 12 months from the date of this document. The Group has four non-recourse financing facilities which are either due to reach maturity within the next 12 months or effectively have a rolling three month term (each a "**Swiss Non-Recourse Facility**" and together, the "**Swiss Non-Recourse Facilities**"), at which maturity date or expiry of the relevant term (as the case may be) the outstanding balance of the financings will become due and payable unless such financings can be extended. The maturity/expiry dates and unaudited principal amounts outstanding as at the Latest Practicable Date on each Swiss Non-Recourse Facility are set out below:

Facility (and relevant assets secured against such facility)	Unaudited principal amount outstanding CHF'000[1]	Maturity/expiry date
Credit Suisse: Algy – Sissach	3,088	31 March 2019
Credit Suisse: Bruce – Chiasso	4,755	31 March 2019
UBS: Kantone – Lugano, Baar, Vevey and Montreux	35,150	Rolling (3 monthly)
UBS: Polo – Altendorf and Arlesheim	22,750	Rolling (3 monthly)
Total	**65,743**	

The Swiss Non-Recourse Facilities are secured by assets valued at CHF124.16 million (as at the Latest Practicable Date), which equates to an LTV of 52.9 per cent., and which represent in aggregate 12.5 per cent. of the total assets of the Group as at the Latest Practicable Date.

The Credit Suisse facilities have a fixed one year term expiring on 31 March 2019.

The master credit agreements governing the UBS facilities provided for a fixed term that expired on 31 March 2017. The agreements become due and payable upon expiry of the relevant three month period unless rolled over for a further three month period. The UBS facilities are therefore effectively rolling. Although from a strict legal perspective, UBS could terminate the facility agreements prior to the renewal of the relevant three month period and therefore require the loans to be repaid at the end of such three month period, UBS has confirmed in writing that it has no current intention of terminating either of the credit facilities.

With the exception of the Lugano property, all of the Swiss properties are the subject of an ongoing sale process. The Company anticipates that the Group will be able to repay the

1 *Source: Company Disclosures*

		Credit Suisse and UBS facilities through asset sales with any remaining outstanding balance likely to be extended or refinanced, although no extension or refinancing is currently under discussion or committed. If all of the Swiss Non-Recourse Facilities were required to be repaid at the same time, the approximate shortfall in the Group's working capital would be £44.6 million. Given the non-recourse nature of the financings, the Company is not obliged to utilise any additional capital to refinance any of the Swiss Non-Recourse Facilities, and it has no current intention of doing so. In the event that the Group is unable to reach a mutually satisfactory agreement with a lender in relation to a Swiss Non-Recourse Facility then the lender would be entitled to enforce its security rights over the assets secured against such Swiss Non-Recourse Facility. Should the lender enforce its security rights over such assets, the proceeds from the sale of the assets would be applied to repay, to the extent possible, the amount owing under the Swiss Non-Recourse Facilities (with the Group being entitled to any excess proceeds from the sale of the assets following repayment in full of the amount outstanding). In these circumstances, the Group would no longer own those assets and, to the extent that surplus cash is generated by the Swiss Portfolio, would not have the benefit of any cash distributions from such assets. Any excess proceeds from the sale of the assets would be available for reinvestment and would be expected to generate cash returns. For the year ended 31 March 2018, the Swiss assets delivered net operating income after interest and tax of CHF3.8 million; however, after taking into account bank debt amortisation and capital expenditure, Stenprop invested approximately CHF1 million in its Swiss assets and did not benefit from any distributable cash. In the financial year to 31 March 2019, and assuming that the seven out of eight assets in the Swiss Portfolio which are being marketed for sale are not sold, a further investment of approximately CHF3.4 million will be required. Each lender only has recourse to the ring-fenced portfolio of assets over which it has security and the subsidiaries that are parties to the relevant Swiss Non-Recourse Facility and does not have any recourse to any other assets of the Company or other subsidiaries of the Group. The Company is of the opinion that, should any or all lenders enforce their security in relation to any of the Swiss Non-Recourse Facilities, and after taking into account the relevant forfeiture of the assets secured against such Swiss Non-Recourse Facilities and enforcement against subsidiaries as detailed above, the remainder of the Group would be able to continue to operate its business in the ordinary course for at least the next 12 months from the date of this document.

Section B – Issuer		
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B.34	Investment policy	The investment policy of the Group is to invest in a diversified portfolio of UK MLI properties.
		Investment restrictions
		The Group will invest and manage its assets with an objective of diversifying risk. The Group's investments will adhere to the following investment restrictions, which will be evaluated at the time of acquisition of any assets:
		• Once the Group's gross asset value substantially comprises MLI assets:
		  • any speculative development projects will comprise no more than 5 per cent. of the Group's gross asset value;
		  • the rental income attributable to any single tenant shall not account for more than 10 per cent. of the Group's rent roll;
		  • no single MLI estate will have a cost of acquisition which exceeds 20 per cent. of the Group's gross asset value; and
		  • the Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy.
		• The Company will invest no more than 10 per cent., in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in closed-ended investment funds which are listed on the Official List (save to the extent that any such closed-ended investment funds have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds which are listed on the Official List).
		Leverage and interest hedging policy
		While the Group does not currently have a maximum borrowing and/or leverage limit, the Directors will employ a level of borrowing that they consider to be prudent for the asset class, taking into account prevailing market conditions. From 1 April 2021, the Group will target total borrowings (at a Group level) which do not exceed 40 per cent. of its gross asset value.
		The Group will mitigate interest rate risk through the use of derivative instruments such as interest rate swaps or interest

Section B – Issuer		
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		rate caps in respect of at least 75 per cent. of its interest rate exposure. The Group utilises derivative instruments solely for the purposes of efficient portfolio management. ***Foreign currency policy*** The Group will match the currency of any borrowings with the currency of the underlying asset.
B.35	Borrowing and/or leverage limits	While the Group does not currently have a maximum borrowing and/or leverage limit, the Directors will employ a level of borrowing that they consider to be prudent for the asset class, taking into account prevailing market conditions. From 1 April 2021, the Group will target total borrowings (at a Group level) which do not exceed 40 per cent. of its gross asset value. The Group will mitigate interest rate risk through the use of derivative instruments such as interest rate swaps or interest rate caps in respect of at least 75 per cent. of its interest rate exposure.
B.36	Regulatory status	The Company is neither regulated nor authorised by the FCA or the GFSC. It is subject to the JSE Listings Requirements, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR.
B.37	Typical investor	Typical investors in the Company are expected to be institutional and sophisticated investors.
B.38	Investment of more than 20 per cent. of gross assets in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest more than 20 per cent. of its gross assets in a single underlying asset or one or more collective investment undertakings which may in turn invest more than 20 per cent. of gross assets in other collective investment undertakings. The Company will not expose more than 20 per cent. of its gross assets to the creditworthiness or solvency of any one counterparty.
B.39	Investment in excess of 40 per cent. of gross assets in another collective investment undertaking	Not applicable. The Company will not invest in excess of 40 per cent. of its gross assets in another collective investment undertaking.
B.40	Service providers	***Corporate broker*** Numis has been appointed to act as corporate broker to the Company. Numis is entitled to receive from the Company a semi-annual retainer of an amount equal to 0.0125 per cent. of the Company's market capitalisation up to £200 million, plus 0.0025 per cent. of the Company's market capitalisation in excess of £200 million, each such semi-annual payment being subject to a minimum of £17,500 (exclusive of any

Section B – Issuer		
Element		
		VAT). ***JSE sponsor*** Java has been appointed to act as the Company's sponsor in relation to the Company's primary listing of the Ordinary Shares on the JSE. Java is entitled to receive from the Company an annual fee of 140,000 Rand (exclusive of any VAT), payable quarterly in advance. ***Guernsey registrar*** Computershare Guernsey has been appointed to act as the Company's Guernsey registrar. Computershare Guernsey is entitled to receive from the Company an annual fee based on activity, subject to a minimum fee of £9,000 per annum (exclusive of any VAT). The maximum annual fee that Computershare Guernsey may be entitled to receive from the Company under the terms of the Guernsey Registrar Agreement is estimated to be £30,000 (exclusive of any VAT). ***South African registrar*** Computershare South Africa has been appointed to act as the Company's South African registrar and Computershare South Africa Nominees has been appointed to provide certain nominee services. Computershare South Africa and Computershare South Africa Nominees are together entitled to receive from the Company a minimum fee of R8,988.66 per month (exclusive of any VAT). The maximum annual fee that Computershare South Africa and Computershare South Africa Nominees may together be entitled to receive from the Company under the terms of the South African Registrar Agreement is estimated to be R125,000 (exclusive of any VAT). ***Valuer*** JLL has been appointed by the Company as external valuer to provide a valuation of the Current Portfolio as at 31 March 2018 and as at the Latest Practicable Date. JLL is entitled to a fee of £46,930 plus VAT in respect of the UK and Guernsey Portfolio, CHF52,000 plus VAT in respect of the Swiss Portfolio and €98,670 plus VAT in respect of the German Portfolio. The Company is also a party to various historical engagement letters with JLL and its associated company Jones Lang LaSalle GmbH in respect of certain properties in the Current Portfolio, pursuant to which: • with respect to the Group's UK MLI portfolio, for each valuation, JLL is entitled to receive a fee of £850 per asset (where the UK MLI portfolio comprises 30 properties or less), £750 per asset (where the UK MLI portfolio comprises 31 to 50

Section B – Issuer		
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		properties), £650 per asset (where the UK MLI portfolio comprises 51 to 100 properties) and £550 per asset (where the UK MLI portfolio comprises in excess of 100 properties); • with respect to certain of the Group's UK properties (excluding the UK MLI portfolio), JLL is entitled to a maximum aggregate fee of £30,000 per annum; and • with respect to the Group's Bleichenhof and Neukölln properties in Germany, Jones Lang LaSalle GmbH is entitled to a maximum aggregate annual fee of €16,000. All of such fees are exclusive of any VAT. Each of such historical engagement letters expires on 30 September 2018, save for the engagement letter with Jones Lang LaSalle GmbH which may be terminated by either party on three months' notice.
B.41	Regulatory status of investment manager, investment adviser and custodian	Not applicable. The Company does not have an investment manager or investment adviser and has not appointed a custodian, trustee or fiduciary in respect of the Current Portfolio.
B.42	Calculation of net asset value	The Group uses the valuations prepared by its independent valuers as the fair value of its investment properties and to calculate the IFRS NAV and EPRA NAV. These valuations, which take place at the interim stage on 30 September and at year-end on 31 March of each year, are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards (Red Book). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties. Details of the IFRS NAV and the EPRA NAV will be announced by the Company through an RIS and via SENS as soon as practicable after the end of the relevant period. The IFRS NAV and EPRA NAV are published in the Company's half yearly report and integrated annual report. The calculation of the IFRS NAV and EPRA NAV will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot be obtained without undue expenditure or in other circumstances outside of the Company's control. Details of any suspension in making such calculations will be

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		announced by the Company through an RIS and via SENS as soon as practicable after any such suspension occurs.
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included in this document. Please see the selected historical key financial information at B.7.
B.45	Portfolio	Current Portfolio split by country and by value as at the Latest Practicable Date:

	Valuation £m	**Number of properties**	**Property equity* £m**
United Kingdom	325.2	42	167.3
	46.3%	*54.5%*	*47.5%*
Germany	284.8	27	141.3
	40.5%	*35.1%*	*40.1%*
Switzerland	92.9	8	43.7
	13.2%	*10.4%*	*12.4%*
Total	**702.9**	**77**	**352.3**

** properties less loans plus JVs / associates*

Current Portfolio profile by sector and geographic location as at the Latest Practicable Date:

	Asset value	**Gross lettable area**	**Annual gross rental income**	**WAULT (by revenue)**	**Occupancy (by area)**
	£m	**m^2**	**£m**	**Years**	**%**
Office	241.1	55,692	13.5	6.0	91.0%
	34.3%	*13.1%*	*31.6%*		
MLI	158.8	229,763	11.1	3.1	85.5%
	22.6%	*53.9%*	*26.1%*		
Retail	179.8	97,654	11.5	6.5	97.2%
	25.6%	*22.9%*	*27.0%*		
Industrial	6.8	14,313	0.6	2.4	100.0%
	1.0%	*3.4%*	*1.4%*		
Care Homes	34.6	19,330	2.4	11.4	100.0%
	4.9%	*4.5%*	*5.6%*		
Other	81.8	9,749	3.6	9.0	96.5%
	11.6%	*2.3%*	*8.3%*		

Section B – Issuer		
Element		
		Total **702.9** **426,502** **42.6** **5.9** **90.3%** Tenant profile split geographically as at the Latest Practicable Date:

	Number of tenants	Annual rental income %
UK	536	52
Germany	96	34
Switzerland	86	14
Total	**718**	**100**

B.46	Net asset value	As at 31 March 2018, the IFRS NAV was £387.33 million, the EPRA NAV was £402.24 million, the diluted IFRS NAV per Ordinary Share was £1.36 and the diluted EPRA NAV per Ordinary Share was £1.41. The IFRS NAV and the EPRA NAV are audited.

Section C – Securities		
Element		
C.1	Type and class of securities being admitted to trading and identification number	Application will be made to the London Stock Exchange for 291,718,476 Ordinary Shares to be admitted to trading on the Specialist Fund Segment. The ISIN for the Ordinary Shares is GG00BFWMR296.
C.2	Currency of issue	The Ordinary Shares are denominated in Euros.
C.3	Number of shares in issue and par value	As at the date of this document, the issued share capital of the Company comprises 291,718,476 Ordinary Shares, all of which are fully paid and of which 9,026,189 are held in treasury.
C.4	Rights attaching to the Ordinary Shares	The Ordinary Shares carry the right to receive all dividends declared by the Company. On a winding-up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among Shareholders *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges. The liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among Shareholders in specie or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets as he deems fair and determine how the division shall be carried out as between the Shareholders or different classes of

Section C – Securities		
Element		
		Shareholders. The liquidator may with the same sanction vest the whole or any part of the assets in trustees on trusts for the benefit of the Shareholders as the liquidator, with the same sanction, thinks fit but no Shareholder shall be compelled to accept any shares or other securities on which there is any liability. The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company. On a poll, Shareholders will be entitled to one vote for each Ordinary Share held. The consent of Shareholders will be required for the variation of any rights attached to the Ordinary Shares.
C.5	Restrictions on transfer	The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form (to the extent permitted by the CREST regulations and rules) which is not fully paid or on which the Company has a lien or if (i) it is in respect of more than one class of shares, (ii) it is in favour of more than four joint transferees, (iii) if applicable, it is delivered for registration to the registered office of the Company or such other place as the Board may decide and it is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require, (iv) the transfer is in favour of any "non-qualified holder" or (v) it would cause the Company to fail Condition D (not a close company) in section 528 of the CTA 2010, provided that, in the case of a listed share, this would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange. For these purposes a "non-qualified holder" means any person, as determined by the Board in its sole discretion, to whom a sale or transfer of shares, or in relation to whom the direct or beneficial holding of shares, (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Board to be relevant) would or might result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage, in connection with the Company being, or being required to register as, an "investment company" under the US Investment Company Act, losing any exemptions under the US Investment Company Act, or the assets of the Company being deemed to be "plan assets" within the meaning of ERISA. In addition, if the Directors have served a "disclosure notice" on a Shareholder in accordance with the Articles requiring such Shareholder to disclose the nature of their interest in shares in the Company, and such Shareholder

Section C – Securities		
Element		
		has not complied with such notice, the Directors may by notice in writing and in their discretion refuse to register any transfers in respect of the relevant shares, until such time as the appropriate disclosures are properly made.
C.6	Admission to trading	Application will be made to the London Stock Exchange for 291,718,476 Ordinary Shares to be admitted to trading on the Specialist Fund Segment. It is expected that UK Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 15 June 2018.
C.7	Dividend policy	In order to comply with REIT conditions, Stenprop will be required to meet a minimum distribution test each year. This minimum distribution test requires the Company to distribute, on or before the filing date of the Company's tax returns for the accounting period in question, at least 90 per cent. of the REIT Group's income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes. Stenprop intends to distribute the amount necessary to comply with REIT conditions, or at least 90 per cent. of its property-related EPRA earnings, whichever is the higher. Distribution of non-property-related earnings will be evaluated from time-to-time by the Board. Stenprop intends to pay dividends in cash, but may offer a scrip equivalent from time to time. Assuming that current market conditions prevail and based on average exchange rates of €1.13:£1.00 and CHF1.30:£1.00, for the year ending 31 March 2019, Stenprop is targeting to pay a total dividend of 6.75 pence per share, a 15.6 per cent. reduction over the 8 pence per share dividend paid in respect of the year ended 31 March 2018. This target can be evaluated against the diluted adjusted EPRA EPS attributable to the Group's property rental business of 7.29 pence per share for the year ended 31 March 2018, with a further amount of 1.80 pence per share attributable to the Group's non-property-related earnings. Stenprop intends to pay an interim dividend of 3.375 pence per share in January 2019 and the remainder by way of a final dividend in late July or early August 2019. A 6.75 pence per share dividend would represent a dividend yield of 5.9 per cent. on the Company's share price of £1.14 at 4 June 2018 and a dividend yield of 4.8 per cent. on the Company's diluted EPRA NAV per share at 31 March 2018 of £1.41.[2]

[2] These are targets only and not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distributions at all.

Section D – Risks		
Element		
D.2	Key information on the key risks that are specific to the Company	**The Company may not meet its investment objective or achieve its targeted returns** The investment objective of the Company is to deliver sustainable growing dividends to its investors by becoming a specialised UK MLI business. The Company may not achieve its investment objective. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment objective and strategy, particularly during the Group's UK MLI transition period, and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws and generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target dividend yield referred to in this document. **The Group's ability to become a fully-focused MLI business will depend on its ability to:** ***(a) identify and acquire suitable properties in a competitive market*** The Group's ability to become a fully-focused MLI business through the acquisition of MLI properties may be limited by its ability to identify and acquire suitable properties which deliver returns sufficient to meet the Group's investment return criteria. This may occur as a result of increased competition for MLI properties in the UK, which may in turn result in an increase in market pricing. The inability to acquire sufficient MLI properties may negatively affect the Company's ability to deliver sustainable and growing dividends. ***(b) dispose of properties within the Current Portfolio at attractive prices, and to deploy the proceeds into suitable acquisitions of MLI properties*** The Group's ability to become a fully-focused MLI business may be limited by its ability to dispose of properties within the Current Portfolio at prices at or close to valuation. The MLI acquisition strategy of the Group is predicated on its ability to dispose of existing assets and to use the proceeds to fund MLI acquisitions.

Section D – Risks		
Element		
D.3	Key information on the key risks that are specific to the Ordinary Shares	The market price of the Ordinary Shares may fluctuate significantly and there may be limited liquidity in the Ordinary Shares. The price will be influenced by factors such as the performance of the Group's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, and general economic and legal factors. Subject to the application of pre-emptive rights over new shares, issues of Ordinary Shares may result in the dilution of existing Shareholders. If existing Shareholders are not eligible to, or do not, subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, their existing interests in the Company will be diluted. Any dividends to be declared in respect of the Ordinary Shares will be declared in Pounds Sterling but paid in Pounds Sterling or Rand. Any depreciation of Rand in relation to Pounds Sterling will reduce the value of any dividends in foreign currency terms.

Section E – Securities		
Element		
E.1	Net proceeds and estimated expenses	Not applicable. This document relates to the application for admission to trading of the Ordinary Shares on a regulated market only. No new Ordinary Shares are being issued by the Company in connection with UK Admission.
E.2a	Reasons for the offer and use of proceeds	Not applicable. This document relates to the application for admission to trading of the Ordinary Shares on a regulated market only. No new Ordinary Shares are being issued by the Company in connection with UK Admission.
E.3	Terms and conditions of the offer	Not applicable. This document relates to the application for admission to trading of the Ordinary Shares on a regulated market only. No new Ordinary Shares are being issued by the Company in connection with UK Admission.
E.4	Material interests	Not applicable. This document relates to the application for admission to trading of the Ordinary Shares on a regulated market only. No new Ordinary Shares are being issued by the Company in connection with UK Admission.
E.5	Selling shareholders and lock-up agreements	Not applicable. No person or entity is offering to sell Ordinary Shares in connection with UK Admission. No lock-up arrangements are being entered into in connection with UK Admission.

Section E – Securities		
Element		
E.6	Dilution	Not applicable. There will be no dilution of existing Shareholders in connection with UK Admission.
E.7	Estimated expenses charged to investors	Not applicable. The costs and expenses incurred by the Company in connection with UK Admission will be borne by the Company in full and no costs or expenses will be charged to investors.

RISK FACTORS

Prospective investors should carefully consider the risk factors described below, together with all other information set out in this document and their own circumstances, before deciding whether or not to invest in Ordinary Shares. Should any of the following events or circumstances occur, the Group's results of operations, financial condition and business prospects could be materially adversely affected. In such circumstances, the net asset value of the Company and/or the market price of the Ordinary Shares could decline and investors could lose all or part of the value of their investment and/or any distributions relating to the Ordinary Shares could be reduced, interrupted or could cease. The risks and uncertainties described below are not the only ones faced by the Group. Additional risks and uncertainties not presently known or which are currently deemed immaterial may also have a material adverse effect on the Group's results of operations, financial condition or business prospects.

1 RISKS RELATING TO THE COMPANY, ITS INVESTMENT STRATEGY AND THE GROUP'S OPERATIONS

The Company may not meet its investment objective or achieve its targeted returns

The investment objective of the Company is to deliver sustainable growing dividends to its investors by becoming a specialised UK MLI business. The Company may not achieve its investment objective. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment objective and strategy, particularly during the Group's UK MLI transition period, and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws and generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target dividend yield referred to in this document.

The Group's ability to become a fully-focused MLI business will depend on its ability to:

(a) identify and acquire suitable properties in a competitive market

The Group's ability to become a fully-focused MLI business through the acquisition of MLI properties may be limited by its ability to identify and acquire suitable properties which deliver returns sufficient to meet the Group's investment return criteria. This may occur as a result of increased competition for MLI properties in the UK, which may in turn result in an increase in market pricing. The inability to acquire sufficient MLI properties may negatively affect the Company's ability to deliver sustainable and growing dividends.

(b) dispose of properties within the Current Portfolio at attractive prices, and to deploy the proceeds into suitable acquisitions of MLI properties

The Group's ability to become a fully-focused MLI business may be limited by its ability to dispose of properties within the Current Portfolio at prices at or close to valuation. The MLI acquisition strategy of the Group is predicated on its ability to dispose of existing assets and to use the proceeds to fund MLI acquisitions.

Market conditions may delay or prevent the Group from:

(a) acquiring properties that generate acceptable returns

Market conditions may have a negative impact on the Group's ability to identify and execute property acquisitions that generate acceptable returns. Market conditions in the real estate and the financial sectors may have a significant negative impact on the availability of credit, property pricing and liquidity levels. During such periods, lenders often tighten their lending criteria, lending lower multiples of income and lowering LTV ratios. Such adverse market conditions may restrict the ability of the Group to acquire suitable assets that are able to generate acceptable returns and may lead to increasing numbers of tenant defaults. The Group may be unable to access credit markets, or may be able to access them only on more onerous (including as to interest rates) terms. Such adverse market conditions may have a material adverse effect on the Group's earnings, NAV or the Company's ability to deliver sustainable and growing dividends to Shareholders.

(b) disposing of properties at attractive prices

Market conditions may have a negative impact on the Group's ability to dispose of properties within the Current Portfolio at attractive prices. Such adverse market conditions may have a material adverse effect on the Group's ability to pursue its investment objective and strategy, its NAV or the Company's ability to deliver sustainable and growing dividends to Shareholders.

Any costs associated with potential property acquisitions or disposals that do not proceed to completion will affect the Group's performance

The Group expects to incur certain third party costs in connection with the acquisition and disposal of properties, including financing, valuation and professional services costs. The Group usually limits these on a transaction basis but, because there can be no guarantee that the Group will be successful in its negotiations to acquire any given property, it may incur costs when transactions fail. A Group Company may enter into purchase agreements which include break fees or other related damages payable by the Group Company to the vendor if it fails to meet the agreed terms of the purchase agreement. It is therefore the case that, the greater the number of transactions that do not reach completion, the greater the likely impact on the Group's results of operations.

The Group is exposed to risks relating to indebtedness and impact of gearing on NAV

The Group may use its existing cash resources, the proceeds from disposals of properties within the Current Portfolio, new equity capital and additional borrowings to finance additions to its portfolio. The Group's ability to generate sufficient cash flow to make scheduled interest payments on its indebtedness, and the Group's ability to refinance its indebtedness when due, will depend on the market at the time and its performance over future years, which will be affected by a range of economic, competitive and business factors, many of which are outside the Group's control.

Use of gearing increases volatility in the NAV per Ordinary Share because it magnifies the impact on NAV of changes in the value of gross assets. Prospective investors should be aware that, whilst the use of borrowings should enhance the NAV of the Ordinary Shares where the value of the Group's underlying assets is rising, it can have the opposite effect if the underlying asset value is falling. In addition, in the event that the rental income of the Group's portfolio falls, the use of borrowings will increase the impact of such falls on the profitability of the Group and, accordingly, this will have an adverse effect on the Group's profits and the Company's ability to deliver sustainable and growing dividends to Shareholders in the future.

As at the Latest Practicable Date, the Group had approximately £350,553,684 of outstanding bank loans, secured against the Current Portfolio, which has been valued at £702,944,041 as at the Latest Practicable Date. In addition, any amounts drawn down under the Investec RCF will be secured by charges over the shares in members of the Group owning substantially all of the Group's assets, which is repayable on demand. If the Group breaches any of the financial covenants in its banking facilities, or if the Group's lenders determine that there has been a material adverse change in the financial position or business of the Group under the default provisions of the Group's banking facilities, an event of default may arise. If an event of default arises and is continuing, the Group's lenders could enforce their security over the Group's assets and/or, in the case of an event of default under the Investec RCF, the charges over the shares in certain members of the Group.

In addition, any event of default could result in the acceleration of the Group's obligations to repay those borrowings and any amounts owing to the Group's lenders or cancellation of the banking facilities.

In the event of enforcement of security by a lender under one of the Group's banking facilities or in the case of a sale required for compliance with covenants contained in the Group's banking facilities, lack of liquidity in the market for the Group's properties may lead to a significant shortfall between the carrying value of a property on the Group's consolidated balance sheet and the price achieved on the disposal of such property, and there can be no assurance that the price obtained from such a sale would cover the book value of the property sold.

The Group may not be able to refinance existing banking facilities upon their maturity/expiry

The ability of the Group to raise funds to rollover or refinance its existing banking facilities upon their expiry on similar terms to those currently enjoyed, or at all, will depend on a number of factors, including general economic, political, debt and equity capital market conditions, funding availability and, importantly, the appetite of the financial institutions to lend to the property sector. If the Group were to face a tightening in the availability of liquidity in the future, whether for macroeconomic reasons or for reasons specific to the Group, it could significantly increase the Group's cost of funding or lead to difficulties for the Group in refinancing borrowings. There is no certainty that the Group would be able to retain existing banking facilities upon their expiry if the value of the Group's portfolio were to fall below a certain level. An inability to refinance existing facilities may mean that the Group will not have funds available to pay existing debts or invest in or develop properties, which could result in the Group being forced to sell assets. Sales in such circumstances may not deliver the level of proceeds that the Group may otherwise expect. In addition, if the Group is unable to renegotiate or refinance existing banking facilities, this may have a material impact on the financial condition of the Group. This would have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. The following banking facilities are due to mature/expire within the next 18 months:

Facility (and relevant assets secured against such facility)	Unaudited principal amount outstanding as at the Latest Practicable Date CHF'000[3]	Maturity/expiry date
Credit Suisse: Algy – Sissach	3,088	31 March 2019
Credit Suisse: Bruce – Chiasso	4,755	31 March 2019
UBS: Kantone – Lugano, Baar, Vevey and Montreux	35,150	Rolling (3 monthly)
UBS: Polo – Altendorf and Arlesheim	22,750	Rolling (3 monthly)
Total	**65,743**	

3 *Source: Company Disclosures*

As a result of the above banking facilities maturing/expiring within the next 12 months, the risk that the Group may not be able to refinance such facilities upon their maturity/expiry could materialise from 31 March 2019 (in respect of the Credit Suisse facilities) and on 9 July 2018 and thereafter at the end of every subsequent three month period (in respect of the UBS facilities).

The Group may be unable to repay or refinance certain non-recourse financing facilities if required to do so in the next 12 months in respect of its Swiss properties

If the Group is unable to repay or refinance the financing arrangements in respect of its Swiss properties, lenders could enforce their security rights over the relevant secured assets. The Group has four non-recourse financing facilities in respect of its Swiss properties, which are either due to reach maturity within the next 12 months or effectively have rolling three month terms. On maturity or expiry of the relevant term (as the case may be) the outstanding balance of the facilities will become immediately due and payable unless such facilities can be extended or refinanced.

There can be no assurance that the Group will be able to secure the relevant facility extensions or have sufficient cash resources (whether through asset sales or otherwise) or other credit facilities available to make full repayments of any such facilities as they fall due. Failure to repay any of the facilities as they fall due could lead to enforcement by the relevant lender of its security rights over the relevant secured assets.

The four facilities have an aggregate outstanding balance of approximately CHF65,743,000 (as at the Latest Practicable Date) and are secured by assets valued at CHF124.16 million (as at the Latest Practicable Date), which equates to an LTV of 52.9 per cent., and which represent in aggregate 12.5 per cent. of the total assets of the Group (as at the Latest Practicable Date). All of the Swiss properties, with the exception of the Lugano property, are the subject of an ongoing sales process and the Company anticipates that the Group will be able to repay the facilities through assets sales, with any remaining outstanding balance to be extended or refinanced. The Group has no agreed extensions or replacement facilities in place, however, UBS has confirmed in writing that it has no current intention of terminating either of its credit facilities. Nonetheless, there can be no assurance that any remaining outstanding balance will be extended or refinanced.

Failure to reach a mutually satisfactory outcome may result in a lender seeking to enforce its security rights over the assets secured against the relevant facility. Should a lender enforce its security rights over such assets, the proceeds from the sale of the assets would be applied to repay, to the extent possible, the amount owing under the facility (with the Group being entitled to any excess proceeds from the sale of the assets following repayment in full of the amount outstanding). Although each lender only has recourse to the ring-fenced portfolio of assets over which it has security, and the subsidiaries that are party to the relevant facility, and do not have any recourse to any other assets of the Company or other subsidiaries of the Group, the Group would no longer own these assets and would not have the benefit of any cash distributions from the relevant assets. Any excess proceeds from the sale of the assets would be available for reinvestment and would be expected to generate cash returns.

For the year ended 31 March 2018, the Swiss assets delivered net operating income after interest and tax of CHF3.8 million; however, after taking into account bank debt amortisation and capital expenditure, Stenprop invested approximately CHF1 million in its Swiss assets and did not benefit from any distributable cash. In the financial year to 31 March 2019, and assuming that the seven out of eight assets in the Swiss Portfolio which are being marketed for sale are not sold, a further investment of approximately CHF3.4 million will be required.

Enforcement of security over the relevant secured assets and against the relevant subsidiaries and the loss of any related cash distributions could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may be subject to increases in operating and other expenses

The Group's operating, financing and capital expenses could increase without a corresponding increase in turnover or tenant reimbursement of these costs. Factors which could increase operating and other expenses include:

(a) costs not recovered from tenants

- increases in interest rates;
- increases in the rate of inflation and currency fluctuation;
- increases in payroll expenses;
- increases in irrecoverable rent arrears;

(b) costs mostly recovered from tenants

- unforeseen increases in the costs of maintaining properties;
- increases in energy costs;
- increases in property taxes and other local government charges; and
- increases in insurance premiums.

Such increases could have a material adverse effect on the Group's financial position and the Company's ability to deliver sustainable and growing dividends to its Shareholders.

The Group's insurance policies may not be adequate or comprehensive

The Group maintains insurance within the range of coverage that the Directors believe is consistent with industry practice, having regard to the nature of its assets and the activities being conducted. No assurance, however, can be given that the Group will be able to maintain such insurance coverage at reasonable rates in the future or that any coverage it arranges will be adequate and available to cover any future claims against the Group.

The Group's properties could suffer losses which may not be fully compensated for by insurance, or at all. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, including terrorism or acts of war, may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds may be inadequate to restore the Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose the capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds, if any, will not occur in the future.

Future dividends will be dependent upon the financial condition of the Group

As a matter of Guernsey law, any distribution of dividends will need to be in accordance with the provisions of the Companies Law. The Directors will therefore need to carry out a liquidity or cash flow test and a balance sheet solvency test before any dividend or distribution payment can be made.

The test requires the Directors to make a future assessment by making reference to the solvency test being satisfied immediately after a distribution or dividend payment is made. If at the time a dividend or distribution payment is to be made, the Directors believe that the solvency test cannot be passed, no payment may be made to the holders of Ordinary Shares.

The UK's proposed exit from the European Union could have a material impact on the Group's activities

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**"). Subsequently, the UK parliament passed the European Union (Notification of Withdrawal) Act 2017 which gave the UK government power to begin the formal process for Brexit. A process of negotiation, which formally commenced on 29 March 2017 when the UK submitted its Article 50 notice of intention to withdraw from the European Union, will determine the terms of the UK's European Union exit and a possible future framework agreement.

The extent of the impact of Brexit on the Group will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. The Group may be subject to a significant period of uncertainty in the period leading up to Brexit including, amongst other things, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of Brexit on the value of investments in the UK real estate sector and, by extension, the value of the investments in the Group's portfolio and the rental income that the Group is able to achieve from its portfolio, is unknown. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the price of the Ordinary Shares. As such, it is not possible to accurately state the impact that Brexit will have on the Group and its portfolio at this time. Brexit may also make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Group. This could restrict the Group's future activities and thereby negatively affect returns.

The Group is reliant on the performance and retention of key personnel

The Group relies on its employees and their experience, skill and judgment in identifying, selecting and negotiating the acquisition and disposal of suitable properties, as well as the management of its portfolio. The Group also relies on the Executive Directors and other members of the executive team to manage the day-to-day affairs of the Group. There can be no assurance as to the continued service of these individuals as directors and employees of the Group. The departure of any of these individuals from the Group without adequate replacement may have a material adverse effect on the Group's business prospects and results of operations.

The Group is reliant on the performance of third party property management service providers

The Group makes use of third party property management service providers to provide certain property management services, which include rental billing, rental collection and some facilities management services. Whilst the Group has taken all reasonable steps to establish and maintain adequate procedures and controls, the Group is reliant upon the performance of third party property managers for these property management functions.

The Group is exposed to certain risks in relation to personal data

The nature of the Group's business involves the receipt and storage of personal information about its tenants, customers and employees. The loss of confidence from a significant data security breach could damage the Group's reputation and affect how the Group operates its business. In addition, if the Group experiences a significant data security breach or fails to detect, and appropriately respond to, a significant data security breach, it would be exposed to government enforcement actions, including substantial fines, and private litigation. Any of these factors could have an adverse effect on the Group's business, financial condition and prospects and/or operating results.

The Group is exposed to certain risks in relation to information technology and systems

Any material disruption to or slowdown in the implementation of new, or in the operation of existing, IT systems and/or mobile applications within the Group could cause operations to be disrupted or delayed and business opportunities missed. Any of these factors could have an adverse effect on the Group's business, financial condition and prospects and/or operating results.

2 RISKS RELATING TO THE PROPERTY SECTOR

Difficulty in maintaining occupancy levels for the Group's properties and tenant default may affect the income of the Company

The Group may experience difficulty in attracting new tenants, or renewing leases with existing tenants, on suitable terms or at all. The Group may need to incur additional costs and expenses, including the granting of rent free periods, legal and surveying costs, maintenance costs, insurance costs, rates, service charge and marketing costs as a result of properties being without tenants and in order to attract tenants.

In particular, non-renewal of leases or early termination by significant tenants could materially adversely affect the Group's net rental income. If the Group's net rental income declines, the Company will have less cash available to make distributions to Shareholders and to service and repay the Group's indebtedness. Dividends payable by the Company will be dependent on the rental income from the properties the Group owns. A failure to maintain occupancy levels or a failure by tenants to comply with their rental obligations would reduce the Group's rental income and could affect the ability of the Company to pay dividends to Shareholders or reduce the amount of such dividends.

In addition, certain costs associated with a property, such as taxes, service charges and maintenance costs, are generally not reduced in proportion to any decline in rental income from that property. If rental income from a property declines and the related costs do not decline, the Group's income and cash receipts could be materially adversely affected. In addition, the assumptions made by the valuers regarding the length of tenancy void and rent free periods may underestimate the actual void and rent free periods suffered by the Group. If vacancies continue for longer periods of time, the Group may suffer reduced revenues which would negatively affect the Company's ability to deliver sustainable and growing dividends to Shareholders.

The Group may not be able to maintain or increase the rental rates for its properties, which may, in the longer term, have a material adverse impact on the value of the Group's properties, as well as the Group's turnover

The value of the Group's portfolio, and the Group's turnover, will be dependent on the rental rates that can be achieved from the Group's portfolio. The ability of the Group to maintain or increase the rental rates for its properties may generally be adversely affected by general UK, German, and/or Swiss economic conditions. In addition, there may be other factors that depress rents or restrict the Group's ability to increase rental rates, including local factors relating to particular properties or their locations (such as increased competition). Any failure by the Group to maintain or increase the rental rates of the properties within its portfolio may have a material adverse effect on the Group's profitability, the NAV, the price of the Ordinary Shares, the Company's ability to pay dividends and the Group's ability to meet interest and capital repayments on any debt facilities.

Real estate investments are relatively illiquid

Properties such as those in which the Group invests are relatively illiquid. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiry of the originally agreed term. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the market value of the Ordinary Shares or on the Company's ability to deliver sustainable and growing dividends to Shareholders.

The Group is subject to the performance and conditions of the UK, German and Swiss property markets

Any property market recession or future deterioration in the property market in the UK, Germany or Switzerland could, amongst other things: (i) make it harder for the Group to attract new tenants for its properties; (ii) lead to an increase in tenant defaults; (iii) lead to a reduction in rental prices; (iv) lead to a lack of finance available to the Group; (v) cause the Group to realise its investments at lower valuations; and/or (vi) delay the timings of the Group's realisations. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective, on the Group's NAV and on the price of the Ordinary Shares and on the Company's ability to deliver sustainable and growing dividends to Shareholders.

Property valuation is inherently subjective and uncertain

The success of the Group depends significantly on its ability to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Group's properties will also have a significant effect on the Company's financial standing and NAV on an ongoing basis and on the Group's ability to obtain financing.

Property valuation is inherently subjective and uncertain, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate, and in part because of the individual nature of each property. As a result, valuations are subject to uncertainty and there can be no assurance that the Valuation Report and estimates resulting from the valuation process on an ongoing basis will reflect actual sales prices that could be realised by the Group in the future. The Board will rely on half-yearly independent property valuations in calculating the Group's NAV. To the extent that such valuations do not accurately reflect the value of the underlying assets, whether due to the above factors or otherwise, this may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may incur environmental liabilities

The Group may be subject to environmental liabilities. As the owner of real property, the Group will be subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Group acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Group is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced rental income and reduced asset valuation, which could have a material adverse effect on the values of the Group's properties and its business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

3 RISKS RELATING TO TAXATION

Statements in this document concerning the taxation of Shareholders and the Group are based on law and practice as at the date of this document. These are, in principle, subject to change and investors should be aware that such changes may affect the Company's ability to generate returns for Shareholders, and/or the taxation of such returns to Shareholders.

Any change in the Company's tax status, in the taxation legislation or the taxation regime, or in the interpretation or application of taxation legislation applicable to the Company or any member of the Group could affect the value of the investments held by the Company, its ability to achieve its stated objective, and its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

A change in the Group's tax status or in taxation legislation in a jurisdiction in which the Group operates could adversely affect the Group's profits and the portfolio value and/or returns to Shareholders

In relation to any company within the Group, any change in the tax status or tax residence, applicable tax rates, tax legislation or tax or accounting practice in the UK, Germany, Switzerland, Guernsey, the Isle of Man, the Netherlands, Curacao, Luxembourg or the British Virgin Islands may have an adverse effect on the returns available on the Group's investments.

The levels of and reliefs from taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in the Group's tax status or in taxation legislation in the UK or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Group, affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. Changes to tax legislation could include the imposition of new taxes or increases in tax rates. In particular, an increase in the rates of stamp duty land tax or similar tax could have a material impact on the price at which UK, German or Swiss property can be sold, and therefore on asset values. Any changes could adversely affect the financial prospects of the Group and/or the returns to Shareholders.

If the Company and its group fail to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax

The Company cannot guarantee that the REIT Group will remain qualified as a REIT. If the REIT Group fails to remain qualified as a REIT, it will be subject to UK corporation tax on some or all of its property rental income and chargeable gains on the sale of properties and may, in some circumstances, be subject to the claw back of the tax benefit of having been within the REIT regime, which would reduce the amounts available for distribution to Shareholders.

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may result in additional tax being payable. A serious breach of the REIT regime may lead to the Company ceasing to be a REIT. If the Company or the REIT Group fails to meet certain of the statutory requirements to remain qualified as a REIT, it may be subject to UK corporation tax on the profits of its Property Rental Business including any chargeable gains on the sale of its properties. This could reduce the reserves available to make distributions to Shareholders and the yield on the Ordinary Shares. In addition, incurring a UK corporation tax liability might require the Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Company's REIT status is withdrawn altogether because of its failure to meet one or more REIT conditions, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred. The Company or the REIT Group could also lose its status as a REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a REIT).

Distribution requirements may limit the Group's flexibility in executing its acquisition and/or disposal plans

To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of its Property Rental Business, the Company will be required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions. The Company will be required to pay tax at regular UK corporation tax rates on any shortfall to the extent that the Company distributes as Property Income Distributions less than the amount required to meet the 90 per cent. distribution test for each accounting period.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could require the Group to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then prevailing market conditions are not favourable for such borrowings.

As a result of these factors, the constraints of maintaining REIT status could limit the Group's flexibility to make investments or disposals.

The Company's status as a REIT may restrict the Company's distribution opportunities to Shareholders

The Company may become subject to an additional tax charge if it makes a distribution to, or in respect of, a "substantial shareholder", that is broadly a shareholder which has rights to at least 10 per cent. of the distributions on Ordinary Shares or controls at least 10 per cent. of the voting rights. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to a substantial shareholder. Therefore, the Articles contain provisions designed to avoid a situation where distributions may become payable to a substantial shareholder. These provisions provide the Directors with powers to identify substantial shareholders and to prohibit the payment of dividends on Ordinary Shares that form part of a substantial shareholding unless certain conditions are met. The Articles also allow the Directors to require the disposal of Ordinary Shares forming part of a substantial shareholding in certain circumstances where the substantial shareholder has failed to comply with the above outlined provisions.

FATCA and other automatic exchange of information regimes may require the Company to provide information to tax authorities about Shareholders

The Company could become subject to a 30 per cent. withholding tax on certain payments of US source income (including dividends and interest), and (from 1 January 2019) gross proceeds from the sale or other disposal of property that can produce US source income, and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments, if it does not comply with certain registration, due diligence and reporting obligations under FATCA. Pursuant to the US-Guernsey IGA and Guernsey legislation implementing the US-Guernsey IGA, the Company may be required to register with the US Internal Revenue Service (the "**IRS**") and report information on its financial accounts to the Guernsey tax authorities for onward reporting to the IRS.

Under the US-Guernsey IGA and Guernsey's implementation of that agreement, securities that are "regularly traded" on an established securities market, such as the Specialist Fund Segment, are not considered financial accounts and are not subject to reporting. For these purposes, the Ordinary Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Ordinary Shares on an ongoing basis. Notwithstanding the foregoing, an Ordinary Share will not be considered "regularly traded" and will be considered a financial account if the holder of the Ordinary Share (other than a financial institution acting as an intermediary) is registered as the holder of the Ordinary Share on the Company's share register. Such Shareholders may be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Additionally, even if the Ordinary Shares are considered regularly traded on an established securities market, Shareholders that own Ordinary Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Ordinary Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA.

Guernsey has implemented the CRS. Certain disclosure requirements will be imposed in respect of certain Shareholders in the Company falling within the scope of the CRS. As a result, Shareholders may be required to provide any information that the Company determines is necessary to allow the Company to satisfy its obligations under such measures. Shareholders that own the Ordinary Shares through financial intermediaries may instead be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under the CRS.

All prospective investors should consult with their respective tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investments in the Company. If a Shareholder fails to provide the Company with information that is required by any of them to allow them to comply with any of the above reporting requirements, or any similar reporting requirements, adverse consequences may apply.

Tax charges may arise depending on the level of the Group's borrowings

A tax charge will arise if, in respect of any accounting period, the ratio of the Company's income profits (before the offset of capital allowances, losses from previous accounting periods and certain other financing costs) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25.

Transaction taxes in the UK may increase

As a result of the significant transaction activity expected as part of the Group's transition into MLI, a significant increase in UK stamp duty could adversely affect the returns generated by new acquisitions in the event that there was no equal and opposite reduction in overall market prices, or prices achieved on disposals of existing properties. This may negatively affect the Company's ability to deliver sustainable and growing dividends to Shareholders.

4 RISKS RELATING TO THE ORDINARY SHARES

The market value of the Ordinary Shares may fluctuate

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Ordinary Shares may fluctuate independently of the NAV per Ordinary Share and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. Existing Shareholders may take advantage of any increased liquidity in the Ordinary Shares on the SFS compared to the BSX to sell their Ordinary Shares, which may result in increased volatility in the market value of the Ordinary Shares.

There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may therefore vary considerably from the NAV per Ordinary Share. Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation and various other factors and events, variations in the Group's operating results and business developments of the Group and/or its competitors. Stock markets have experienced significant price and volume fluctuations in the past that have affected market prices for securities.

The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Group or factors or events that may directly or indirectly affect its investments.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Liquidity experienced on the SFS to date may not be a suitable indicator for liquidity levels in the future. The Company is not required to appoint a market maker or make a market for Ordinary Shares traded on the SFS. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the NAV per Ordinary Share. There can be no guarantee that a liquid market in the Ordinary Shares will exist or that the Ordinary Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at NAV or at all.

The Ordinary Shares may trade at a discount to NAV per Ordinary Share and Shareholders may be unable to realise their investments at NAV per Ordinary Share

The Ordinary Shares may trade at a discount to NAV per Ordinary Share (as is the case at the Latest Practicable Date) for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's strategy, investment objective and/or investment policy and an excess of supply over demand in the Ordinary Shares. While the Directors may seek to mitigate any discount to NAV per Ordinary Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful, and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount. In the event that the Directors were to issue further Ordinary Shares in the future this could have a detrimental effect on the NAV of existing Ordinary Shares then in issue. The Directors will not, however, raise additional capital by issuing new Ordinary Shares for cash on a non-pre-emptive basis at a discount to NAV without the approval of Shareholders.

Additional equity financing may be dilutive to those Shareholders who cannot, or choose not to, participate in such financing

The Company may decide to issue additional Ordinary Shares in the future to fund property acquisitions and capital expenditure, business activities and future plans. While the Companies Law does not contain statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, the Articles contain rights of pre-emption that are consistent with the UK Companies Act 2006. The Company currently has authority to issue up to 29,171,848 Ordinary Shares (representing approximately 10 per cent. of the issued share capital of the Company as at 2 February 2018 (being the latest practicable date before the publication of the notice convening the Special General Meeting) and as at the date of this document) on a non-pre-emptive basis. If existing Shareholders are not eligible to, or do not, subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, the issue of further Ordinary Shares will dilute their existing interests in the Company. The issue of Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a time or price they deem appropriate.

In addition, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in any pre-emptive issues of new equity in the future. Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK would need to consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their pre-emptive rights in the future. Any additional equity financing will be dilutive to those Shareholders who cannot participate in such future pre-emptive equity financings due to restrictions under securities laws.

Overseas Shareholders may be subject to exchange rate risk

The Company's earnings are reported in Pounds Sterling. The Ordinary Shares are traded in Pounds Sterling in the UK and in Rand in South Africa. Dividends are paid in Pounds Sterling for Shareholders on the Guernsey register and in Rand for Shareholders on the South African register.

The net asset value and the earnings of the Group comprise Pounds Sterling, Euros and Swiss Francs; therefore, reported net asset value and earnings are exposed to cross currency exchange rate risks. Any depreciation in Euros or Swiss Francs in relation to Pounds Sterling will reduce the reported Pounds Sterling net asset value and reported Pounds Sterling earnings.

An investment in Ordinary Shares exposes investors to foreign currency exchange rate risk as the Ordinary Shares trade in Pounds Sterling on the LSE and in Rand on the JSE, whereas the Company's earnings and net asset value comprise Pounds Sterling, Euros and Swiss Francs, and dividends are paid in Pounds Sterling.

Future acquisitions by the Group, where Ordinary Shares are issued to the sellers as consideration, will be dilutive to Shareholders

The Company may decide to issue new Ordinary Shares for the purposes of, or in connection with, an acquisition of target assets or investments. Any such non-pre-emptive issues of Ordinary Shares will be dilutive to the shareholdings and voting rights of the existing Shareholders and could have a dilutive effect on the NAV per Ordinary Share as well as the market price of the existing Ordinary Shares. The Directors will not, however, raise additional capital by issuing new Ordinary Shares for cash on a non-pre-emptive basis at a discount to NAV without the approval of Shareholders.

Future sales of Ordinary Shares could cause the market price of the Ordinary Shares to fall

Sales of Ordinary Shares or interests in the Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial number of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

If the Company is wound up, distributions to Shareholders will be subordinated to the claims of creditors

On a return of capital on a winding-up, holders of Ordinary Shares will be entitled to be paid out of the assets of the Company available to members only after the claims of all creditors of the Company have been settled.

The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares

The Ordinary Shares are subject to certain provisions that may cause the Board to decline to transfer or register any transfer of Ordinary Shares. Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions and regulations, decline to register the transfer of the Ordinary Shares. These circumstances include where the holding or beneficial ownership of any shares in the Company by any person, in the opinion of the Directors: (a) is in favour of any person, as determined by the Board in its sole discretion, to whom a sale or transfer of shares, or in relation to whom the direct or beneficial holding of shares, (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Board to be relevant) would or might result in: (i) the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage, in connection with the Company being, or being required to register as, an "investment company" under the US Investment Company Act; (ii) the Company losing any exemptions under the US Investment Company Act; or (iii) the assets of the Company being deemed to be assets of a Plan Investor; or (b) would cause the Company to fail Condition D (not a close company) in section 528 of the Tax Act.

5 RISKS RELATING TO LAW AND REGULATION

The AIFMD

The AIFMD established a regime for the regulation of managers of AIFs in the European Economic Area ("**EEA**"), or those that seek to market AIFs to investors in the EEA. The AIFMD was required to be transposed into the national legislation of each EEA member state in 2013 and has been implemented in the UK by the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).

While the Company considers itself to be a "collective investment undertaking of the closed-end type" (for the purposes of the Prospectus Rules), the Company does not consider itself to be an AIF within the scope of the AIFMD.

There is a risk that the FCA, another EEA competent authority or a court may determine that the Company should be considered as an AIF, and if so, may deem the Board (or another person) is acting as the AIFM of the Company. If so, the Company would be required to appoint an appropriately authorised third party service provider (or apply for a member of the Group to become authorised) as an AIFM and comply with the requirements of the AIFMD, including by appointing a depositary. The effects of compliance with the AIFMD may affect the way in which the Company is managed and operated, and such changes may be adverse and substantial. Similarly, such changes may increase the legal, compliance, administrative and other related burdens and costs on the Company.

The European Commission has commissioned a review of the AIFMD to gather the views of stakeholders on the application of the AIFMD and the market impacts of the AIFMD. There is a chance that following the review, changes to the AIFMD regime or new recommendations and guidance as to its implementation may impose new operating requirements that would require a change in the operating procedures or categorisation of the Company and may consequently impose restrictions on the investment activities that the Company may engage in and/or increase the costs borne by the Company.

Regulations applying to packaged retail and insurance-based investment products

The Packaged Retail and Insurance-based Investment Products Regulation (Regulation 1286/2014) ("**PRIIPs Regulations**") came into force on 29 December 2014 and have applied from 1 January 2018.

The PRIIPs Regulations introduce a requirement for a pre-contractual disclosure document (also known as a key information document, or "**KID**") to be made available to retail investors in EEA member states that are considering buying packaged retail and insurance-based investment products (a "**PRIIP**").

Assets that are held directly by a retail investor, such as corporate shares do not fall within the definition of a PRIIP. As such, the Company considers that the PRIIPs Regulations will not apply to the Ordinary Shares and a KID is not required to be prepared.

Were the Company to be considered to be an AIF or were there to be a change in the interpretation by the FCA of what constitutes a PRIIP, there is a risk that the Ordinary Shares would be deemed to be PRIIPs, and therefore the Company would be required to prepare a KID. There is a risk that until a KID is prepared and published by the Company in respect of the Ordinary Shares, the Company may not be able to raise further capital and/or the FCA or another EEA competent authority may impose regulatory sanctions on the Company such as financial penalties, public warnings or an order prohibiting the marketing of the Company.

Changes in law, regulation and/or government policy may adversely affect the Company's ability to carry on its business

The Group must comply with laws, governmental regulations as well as other regulatory requirements (whether domestic or international) which relate to, amongst other things, listed companies, property, land use, development, zoning, health and safety requirements and environmental compliance. These laws and regulations often provide broad discretion to the administering authorities. Additionally, all of these laws and regulations are subject to change, which may be retrospective, and changes in regulations could adversely affect the tradability of the Company's Ordinary Shares, existing planning consents, costs of property ownership, the capital value of the Group's assets and the income arising from the Group's portfolio. Such changes may also adversely affect the Group's ability to use a property as intended and could cause the Group to incur increased capital expenditure or running costs to ensure compliance with the new applicable laws or regulations which may not be recoverable from tenants. Similarly, changes in laws and governmental regulations governing leases could restrict the Group's ability to increase the rent payable by the tenants, terminate the leases or determine the terms on which the leases may be renewed. The occurrence of any of these events may have a material adverse effect on the Group’s business, results of operations, financial condition or prospects.

IMPORTANT INFORMATION

GENERAL

The information in this section is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

This document is being furnished by the Company solely for the purpose of admission of the Ordinary Shares to trading on the Specialist Fund Segment. Any reproduction or distribution of this document, in whole or in part, or any disclosure of its contents or use of any information herein for any purpose other than this purpose is prohibited, except to the extent that such information is otherwise publicly available.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company that any recipient of this document should purchase or subscribe for Ordinary Shares.

No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, Numis or any other person. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction, Numis accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Ordinary Shares. Numis accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Group and/or the Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects and distribution policy of the Group and the markets in which the Group will operate. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. The Group's actual performance, results of operations, financial condition, liquidity, distribution policy and the development of its strategies may differ materially from the impression created by the forward looking statements contained in this document. In addition, even if the performance, results of operations, financial condition, liquidity and distribution policy of the Group and the development of its strategies are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, the

Group's ability to identify and acquire suitable properties in a competitive market, its ability to dispose of properties within the Current Portfolio at attractive prices and to deploy the proceeds into suitable acquisitions of MLI properties, changes in general market conditions in the UK, German and Swiss real estate market specifically and the economy generally, legislative or regulatory changes, changes in taxation regimes, the Group's ability to manage its real estate assets by identifying and retaining appropriate tenants on satisfactory terms, the availability and cost of capital for future investments, the availability of suitable financing and the Group's ability to retain key personnel.

Potential investors are advised to read this document in its entirety, and, in particular, the section entitled "**Risk Factors**" for a further description of the factors that could affect the Group's performance. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this document may not occur.

These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under FSMA, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the rules of the LSE and the JSE Listings Requirements), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

NON-IFRS FINANCIAL MEASURES

There are certain non-IFRS financial measures included in this document, including EPRA EPS and EPRA NAV. These measures are defined in Part 10 of this document.

The Directors have included these measures as they are, and have historically been, used to measure business performance. These measures should not be considered as an alternative to measures based on IFRS and may not be computed in the same manner as similarly titled measures presented by other companies.

PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

All historical financial information in this document relating to the Group has been prepared in accordance with IFRS and is audited, unless otherwise stated. In making an investment decision, investors must rely on their own examination of the Company and the Group from time to time and the historical financial information in this document.

The historical financial information contained in this document, including that historical financial information presented in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

INDUSTRY, MARKET AND OTHER DATA

Information regarding the MLI market in the UK contained in this document consists of estimates based on data and reports compiled by professional organisations and analysts, on data from other external sources and on the Board's knowledge of the UK MLI market. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, which data has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Company nor Numis has independently verified that data or gives any assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Board believes its internal estimates to be reasonable, they have not been verified by any independent sources and neither the Company nor the Numis can give any assurance as to their accuracy.

SOURCES OF INFORMATION

Where information has been sourced from a third party as specifically noted in the document, the Company confirms that such information has been accurately reproduced, and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information published by a third party has not been verified by the Company or any other adviser (including Numis).

EXTERNAL VALUATIONS

Where information has been sourced from an external valuation or attributed to the opinion of an external valuer this is a reference to an external valuation or external valuer as defined by the RICS Valuation, Global Standards 2017.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "Pounds Sterling", "Sterling", "GBP", "£", "pence" or "p" are to the lawful currency of the UK, references to "Euros", "EUR" or "€", "cent" or "c" are to the lawful currency of the member states of the European Union that have adopted a single currency in accordance with the Treaty establishing European Communities, as amended by the Treaty on the European Union, references to "Swiss Francs" or "CHF" are to the lawful currency of Switzerland and references to "Rand" or "R" are to the lawful currency of South Africa.

DEFINITIONS AND GLOSSARY

A list of defined terms used in this document is set out at pages 385 to 390. A glossary of terms used in this document is set out at pages 391 to 392.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website and any other websites directly or indirectly linked to the Company's website do not form part of this document.

NO ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders are not required to take any action upon receipt of this document. The Company is not issuing any new Ordinary Shares, nor is it seeking to raise any new money, in connection with UK Admission. This document has been published solely to enable the Company to obtain admission of the Ordinary Shares to trading on the Specialist Fund Segment.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	8 June 2018
BSX delisting effective	15 June 2018
UK Admission and commencement of unconditional dealings on the SFS	8.00 a.m. on 15 June 2018

Each of the times and dates above is indicative only and is subject to change. Any changes will be announced via RIS, SENS and on the BSX website where applicable. Any reference to a time in this document is to the time in London, United Kingdom, unless otherwise specified.

DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN	GG00BFWMR296
SEDOL	BDR8FC4
EPIC/TIDM	STP

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Richard Grant *(Independent Non-executive Chairman)* Paul Arenson *(Chief Executive Officer)* Patricia (Patsy) Watson *(Chief Financial Officer)* Julian Carey *(Executive Property Director)* Warren Lawlor *(Non-executive Director)* Paul Miller *(Independent Non-executive Director)* Philip Holland *(Independent Non-executive Director)*
Company secretary	Sarah Bellilchi
Registered office	Kingsway House Havilland Street St. Peter Port Guernsey GY1 2QE
Broker and financial adviser	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
JSE sponsor	Java Capital Trustees and Sponsors Proprietary Limited 6A Sandown Valley Crescent Sandown Sandton, 2196 South Africa
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Legal advisers to the Company as to Guernsey law	Carey Olsen (Guernsey) LLP Carey House Les Banques, St. Peter Port Guernsey GY1 4BZ
Reporting accountants	BDO LLP 55 Baker Street London W1U 7EU
Auditors	Deloitte LLP (Guernsey branch) Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3HW
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Guernsey registrar	Computershare Investor Services (Guernsey) Limited 1st Floor, Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
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Independent valuer	Jones Lang LaSalle Limited 30 Warwick Street London W1B 5NH

Part 1
INFORMATION ON THE GROUP

1 INTRODUCTION

1.1 The Company

The Company is a Guernsey-registered UK REIT. The objective of the Company is to deliver sustainable growing income to its investors. The Company's investment strategy for achieving this objective has always been to identify and invest in sectors and assets that have positive growth fundamentals and where there is an opportunity to add value and grow earnings through active asset management. The Company's formal investment policy, which is focused on UK MLI assets, is set out below in paragraph 5 of this Part 1.

1.2 Background to the application for UK Admission

In early 2017 Stenprop identified UK multi-let industrial ("**MLI**") as a sector likely to deliver superior long term growth in sustainable earnings, as a result of a structural imbalance in supply and demand dynamics, with increasing tenant demand and static (and in some cases reducing) supply that was likely to translate into higher rents over time. Stenprop also identified that, in order to exploit opportunities in the UK MLI sector and deliver consistent returns, it required sufficient scale and an excellent management team and operating platform.

The June 2017 Stenprop acquisition of the industrials.co.uk multi-let industrial portfolio and C2 Capital management platform for £130.5 million achieved both of these objectives, positioning the Company to work towards achieving its strategic goal of becoming the leading MLI business in the UK.

Following the successful integration of the C2 Capital team and the significant growth in earnings experienced from the industrials.co.uk portfolio since acquisition, Stenprop took the strategic decision that its objective to deliver sustainable growing income to shareholders would best be achieved by becoming a specialised UK MLI property company. This strategic repositioning means that Stenprop intends, over the next few years, to sell most of its non-MLI assets and utilise the sale proceeds to build a business that is focused on UK MLI assets.

The Board considers that a listing of the Ordinary Shares on the London Stock Exchange will:

- enable a wider array of international and UK investors to access the shares of the Company. This will have the potential to improve the liquidity of trading in the Company's shares;
- increase the profile of the Company with potential new investors who are closer geographically to the assets that the Company holds and intends to hold given its focus on the MLI sector in the UK; and
- improve the ability of the Company to raise capital,

and thereby the Company will be better placed to reposition its portfolio and achieve its corporate strategic goal of becoming the leading MLI business in the UK. Furthermore, the Company's shares have historically traded at a discount to NAV, for reasons which include the illiquidity of the exchanges on which it is currently listed, its historically unfocused geographical and sectoral property portfolio, relatively high leverage and mix of recurring and non-recurring income.

The Board considers that a listing on the London Stock Exchange may reduce or eliminate the discount.

In connection with UK Admission, the Company will delist from the BSX. The Company will retain its primary listing on the Main Board of the JSE.

1.3 **Migration to Guernsey**

The Company was registered as a Guernsey company on 23 March 2018. The migration of the Company's jurisdiction of domiciliation from Bermuda to Guernsey was approved by Shareholders at the Special General Meeting. Shareholders also approved the adoption of the Articles conditional upon and effective from the Company's registration in Guernsey becoming effective.

The principal reasons for the Company migrating to Guernsey are as follows:

- Guernsey is one of the world's largest offshore finance centres. Many of the closed-ended funds listed on the LSE (including various REITs) are Guernsey companies;
- Guernsey is seen as having an efficient and flexible regulatory regime which is well regarded globally; and
- shareholders of Guernsey-registered companies listed on the LSE will typically benefit from the protections of the City Code.

1.4 **REIT conversion**

The Group converted to a UK REIT structure, with the Company becoming the principal company of the Group REIT, on 1 May 2018. The principal reasons for conversion to REIT status are as follows:

- REITs are recognised globally as tax efficient structures for investment in real estate and have a proven track record of attracting international capital. There are significant investment pools and fund allocations specifically designed for investment in REITs, and conversion to REIT status may therefore unlock new sources of funding and over time improve the liquidity and rating of the Company's shares;
- the changing tax environment in the UK (e.g. the future introduction of restrictions on interest deductibility, the inclusion of non-resident landlord companies within the scope of UK corporation tax and the introduction of capital gains tax for non-UK residents disposing of UK property) means the UK tax burden of non-resident landlords is likely to increase; and
- any latent capital gains on UK rental properties are effectively eliminated on entry into the UK REIT regime.

The broad intention of the UK REIT regime is to replicate the tax treatment of a direct investment in property. REIT status therefore effectively removes the traditional 'double-layer' of taxation, where profits are taxed at both the property company and shareholder levels.

2 **HISTORY AND DEVELOPMENT OF THE BUSINESS**

The Company, formerly GoGlobal Properties Limited ("**GoGlobal**"), was incorporated and registered in Bermuda on 26 October 2012. It was listed on the

BSX on 15 March 2013 and listed on the Alternative Exchange of the JSE ("**Alt^{x}**") on 29 April 2013. In early 2014 it acquired a portfolio of eight commercial properties in the UK with a combined value of £27.5 million.

2.1 **The Stenprop transaction**

On 1 October 2014 the Group completed the acquisition of various property companies which collectively had an interest in 45 buildings located in Germany, Switzerland and the United Kingdom with a gross property value on the date of completion of €683.5 million, in consideration for 218,794,917 Ordinary Shares issued at a price of €1.37 per share. On 2 October 2014 the Group completed the acquisition of the Stenham property management business, which was the manager of the acquired properties, as well as the management company of the Group's existing properties, in consideration for 14,121,892 Ordinary Shares issued at a price of €1.37 per share, resulting in full internalisation of management.

On 9 October 2014, the Company changed its name to Stenprop Limited and redenominated the currency of its shares to Euros using the exchange rate of GBP1.00:EUR1.258.

2.2 **Period between Stenprop transaction and decision to become a fully-focused MLI business**

In February 2015 the Company raised a gross aggregate amount of approximately €35 million by placing 23.33 million Ordinary Shares with invited investors at €1.50. In March 2015 the Group completed the acquisition of Trafalgar Court for £61.4 million, having disposed of its Chiswell Street, London property for a selling price of £48.3 million.

In May 2015 the Group completed the acquisition of a 50 per cent. interest in 25 Argyll Street, London, based on a valuation of the property of £75 million. In the same month the Group purchased Hermann Quartier in the suburb of Neukölln, Berlin for a purchase price of €22.7 million (subsequently completed in August 2015). In June 2015, the Group purchased the Victoria Centre in Berlin for a purchase price of €22 million, which completed in November 2015.

The Company migrated to the Main Board of the JSE with effect from 5 October 2015.

In January 2016, the Group disposed of one of the eight properties owned by GGP1 Limited, a distribution warehouse in Leigh, north west England, for £5.37 million less costs.

In November 2016, the Group sold one of its Swiss properties, in Interlaken, for CHF6.8 million.

2.3 **Entry into the UK MLI sector**

On 7 June 2017, the Company announced the acquisition of a 100 per cent. interest in Industrials UK LP, which owned a portfolio of twenty-five separate multi-let industrial estates across the UK (the "**MLI Acquisition**") for £127 million, completion of which occurred on 30 June 2017. On the same date the Group completed the acquisition of the entire issued share capital of C2 Capital Limited (the "**C2 Acquisition**"), the management platform responsible for aggregating and managing the industrials.co.uk portfolio. The consideration payable for the C2 Acquisition of £3.5 million was satisfied by the issue of 3,270,500 new Ordinary Shares at an issue price of €1.22 per share.

The purchase consideration for the MLI Acquisition was funded out of the proceeds from the sale of the Group's 28.42 per cent. interest in the Nova Eventis shopping centre, which completed in June 2017, and by securing a 12-month bridging loan of €31 million, which attracted interest at 7 per cent. per annum. A further 12-month facility of €8 million was secured at an interest rate of 7 per cent. per annum.

In July 2017, the Group competed the sale of the Swiss property known as Granges Paccot at its valuation of CHF20 million and in October 2017 it sold another Swiss property, located in Cham, at a sale price of CHF14.2 million. An office block in Uxbridge was sold at a sale price of £3.4 million in August 2017.

The Group added to its multi-let industrial estate in November 2017 by purchasing an industrial estate located in Aberdeen, Scotland, at a purchase price of £4.15 million. Two further MLI acquisitions in Peterborough were made in December 2017 for an aggregate price of £9.3 million and an office property in Worthing, West Sussex was sold for £3.7 million.

The disposal of its investment in a London office building located in Pilgrim Street for consideration which valued the property at £79.9 million was completed in January 2018, following which the 12-month bridging loans totalling €38 million were repaid. In the same month, the Company announced that it had secured a new £50 million revolving credit facility from Investec Bank plc to fund further acquisitions in the MLI sector while it executes its sales programme for the non-MLI assets in its Current Portfolio.

Between January and April 2018, the Group acquired three further UK based MLI assets: an estate in Rochdale known as Globe Park for £2.2 million; Ellis Hill Industrial Estate located near Huddersfield for £5.8 million; and the Greenwood Industrial Estate in Shrewsbury for £2.9 million. In May 2018, the Group acquired Kirkstall Park, Leeds for £8.15 million.

3 THE MULTI-LET INDUSTRIAL SECTOR IN THE UK

3.1 Industrial sector overview

Stenprop considers that the industrial sector in the UK broadly splits into four categories as follows:

3.1.1 Multi-let industrial (MLI) – typically smaller units of 500-10,000 sq ft, arranged in terraces and comprising a single 'industrial estate'. MLI assets tend to be located near towns and cities in areas of high population density, as many of the occupiers service the local population. Units tend to be generic in nature, typically comprising a large open space accessed through a roller shutter door plus c. 10 per cent. office content, toilet facilities and a small kitchenette. A typical estate will comprise 5-50 units, and the majority have capital values from £2-20 million. Most leases are 3-5 years in duration, and rents will range from £3-8 psf depending upon unit size, quality and location.

3.1.2 Single-let/solus warehouses – typically ranging from 10,000-100,000 sq ft, these units are normally self-contained and located in industrial areas. Access is important, and so they are typically located near or on major road networks. The units can be bespoke, or simply a scaled up version of a MLI space. Yard areas are also important for these units. Often they are secure and some also benefit from dock-level loading doors. These units will have a single tenant in occupation, often in the manufacturing industry, and values are typically in excess of £1 million, depending upon unit size, lease length and tenant covenant. Lease lengths tend to be from 5-15 years in duration. Rents will typically range from £3-7 psf.

3.1.3 Trade-counters – typically comprising units of 1,000-20,000 sq ft these units are similar in construction to MLI units but often benefit from retail-style frontages, glass doors and additional customer parking. Location is critical for these assets, as tenants like prominent locations and to cluster with other similar occupiers. Locations tend to be in densely populated areas, and the tenant line-up is focused predominately on the home-improvement and renovation market. Rents are typically much higher in this segment, ranging from £6-16 psf depending on the quality and location of the units. Leases also tend to be longer (5-15 years), and tenants are normally national or large regional operators. Trade-counters come as both solus units and multi-let estates, and typical asset values can range from £1-30 million.

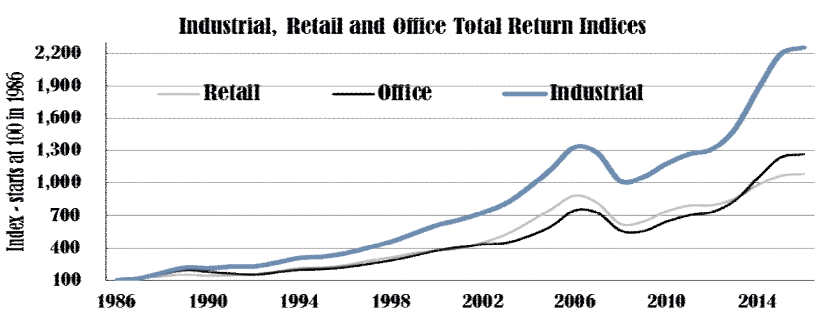
3.1.4 Distribution/Logistics – ranging from 100,000-1m+ sq ft these units are almost always located on key transport nodes and motorway junctions away from urban areas. Location is the most important factor, with EU drive time directives dictating the most efficient place to be situated. The buildings are always single-let and self-contained. Occupiers tend to be in the distribution industry, and lease lengths and covenants are often long and strong. Buildings are often pre-let, and hence can be bespoke, with key tenant requirements focused on lorry parking/circulation and doors and eaves height. Asset values typically range from £5-50 million, with rents from £4-6 psf.

Combinations of the above sub-classes may be found in one asset, for example, a MLI estate with trade-counter uses on the most prominent part of the site.

Stenprop estimates that the MLI market in the UK comprises in excess of £50 billion of investment assets, with typical annual MLI sales of c. £3 billion per annum. In 2017 MLI accounted for c. 25 per cent. of the UK industrial sector turnover, with distribution/logistics accounting for c. 50 per cent. with trade of £6.9 billion. However, distribution turnover in the UK in 2017 was particularly high due to the anomalous £2.39 billion sale of the Logicor business. In a more typical year, Stenprop estimates that MLI would represent approximately 30-40 per cent. of the total turnover of the sector.

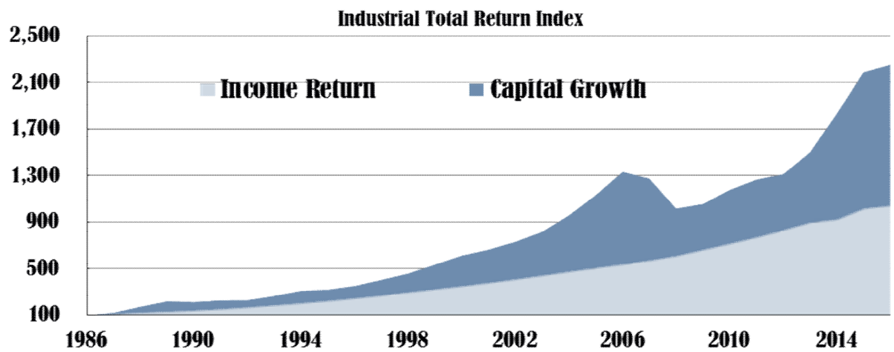
3.2 Historic performance

The following graph shows a total return index value for the industrial sector of 2,256 (from a base of 100) for the 30 years from 1986 to 2016, compared with total return indices for the same period of 1,266 and 1,085 for the office and retail sectors respectively, meaning that industrial outperformed office and retail over such period by c. 85 per cent.



The graph also shows that the total returns of each sector are highly correlated principally as a result of yield movement, which is relatively consistent across the sectors. However, the industrial sector delivered increasingly higher levels of total return over the period, with such outperformance being attributable to the higher level of income generated by industrial assets as a result of, typically: higher initial yields; the lower level of ongoing revenue expenditure over the lifetime of the assets; and lower tenant incentives (when compared to office and retail). The higher income then accumulates over a 30-year period to deliver significant outperformance.

The following graph illustrates industrial total returns only, broken down between capital return and income return.



The capital return profile shown in the above graph is very similar to the total return index value for the industrial sector shown in the 'Industrial, Retail and Office Total Return Indices' graph above, whilst the income return is steady and consistently growing over time. As above, the outperformance in the income return can be attributed to higher initial yields and a lower level of income (due to tenant incentives and capital expenditure) in the industrial sector relative to office and retail.

It should also be noted that the first half of the period in question was a period of relative industrial decline in the UK. Despite this economic back drop, the industrial sector still outperformed the retail and office sectors over the period.

In 2017 standard industrials generated total returns of 21.8 per cent. and distribution warehouses generated total returns of 19.5 per cent., which made industrial the best performing sector in the market. This is the fifth straight year that industrial has been the best performing sector in the UK commercial real estate market.

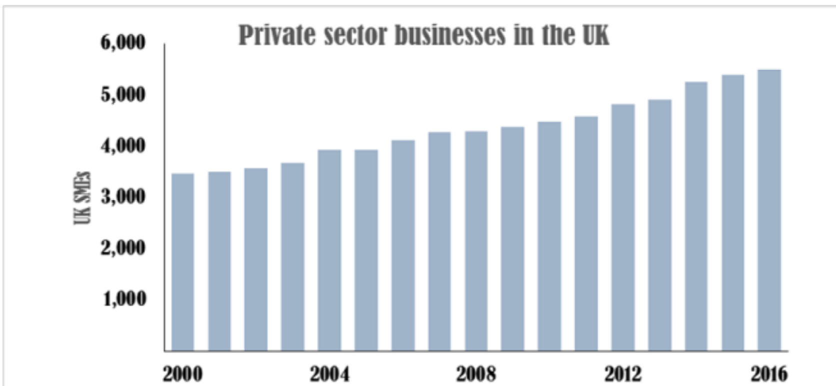
3.3 **Drivers of performance**

3.3.1 **Demand**

Within Stenprop's MLI portfolio, the majority of tenants can be categorised as SME businesses. In 2017, SMEs accounted for 99 per cent. of private sector businesses in the UK and had an estimated turnover of £1.9 trillion per annum, representing 51 per cent. of all private sector turnover in the UK in 2017. They also employed

16.1 million people in the UK in 2017, reflecting 60 per cent. of all private sector employees. Whilst SMEs do trade internationally, the majority are focused on trading with the 68 million people who live in the UK, providing goods and services to businesses and consumers direct.

The Office of National Statistics estimates that UK SME numbers grew by 63 per cent. between 2000 and 2017. Stenprop believes that this growth is a result of a number of factors, but is principally a consequence of improvements in communication technologies and the internet, which have enabled smaller companies to compete more readily with larger, more established organisations. It is now common to see a number of small companies working in a network to perform the functions previously performed by a single organisation, by way of outsourcing and collaborative working. The graph below illustrates this linear growth in the number of SMEs in the UK.



Source: Office of National Statistics

In Stenprop's view the growth in SMEs has fuelled tenant demand for MLI property, helping to absorb the majority of available space in major towns and cities across the UK. For example, Peterborough currently boasts vacant industrial supply of c. 3 per cent. of its total stock, significantly below a long term average of c. 10 per cent. This increased demand has led to significant rental growth in recent years and a reduction in tenant incentives.

In addition, e-commerce and technology have brought new types of tenants into the MLI space, driving demand from small companies seeking flexible, low cost space for their various activities. Stenprop believes that future technological trends, such as 3D printing, virtual reality and driverless cars, have the potential to add further demand for ultra-localised, flexible accommodation.

Stenprop believes that a structural shift in demand is currently taking place, creating a much larger universe of types of businesses willing and able to use MLI space.

3.3.2 **Supply and land**

MLI properties tend to be located in and around areas of high population density (i.e. towns and cities). In the UK, land supply in such areas is extremely limited, with available land often prioritised for housing at land values where industrial development is not competitive. By way of example, the Department for Communities and Local Government published a report in February 2015 in which they estimate that the average residential land value in the UK is £6,017,000 per hectare. This is over twelve times higher than their estimate in the same report of the average industrial land value in the UK of £482,000 per hectare. Such a discrepancy makes new industrial development highly unlikely in urban areas, and hence supply will be highly inelastic in response to an increase in demand. This trend can be seen over the last 20 years, with data from the Office for National Statistics Construction Output showing that private commercial construction output (excl. infrastructure) increased by approximately 150 per cent. between 1997 and 2017, whist private industrial construction output (excl. infrastructure) increased by 3 per cent. over the same period.

In addition, supply of industrial land is diminishing in some areas of the UK, as the Government targets the majority of new residential development to be on brownfield land. For example, the Greater London Authority estimates that the total industrial land supply in London is c. 7,000 hectares. However, between 2010 and 2015 it estimates that industrial land supply fell by 500 hectares (7 per cent. of the total), largely due to pressures to build residential housing.

Finally, in areas where industrial sites do exist and development can be sustained, it is highly unusual for new MLI space to be built. Instead, it is single let and distribution property which tends to be constructed. This is because the build costs for a MLI property can be up to 50 per cent. higher than a comparably sized single-let industrial unit (see paragraph 3.4 below for further details). As a result, new supply of MLI is highly constrained, and in many areas declining (due to redevelopment into higher value uses).

These factors have led to significant upward pressure on industrial land values and rents, which in some areas have substantially increased over the period. While the issue is most acute in high value residential areas such as London, in Stenprop's view it is a nationwide phenomenon.

3.4 **Key characteristics of MLI property**

Stenprop is focusing on the MLI space as it offers the following key characteristics:

- Diversified income – many tenants from many different sectors/industries, with each tenant accounting for a small percentage of total income.

- Flexibility – the units are generic in nature and can be adapted to different tenant requirements. Smaller properties also appeal and work for the widest possible number of tenant businesses.

- Low obsolescence – MLI design has not changed significantly over the past 30 years. This means that units have enduring operational functionality. This is not the case in other sectors where design evolution and tenant requirements change, meaning that older properties in other sectors are less valuable/useful to tenants. It also means that similar rents can be achieved on older, well maintained units as can be achieved on new units.

- Affordable rents – rents are low in the MLI sector, and typically form a very small proportion of the overall turnover of tenant businesses. Stenprop estimates that rent represents on average between 1-2 per cent of tenant business turnover across the Group's MLI portfolio, meaning that even with rental growth the units remain sustainable and affordable for tenants.

- Ease of tenant engagement – typically MLI tenants are small privately-owned businesses and discussions are generally held directly with the principal owners. This tends to make negotiations more direct and focused on meeting tenant expectations (primarily as to the absolute level of rent that they will pay and the services to be provided by the landlord). The close engagement with tenants can lead to opportunities for Stenprop to provide a greater level of customer service, benefiting both Stenprop and the tenants.

- Build costs – MLI and trade-counters are the most expensive industrial assets to build. A MLI estate will typically cost around £70 psf to build before land, fees and other standard development costs. This would gross up to c. £110-125 psf after land, fees and other standard development costs. This compares to c. £40-50 psf for distribution or larger solus units before land, fees and other standard development costs. MLI build costs are higher due to the additional cost of installing multiple utility supplies, walls, doors, offices, kitchens, toilets, etc. This significantly reduces the potential for new supply to come into the market as, based on current sale and purchase yields, rents would need to be c. £8 psf or higher for this to be economically justifiable. Passing rents on most estates are currently £5-6 psf, so significant growth is required to reach these levels. In Stenprop's recent experience, existing MLI estates are currently typically trading at capital values well below gross build cost, and even further below Stenprop's insurance replacement cost valuation (which for the industrials.co.uk portfolio is currently valued at £149 psf). Looking forward, Stenprop expects build costs to continue rising in line with historic trends[4], which will further compound this issue.

4 INVESTMENT STRATEGY

As stated above, in late 2017 Stenprop took the strategic decision that its investment objective to deliver sustainable growing dividends to Shareholders would be best achieved by becoming a specialised UK MLI operating and investment company. This strategic repositioning means that Stenprop intends, over the next few years, to sell most of its non-MLI assets and utilise the sale proceeds to build a focused UK MLI business.

4.1 Transition period

Stenprop aims to:

- sell approximately £350 million of existing non-MLI assets in the period from the Latest Practicable Date to 31 March 2020. This follows the completion in January 2018 of the sale of its office building located in Pilgrim Street, London via a sale of shares which valued the property at £79.9 million and the completion on 4 June 2018 of the sale of Stenprop's 50 per cent. interest in its office building located in Argyll Street, London at a price which valued the property at £83.4 million;

- acquire at least £185 million of MLI assets in the same period from the Latest Practicable Date to 31 March 2020. This follows completion of the acquisitions of five MLI estates between December 2017 and March 2018 for an aggregate price of £21.5 million, and a further two acquisitions post the financial year-end for an aggregate price of £11.1 million; and

- reduce overall leverage to a targeted loan to value ratio of no more than 40 per cent. of its gross asset value by 31 March 2020.

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[4] The Office for National Statistics recorded a 74 per cent. increase in real building costs over the last 11 years (reflecting over 5 per cent. p.a. on average).

Based on these goals, MLI assets will comprise approximately 60 to 65 per cent. of Stenprop's total portfolio of properties by 31 March 2020. In the three-year period following 31 March 2020, Stenprop intends to continue its programme of disposals and acquisitions, with the aim of having a portfolio of properties made up entirely, or almost entirely, of MLI assets.

Stenprop intends to adopt a prudent and strategic disposal policy, maximising the value of assets sold through asset management initiatives and taking into account market conditions. Through this transition period, the Company aims to achieve the objective to deliver sustainable and growing income to its shareholders due to the strong underlying fundamentals in the multi-let industrial sector.

4.2 **Acquisition criteria**

Stenprop's acquisition criteria reflect its objective to become the leading MLI business in the UK. Accordingly, its future acquisitions will comprise predominantly purpose built MLI assets situated in the United Kingdom. Stenprop is committed to transitioning into a focused MLI business in a sustainable manner which supports its objectives, and acquisitions will only be undertaken where it has committed funding from debt, equity or the realisation of existing assets to fund each acquisition.

In building a portfolio of MLI assets, Stenprop intends to broadly adhere to the following acquisition criteria:

- Estates are to be purpose built and affordable to maintain. This will ensure that they are fit for purpose and able to maintain a high level of occupancy through the property cycle, without unanticipated operational expenditure diminishing income returns.

- Estates are to be situated close to densely populated locations with good connectivity. Such properties will appeal to SMEs, the bedrock of the MLI tenant base, who need to be close to their local market and labour. Such locations also provide a vacant value underpin from alternative use potential in the medium to long term.

- Estates will be largely self-contained, with the common parts controlled by Stenprop. The ability to control the micro environment at a property is an important factor in providing Stenprop with the ability to deliver a superior service to occupiers and thus optimise revenue generation.

- The investment focus will be upon single estates comprising 5-50 units. Scale and tenant diversity provides income stability and ongoing asset management opportunities to minimise gross to net leakage.

- Typical estate lot sizes will be £2-20 million, ensuring a good geographical coverage and not being over-exposed to any one asset or location.

- Consideration will be given to the relationship between cost, land value and rental value. The focus will be on assets where passing rents do not support redevelopment, and hence supply constraint is likely to continue. In the current market, this will typically lead to acquisitions at below the replacement cost of the asset, although in some areas where land values are particularly high this may not be the case.

- Typical net initial yields on acquisition should be earnings enhancing taking into account the net cash-on-cash return after all costs and leverage at a property level, and assumptions on future capex, rental growth and void levels. Acquisition yields, rental levels and capital values remain market dependent, but at all times the Company remains committed to paying a dividend to investors from income alone.

- The focus will be on acquiring freehold or long leasehold assets.

- The Company is not seeking to engage in any significant speculative development activity, as a key part of the investment thesis is the ability to acquire properties at below replacement cost. However, where opportunities arise to earn superior risk adjusted returns through engaging in intensive asset management activity, such as refurbishment projects or small scale in-fill developments as part of a larger holding, these will be actively considered provided they do not compromise the Company's stated dividend policies. Any speculative development projects will comprise no more than 5 per cent. of the gross asset value of the MLI portfolio whilst being undertaken.

- Whilst Stenprop typically acquires assets with high (80-100 per cent.) occupancy levels, preference will be given to those opportunities where its in-house expertise and its management platform enable it to exploit opportunities to maximise income through good estate management and by pursuing active and ongoing asset management initiatives.

On occasion, properties which fall outside these criteria may be acquired, particularly where a portfolio of properties is being acquired. In all cases, such acquisitions will only be made after taking into account the overall earnings and dividend objectives of the Company.

MLI assets acquired are intended to be held for the long term. However, where assets are acquired as part of a portfolio and do not fit the Company's acquisition criteria, or where existing assets no longer fit the Company's income objectives, they may be sold and the proceeds reinvested into more appropriate MLI opportunities.

In evaluating acquisition opportunities, Stenprop adopts a policy of diversifying risk by avoiding tenant or asset concentration. The rental income attributable to any single tenant shall not account for more than 10 per cent of the Group's rent roll. No single MLI estate shall have a cost of acquisition which exceeds 20 per cent. of the Group's gross asset value.

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy, and will not at any time conduct any trading activity which is significant in the context of the business of the Group as a whole.

Stenprop has an experienced team of property professionals who have a depth of experience in acquiring and managing MLI assets. A rigorous due diligence process is undertaken on each acquisition, including legal due diligence of leases and major contracts, analysis of demand, pricing and competition in the area, technical due diligence and seven-year forecasts for the assets.

4.3 **Active portfolio management and product development**

Stenprop has a highly skilled and experienced in-house asset management team who intensively manage the properties on a day-to-day basis by way of ongoing interaction with tenants, service providers and property managers. With the benefit of a permanent capital structure, Stenprop intends to develop a 'serviced' industrial model, which will offer more flexibility to tenants and in return unlock additional income streams for Stenprop, generating greater revenue per square foot than traditional landlords. The MLI platform operates under the industrials.co.uk brand, creating the potential to leverage the brand to grow the portfolio's reach and market penetration in the future.

The key elements of the Company's product and asset management strategy are as follows:

4.3.1 **Getting 'Smart' about leasing**

The traditional approach to leasing in the UK has tended to be inflexible and cumbersome, entailing lengthy lease documentation which serves to transfer risk from the landlord to the tenant by way of imposing significant repair, maintenance, legal and time obligations on occupiers. As a general trend, but most dramatically in the office sector, this approach has changed with the rise of serviced office and co-working concepts such as WeWork and Regus. Stenprop believes that there is a significant opportunity to offer a similar approach in the MLI sector where the customer base is similar and where customer service has historically been poor. Stenprop is currently rolling out a new 'Smart Lease' that offers tenants the ability to make shorter-term commitments, with greater flexibility and no liability for repairs and maintenance in return for a rental premium. As owners, Stenprop is able to price for this risk at a level which is attractive to customers but also profitable for the Company. Stenprop also takes the view that this approach will significantly shorten the leasing and tenant decision-making process, thereby reducing voids and letting expenses. It eliminates significant work and time around service charge reconciliations and dilapidations claims, enabling Stenprop to keep units in good condition and ready for immediate occupation. By offering a 'Smart Lease' through the industrials.co.uk platform, the Company is building brand awareness and loyalty, which combined with market leading technology solutions (as described in paragraph 4.3.2 below), will position the Company for long term sustainable growth.

4.3.2 **Using technology to deliver class leading customer service**

Statistics indicate that across the MLI sector approximately 50 per cent. of tenants leave their units upon lease expiry. Stenprop believes that the best way to reduce vacancy and increase rents is to deliver enhanced customer service to improve tenant retention. If customers perceive they are getting value for money through a good service and appropriate levels of communication, they will be less likely to leave upon expiry and will be less price sensitive upon renewal. Therefore, customer service is at the core of Stenprop's approach to good estate management. Stenprop believes that the key to success in delivering this on a scalable basis lies in implementing technology-based solutions. Whilst personal visits to estates and direct contact with tenants will always remain a critical part of the business model, the use of technology provides the most effective method of servicing and communicating with a large number of tenants spread across multiple assets in a wide geographical area.

Stenprop is currently implementing a number of technology-based solutions:

- Onsite technology: Stenprop has installed high definition CCTV with remote monitoring across 37 per cent. of the Group's MLI assets and is reviewing a portfolio-wide roll out of the technology. In addition, Stenprop is putting in place security barriers with SMS and remote entry systems to enable tenants to control access for their staff and customers. Stenprop is also exploring options to install ultra-high speed fibre supplies at a number of estates which will give it an attractive and competitive offer to tenants. This will facilitate further enhanced security services to tenants in the future.

- CRM system: Stenprop is currently rolling out an enhanced "Customer Relationship Management" ("**CRM**") system. The new system, which is synchronised with the Company's website and online leasing tool, will facilitate more effective communications with tenants and enable real time interaction with a large number of users.

- Website: Stenprop is launching a new industrials.co.uk website in June 2018, which will form a basis for a significantly enhanced platform. Not only will the new website list all available units and information on the assets owned, but it will also house the online leasing tool (see below), and provide a wide range of additional information for tenants. In connection with the website launch, the Company is also introducing a new 0800 number to field all tenant and prospective tenant enquiries, which will ensure a consistent and efficient service for tenants and prospective tenants when interacting with the industrials.co.uk team.

- Online leasing tool: Stenprop will launch an online leasing tool in June 2018 which will allow existing tenants to renew their lease and/or take additional space online. The new 'Smart Lease' will allow tenants to rent space from 6 weeks to 3 years on inclusive terms at the click of a button. In time this will extend to new customers on all units, and will also facilitate the offering of additional products and services (which are a key component of Stenprop's 'Serviced Industrial' model).

- PropTech partnerships: Stenprop's scale has enabled it to engage with a range of leading PropTech solutions available in the marketplace. The integration of these systems is expected to significantly enhance operational efficiencies when performing letting, lease management, portfolio management, acquisition and inspection processes. Stenprop is working with a leading system integration consultant to ensure all third party technology partner systems integrate with existing property management, CRM and in-house systems.

- Tenant portal: A tenant portal is currently being developed which will provide real-time information to tenants, including lease details, status of rental charges and online payments. In addition, the portal will provide a communication forum between landlord and tenants, opening new value-add opportunities for trade and ensuring that relationships remain dynamic and relevant. The intention is to make the portal available in both online and in app form.

4.3.3 **Active asset management**

Stenprop is constantly investigating ways to improve occupancy and increase rental income, particularly with the use of technology-based solutions which can reduce void times. As part of this, Stenprop has centralised the vacant property marketing function. This means that when a unit becomes available for rent, Stenprop can automate the process of uploading full details, including ordering high resolution photographs and virtual tours for the unit and the estate, and listing the property on high-traffic online letting sites without the need for formal leasing instructions or approvals. This significantly cuts delays in marketing the unit to let, and ensures that Stenprop assets are accurately and consistently marketed across a wide variety of advertising spaces.

To ensure maximum occupancy and sustainable growth, in Stenprop's view it is also important to continue to invest in the Group's assets and enhance their appeal. An active capital enhancement programme is in place across the Group's Current Portfolio, which includes the refurbishment of c. 180,000 sq ft of space at Coningsby Park, Peterborough. As a rule, all vacant properties are refurbished upon the tenant vacating to ensure that they are immediately available for occupation when a prospective tenant is found at the best possible rental level.

In Stenprop's view, ensuring that the changing needs of customers are correctly analysed and dealt with is key to building resilience into the portfolio. Maintaining active contact with tenants and constantly monitoring rent collection statistics enables Stenprop to actively manage resilience into the portfolio by addressing problem tenants before they become an issue, and where appropriate, upscaling or downsizing tenants during the term of their lease to ensure they are occupying the optimum amount of space.

4.4 **Leverage and interest hedging**

While the Group does not currently have a maximum borrowing and/or leverage limit, the Directors will employ a level of borrowing that they consider to be prudent for the asset class, taking into account prevailing market conditions. The Group is targeting to reduce its level of total borrowings (at a Group level) to approximately 45 per cent. of its gross asset value by 31 March 2019, and 40 per cent. of its gross asset value by 31 March 2020, by utilising part of the proceeds of disposals referred to in paragraph 4.1 above. The Group's leverage and hedging policy, details of which are set out in paragraph 5.2 of this Part 1, will apply from 1 April 2021.

During the transition phase, when existing assets are being sold and the proceeds reinvested in MLI assets, depending on the timing of such disposals and acquisitions, new acquisitions may be funded by drawing down on the Investec RCF, details of which are set out in paragraph 14.2.1 of Part 8 of this document. It is intended that drawdowns under the Investec RCF will be short term and will be replaced as soon as possible partly from disposal proceeds and partly with longer term debt at an average of 40 per cent. of the purchase price.

The Group mitigates interest rate risk through the use of derivative instruments such as interest rate swaps or interest rate caps in respect of at least 75 per cent. of its interest rate exposure. The Group utilises derivative instruments solely for the purposes of efficient portfolio management.

4.5 **Foreign currency**

Stenprop's diversification of assets across the UK, Germany and Switzerland (until the Swiss Portfolio is sold) continues to provide a natural spread of currencies and Stenprop pursues a policy not to hedge this natural spread, thereby maintaining a multi-currency exposure.

At 31 March 2018 approximately 39 per cent. of Stenprop's net asset value was in Euro assets and 11 per cent. in Swiss Franc assets. Consequently the Sterling:Euro and the Sterling:Swiss Franc exchange rates have a material impact on reported Sterling earnings and net asset values. As Stenprop transitions into a UK MLI REIT, exposure to cross currency exchange rates is expected to decline.

Stenprop has a policy of matching the currency of borrowings to the underlying asset and, where the timing and amount of a liability has been determined, and is to be met from the proceeds of a sale which is known in terms of timing and amount, the currency risk is managed through hedging instruments. The Group utilises hedging instruments solely for the purposes of efficient portfolio management.

4.6 REIT conditions

The Directors currently intend to conduct the affairs of Stenprop so as to enable it to remain qualified as a REIT for purposes of Part 12 of the CTA 2010 (and the regulations thereunder). Further details of the REIT conditions are set out in Section A of Part 7 of this document.

5 INVESTMENT POLICY

The investment policy of the Group is to invest in a diversified portfolio of UK MLI properties.

5.1 Investment restrictions

The Group will invest and manage its assets with an objective of diversifying risk. The Group's investments will adhere to the following investment restrictions, which will be evaluated at the time of acquisition of any assets:

- Once the Group's gross asset value substantially comprises MLI assets:
    - any speculative development projects will comprise no more than 5 per cent. of the Group's gross asset value;
    - the rental income attributable to any single tenant shall not account for more than 10 per cent. of the Group's rent roll;
    - no single MLI estate will have a cost of acquisition which exceeds 20 per cent. of the Group's gross asset value; and
    - the Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy.
- The Company will invest no more than 10 per cent., in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in closed-ended investment funds which are listed on the Official List (save to the extent that any such closed-ended investment funds have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds which are listed on the Official List).

In the event of a breach of the investment restrictions set out above, if the Directors consider the breach to be material such breach shall be notified by the Company by RIS announcement.

5.2 Leverage and interest hedging policy

While the Group does not currently have a maximum borrowing and/or leverage limit, the Directors will employ a level of borrowing that they consider to be prudent for the asset class, taking into account prevailing market conditions. From

1 April 2021, the Group will target total borrowings (at a Group level) which do not exceed 40 per cent. of its gross asset value.

The Group will mitigate interest rate risk through the use of derivative instruments such as interest rate swaps or interest rate caps in respect of at least 75 per cent. of its interest rate exposure. The Group utilises derivative instruments solely for the purposes of efficient portfolio management.

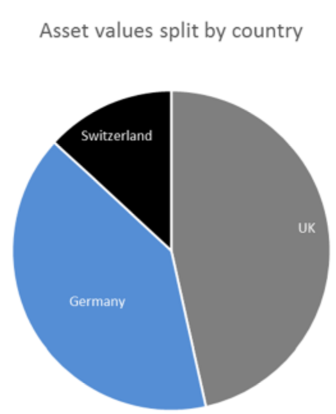
5.3 **Foreign currency policy**

The Group will match the currency of any borrowings with the currency of the underlying asset.

6 **INFORMATION ON THE CURRENT PORTFOLIO**

Notwithstanding Stenprop's decision to transition its portfolio into a fully-focused UK MLI business, its Current Portfolio consists of properties in a range of sectors located in the UK and Guernsey, Germany and Switzerland.

Current Portfolio split by country and by value at the Latest Practicable Date[5] (unaudited):[6]



	Valuation £m	Number of properties	Property equity* £m
United Kingdom	325.2	42	167.3
	46.3%	*54.5%*	*47.5%*
Germany	284.8	27	141.3
	40.5%	*35.1%*	*40.1%*
Switzerland	92.9	8	43.7
	13.2%	*10.4%*	*12.4%*
Total	**702.9**	**77**	**352.3**

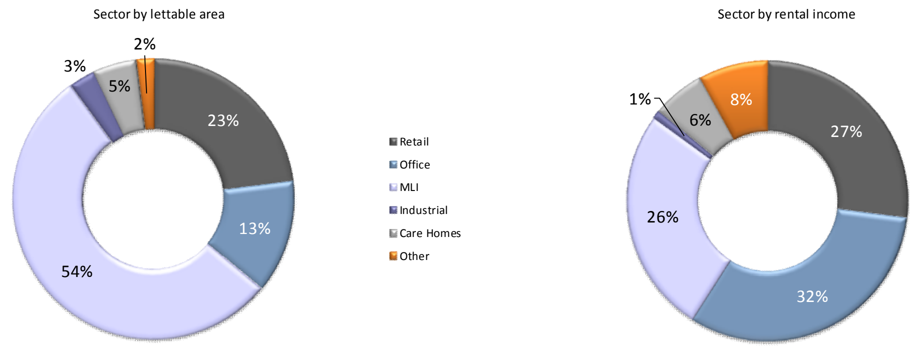
** properties less loans plus JVs / associates*

Current Portfolio profile by sector and geographic location at the Latest Practicable Date (unaudited):[7]

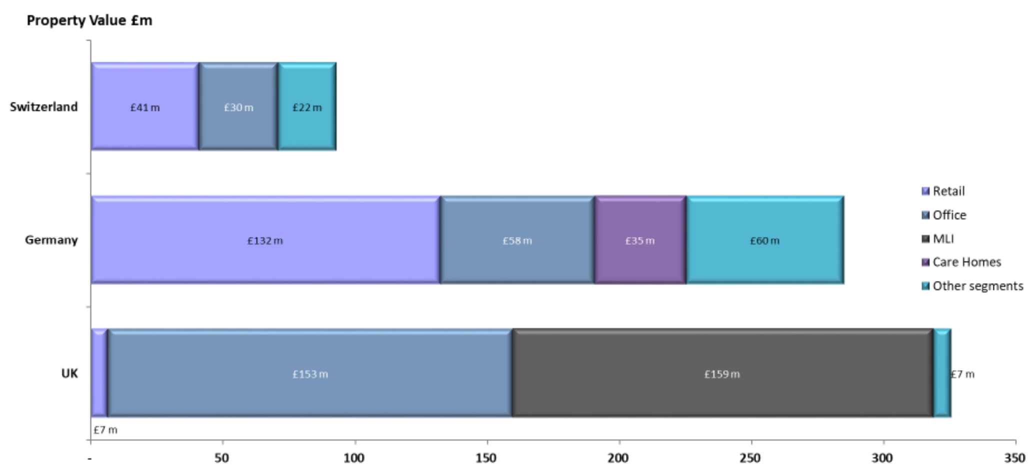
5 Exchange rates used for purposes of translation at the Latest Practicable Date: £1.00:€1.137; £1.00:CHF1.337.

6 *Source: Company Disclosures*

7 *Source: Company Disclosures*



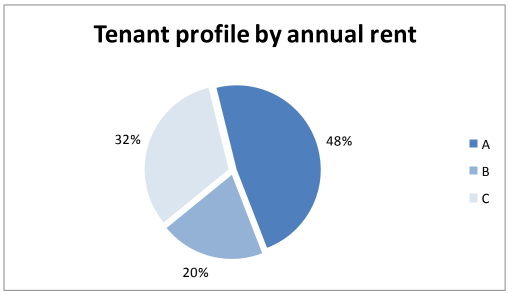
	Asset value	Gross lettable area	Annual gross rental income	WAULT (by revenue)	Occupancy (by area)
	£m	**m²**	**£m**	**Years**	**%**
Office	241.1	55,692	13.5	6.0	91.0%
	34.3%	*13.1%*	*31.6%*		
MLI	158.8	229,763	11.1	3.1	85.5%
	22.6%	*53.9%*	*26.1%*		
Retail	179.8	97,654	11.5	6.5	97.2%
	25.6%	*22.9%*	*27.0%*		
Industrial	6.8	14,313	0.6	2.4	100.0%
	1.0%	*3.4%*	*1.4%*		
Care Homes	34.6	19,330	2.4	11.4	100.0%
	4.9%	*4.5%*	*5.6%*		
Other	81.8	9,749	3.6	9.0	96.5%
	11.6%	*2.3%*	*8.3%*		
Total	**702.9**	**426,502**	**42.6**	**5.9**	**90.3%**

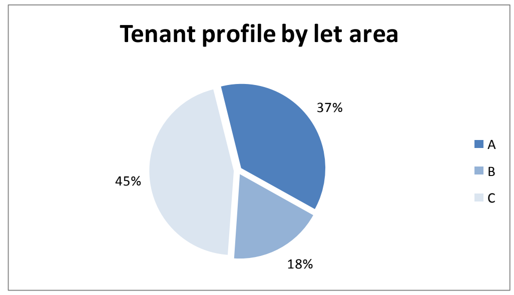


At the Latest Practicable Date, the Group's Current Portfolio consisted of 718 tenants split geographically as set out in the table below. The top 15 tenants account for 44 per cent. of the gross rental income in the Current Portfolio, and the weighted average unexpired lease term of the top 15 tenants is 7.9 years.

Tenant profile split geographically as at the Latest Practicable Date:

	Number of tenants	Annual rental income %
UK	536	52
Germany	96	34
Switzerland	86	14
Total	**718**	**100**





Type A: Large tenants with a national presence or multi-national tenants, government and major franchisees.
Type B: Nationally recognised tenants, listed tenants, franchisees, and medium to large professional firms.
Type C: All other tenants.
** includes Stenprop's share of joint ventures and associates*

6.1 UK and Guernsey Portfolio (unaudited)[8]

6.1.1 Multi-let industrial portfolio

At the Latest Practicable Date, MLI constituted 23 per cent. of the Current Portfolio by gross asset value, compared with no MLI at 31 March 2017. It is expected to comprise approximately 40 to 45 per cent. by 31 March 2019 and approximately 60 to 65 per cent. by 31 March 2020.

At the Latest Practicable Date, the MLI portfolio comprised 32 MLI estates located across the UK, valued at £158.8 million, with a gross lettable area of 2,473,151 sq ft, current passing rent of £11.1 million, which equates to a rent of £5.27 psf, a vacancy rate of 7.8 per cent.[9] and a combined net initial yield of 6.52 per cent.

MLI Portfolio by asset at the Latest Practicable Date:

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8 *Source: Company Disclosures*

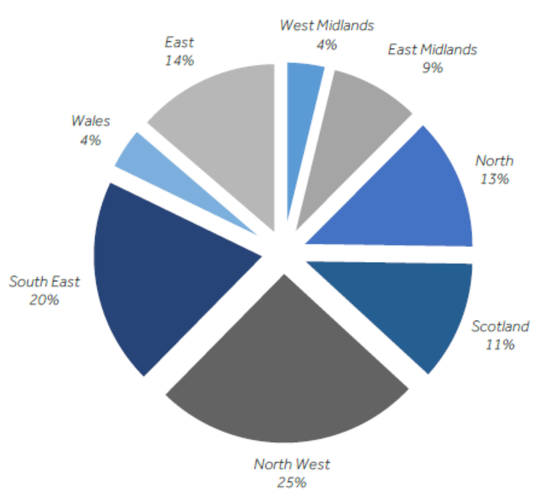
9 Excluding Coningsby Park which is vacant because it is under development.

Asset	Units	Lettable Area	Vacancy	Current Passing Rent £ p.a.	Current Passing Rent psft	Contractual Rent £ p.a.	Contractual Rent psft	ERV @ 100% occupancy £ p.a.	ERV @ 100% occupancy psft	WAULT to break Years	WAULT to expiry Years
Rawdon Network Centre	13	32,381	0.0%	161,234	4.98	161,234	4.98	178,123	5.50	1.9	2.3
Shire Court	7	62,909	0.0%	242,501	3.85	242,501	3.85	283,091	4.50	1.1	3.6
Sherwood Network Centre	27	53,385	16.5%	219,881	4.93	227,653	5.10	260,391	4.88	1.6	2.9
Caldene Business Centre	27	83,071	5.3%	462,348	5.88	467,348	5.94	499,289	6.01	2.5	6.5
Imex Business Centre	43	46,782	0.9%	364,587	7.86	374,712	8.08	357,095	7.63	1.3	2.1
Boaler Street	14	48,217	11.9%	166,145	3.91	185,270	4.36	229,036	4.75	2.5	4.9
Croft Business Park	32	33,359	8.3%	192,959	6.31	203,760	6.66	238,555	7.15	1.3	2.1
Eurolink 31	4	49,225	65.6%	86,009	5.08	86,009	5.08	249,110	5.06	1.7	3.4
Dana Trading Estate	1	225,676	0.0%	1,246,374	5.52	1,246,374	5.52	1,241,218	5.50	3.9	3.9
Wharton Street Industrial Estate	5	22,642	19.7%	82,264	4.53	82,264	4.53	108,667	4.80	1.3	5.3
Wainright Street Industrial Estat	4	18,789	0.0%	104,637	5.57	104,637	5.57	100,257	5.34	3.6	4.5
Argyle Business Centre	7	8,031	0.0%	60,401	7.52	64,451	8.03	62,424	7.77	1.3	1.8
Cuckoo Trade Park	6	6,078	0.0%	52,918	8.71	52,918	8.71	51,663	8.50	4.3	5.3
Sovereign Business Park	17	48,737	14.0%	202,099	4.82	203,099	4.85	239,246	4.91	1.9	3.5
Poulton Close Business Centre	21	47,246	0.0%	268,425	5.68	270,425	5.72	355,934	7.53	1.4	1.8
Rivermead Estate	13	27,201	13.5%	160,638	6.83	193,986	8.25	217,608	8.00	1.7	2.6
Wholesale District Nottingham	27	35,806	4.3%	213,598	6.23	213,598	6.23	251,407	7.02	1.5	2.1
Davey Close Trade Park	28	54,268	0.0%	328,869	6.06	344,094	6.34	351,577	6.48	2.4	4.0
Redbrook Business Park	45	163,772	5.7%	484,843	3.14	528,560	3.42	632,575	3.86	2.4	3.1
Lion Business Park	29	53,641	4.6%	361,202	7.06	367,642	7.18	525,522	9.80	2.1	7.8
Greenway Business Park	30	51,257	0.0%	249,496	4.87	267,981	5.23	269,765	5.26	2.6	4.2
Compass Industrial Park	85	243,206	10.5%	1,025,609	4.71	1,103,475	5.07	1,294,130	5.32	4.8	6.3
Lea Green Business Park	23	152,624	6.0%	641,566	4.47	675,680	4.71	777,343	5.09	7.1	10.2
Anniesland	74	182,050	19.1%	937,115	6.36	950,424	6.45	1,155,321	6.35	3.1	3.9
Capital Business Park	111	95,211	3.4%	573,313	6.23	586,750	6.38	586,671	6.16	3.2	4.5
Southerhead Industrial Estate	24	40,210	14.7%	360,931	10.53	360,931	10.53	402,100	10.00	1.6	2.5
Venture Park	4	70,288	0.0%	273,758	3.89	273,758	3.89	308,856	4.39	3.2	8.7
Coningsby Park	37	247,225	72.6%	271,344	4.00	271,344	4.00	1,060,919	4.29	1.0	1.0
Globe Park	17	38,054	35.6%	110,068	4.49	110,068	4.49	206,067	5.42	1.0	1.9
Ellis Hill	4	76,119	0.0%	458,693	6.03	458,693	6.03	456,782	6.00	4.7	9.5
Shrewsbury	24	44,611	0.0%	209,464	4.70	209,464	4.70	236,562	5.30	2.1	3.5
Leeds	15	111,081	4.1%	562,426	5.28	562,426	5.28	648,940	5.84	4.1	5.2
	818	**2,473,151**	**14.3%**	**11,135,715**	**5.27**	**11,451,529**	**5.42**	**13,836,238**	**5.59**	**3.1**	**4.8**

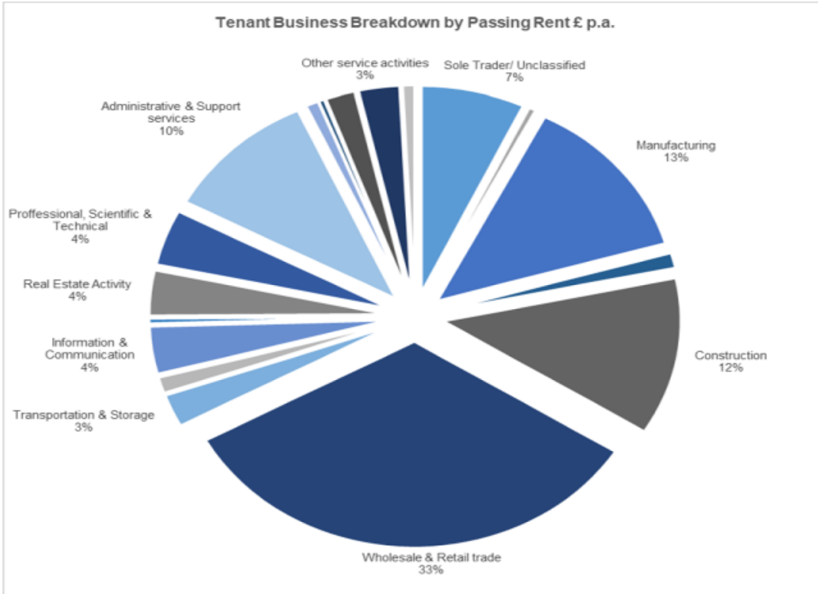
Summary of MLI portfolio at Latest Practicable Date

Number of Assets	32
Total Lettable Area (sq ft)	2,473,151
Number of Units	818
Number of Tenants	520

The geographic location of the MLI portfolio is depicted below:



The breakdown of tenants by business type is as follows:



In the nine month period between the acquisition of the industrials.co.uk portfolio and the financial year end at 31 March 2018, average letting/renewal was c. 10 per cent. ahead of the Estimated Rental Value ("**ERV**") estimated in June 2017, which in turn was 10 per cent. ahead of the passing rent at that time. The following results were achieved in such nine month period:

- 56 new lettings, being approximately £769,000 in annual rent, at an average premium to ERV of 12 per cent.
- 34 lease renewals, being approximately £415,000 in annual rent, at an average premium to ERV of 10 per cent.
- On average, the above new lettings and renewals have been 17.7 per cent. ahead of the previous passing rent for each unit.
- The average letting / renewal has been in excess of 3.5 years contracted certain lease term, with an average rent-free period of 1.5 months.
- No units were let below ERV during this period.
- At 31 March 2018, there were 24 units under offer to let, being approximately £271,000 in annual rent, at an average rent of £5.86 per square foot.

6.1.2 **UK and Guernsey non-MLI assets**

At the Latest Practicable Date, the UK and Guernsey Portfolio (excluding MLI assets) comprised 10 properties located in the United Kingdom and Guernsey.

Property / Portfolio	Ownership interest %	Market value 31 March 2018 (£m)	Properties	Area (m^2)	Annualised Gross Rental Income (£m)	Net Initial Yield 31 March 2018 %	WAULT per valuations (by rental)	Voids (by area) %	Rental per m^2 (£/m^2)
Davemount portfolio	100.00	6.6	3	7,678	0.9	11.38	2.4	0.0	119

Euston House	100.00	79.5	1	10,204	4.0	3.94	4.5	7.4	392
GGP1 portfolio	100.00	20.4	5	21,835	1.7	7.71	3.5	0.0	76
Trafalgar Court	100.00	59.9	1	10,564	4.3	6.90	9.1	0.3	410
		166.4	**10**	**50,281**	**10.9**	**5.76**	**6.0**	**1.6**	**217**

The Euston House property, with a lettable area of 10,204 m^2, occupies an island site of 0.45 acres directly opposite Euston Station. With Kings Cross St Pancras approximately 500m to the east, it is located between two significant nodes of regeneration. The Group expects to commence marketing the property for sale in the first quarter of 2019.

Trafalgar Court, which is situated in St Peter Port in Guernsey, is a freehold office building constructed in 2002 with a ground and three upper floors and 517 parking spaces in a separate multi-storey car park. Tenants include Northern Trust; it has a gross lettable area of 10,564 m^2, a WAULT of 9.1 years and a passing rent of £4.3 million.

6.2 German Portfolio (unaudited)[10]

At the Latest Practicable Date, the German Portfolio comprised 23 properties located across Germany.

Property / Portfolio	Ownership interest %	Market value 31 March 2018 (£m)**	Properties	Area (m^2)	Annualised Gross Rental Income (£m)	Net Initial Yield 31 March 2018 %	WAULT per valuations (by rental)	Voids (by area) %	Rental per m^2 (£/m^2)
Aldi portfolio	100.00	28.9	14	18,843	1.9	5.97	8.9	0.0	101
BikeMax portfolio	100.00	24.4	5	18,007	1.7	6.33	3.4	0.0	92
Bleichenhof, Hamburg	94.90	130.8*	1	19,320	4.9	3.33	4.7	24.4	253
Neukölln Carree, Berlin	100.00	19.3	1	13,365	1.2	5.37	7.0	0.0	87
Hermann Quartier, Berlin	100.00	20.8	1	8,272	1.3	5.23	6.2	2.7	155
Victoria Centre, Berlin	100.00	26.1	1	13,710	1.5	4.57	13.0	5.5	107
Care Homes portfolio	100.00	34.6	4	19,330	2.4	5.95	11.4	0.0	124
		284.8	**27**	**110,847**	**14.8**	**4.56**	**7.3**	**5.1**	**133**

* Reflects value of 100%
** Exchange rate at 31 March 2018: £1:€1.137

Stenprop has commenced a sale process of its Aldi portfolio of 14 stores located in Germany, valued at €32.84 million as at 31 March 2018. The sale process is progressing in line with expectations and is expected to complete prior to 30 September 2018.

The Bleichenhof property, constructed in 1956 and substantially refurbished in 1987, is located in central Hamburg, adjoining a large scale city centre regeneration project. It is a mixed use property with a lettable area of 19,320 m^2 comprising, in approximately equal parts, offices, retail and public car parking.

10 *Source: Company Disclosures*

Surrounded by a canal on one side and two well-known retail streets on the other sides, it has six and a half floors, with retail on the ground floor and offices above. The repositioning of the rear of the property at a cost of approximately €10 million, to take advantage of the regeneration of the adjoining site, is progressing well and is scheduled for completion in January 2019.

The Berlin daily needs shopping centre portfolio comprises the Neukölln Carree, Hermann Quartier and the Victoria Centre. Neukölln Carree is a 13,365 m^2 retail park with excellent transport links. Tenants include Edeka, Aldi and McDonalds. Hermann Quartier has direct access from the underground U-Bahn station and a strong tenant mix. Victoria Centre is located adjacent to a major railway interchange and is anchored by a large Kaufland supermarket.

6.3 Swiss Portfolio (unaudited)[11]

As at the Latest Practicable Date, the Swiss Portfolio comprised eight properties located across Switzerland.

Property / Portfolio	Ownership interest %	Market value 31 March 2018 (£m)*	Properties	Area (m^2)	Annualised Gross Rental Income (£m)	Net Initial Yield 31 March 2018 %	WAULT per valuations (by rental)	Voids (by area) %	Rental per m^2 (£/m^2)
Chiasso	100.00	6.5	1	4,183	0.4	4.07	1.5	10.8	107
Sissach	100.00	2.9	1	1,694	0.2	2.62	3.2	52.0	97
Altendorf	100.00	19.8	1	8,228	1.2	5.35	8.7	0.0	147
Arlesheim	100.00	9.5	1	4,834	0.8	6.54	5.5	0.0	163
Baar	100.00	15.3	1	3,995	1.1	4.77	0.8	2.0	279
Lugano	100.00	15.7	1	6,974	1.0	4.38	19.5	0.0	145
Montreux	100.00	18.9	1	4,198	0.9	3.70	5.3	4.6	218
Vevey	100.00	4.4	1	1,506	0.2	2.47	2.1	0.9	149
		93.0	**8**	**35,612**	**5.8**	**4.57**	**7.1**	**4.6**	**165**

*Exchange rate at 31 March 2018: £1:CHF1.337

Seven of the eight Swiss properties are being marketed for sale, being the properties in Arlesheim, Chiasso, Sissach, Altendorff, Baar, Vevey and Montreux, with a combined valuation at 31 March 2018 of CHF103.25 million (£77.2 million).

The remaining property at Lugano was built in 2002 and has a total lettable area of approximately 7,000 m^2. The property is currently undergoing substantial repositioning by the tenant as a multi-purpose wellness centre comprising a premium brand health club, luxury spa, restaurant, massage, hairdresser, solarium and medical centre at an overall cost of approximately CHF10 million. Stenprop has agreed to contribute a total of CHF3.7 million toward this cost. An overriding 20-year lease has been signed at a rental of CHF 1.5 million per annum which will escalate every year at the annual inflation rate. Rental payments will commence on 1 October 2018. The lease has been signed by a local family business which has run a health club in the area for the past 20 years. The tenant has sublet a number of the areas within the space to other operators. It is anticipated that the works will be complete by October 2018. This property is not currently being actively marketed for sale along with the rest of the Swiss Portfolio. It will be marketed separately once all the works are complete and trading in the premises has been established. Although the sale may not complete within 12 months, Stenprop is

11 *Source: Company Disclosures*

committed to the disposal of the asset in line with its strategy to exit the Swiss market.

7 PORTFOLIO VALUATION AND NET ASSET VALUE

The Group uses the valuations prepared by its independent valuers as the fair value of its investment properties and to calculate the IFRS NAV and EPRA NAV. These valuations, which take place at the interim stage on 30 September and at year-end on 31 March of each financial year, are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards (Red Book). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties.

Details of the IFRS NAV and the EPRA NAV will be announced by the Company through an RIS and via SENS as soon as practicable after the end of the relevant period. The IFRS NAV and EPRA NAV are published in the Company's half yearly report and integrated annual report.

The calculation of the IFRS NAV and EPRA NAV will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot be obtained without undue expenditure or in other circumstances outside of the Company's control. Details of any suspension in making such calculations will be announced by the Company through an RIS and via SENS as soon as practicable after any such suspension occurs.

As at 31 March 2018, the IFRS NAV was £387.33 million, the EPRA NAV was £402.24 million, the diluted IFRS NAV per Ordinary Share was £1.36 and the diluted EPRA NAV per Ordinary Share was £1.41. The IFRS NAV and the EPRA NAV are audited.

8 FINANCIAL PERFORMANCE

The Company, which was known at the time as GoGlobal Properties Limited, made its first acquisition on 25 March 2014, with the purchase of a portfolio of eight commercial properties in the UK with a combined value of £27.5 million.

On 1 October 2014, the Company was transformed by the acquisition, with effect from 1 April 2014, of interests in 45 buildings in the UK, Germany and Switzerland with a gross property value of €683.5 million in consideration for 218,794,917 Ordinary Shares issued at a price of €1.37 per share. It also completed the acquisition of the management company of these assets and became known as Stenprop Limited (such transactions together being the "**Stenprop Transaction**").

At 31 March 2015, the diluted adjusted EPRA EPS of the Group was 9.69 cents. The diluted EPRA NAV per Ordinary Share at that date was €1.65 (£1.21), whilst the diluted IFRS NAV per Ordinary Share was €1.59. The Group's average LTV was 53.8 per cent., weighted average debt maturity stood at 2.2 years, and the all-in contracted cost of debt was 3.07 per cent. A final dividend of 4.2 cents was paid for the year. No interim dividend was paid as the interim stage coincided with the Stenprop Transaction.

At 31 March 2016, 49 per cent. of the Group's property equity (in Sterling, being the Group's share of property values less loans) was in the UK, with 36 per cent. in

Germany and 16 per cent. in Switzerland. The diluted adjusted EPRA EPS of the Group was 10.41 cents (7.67 pence[12]) an increase in reported Euro earnings of 7.4 per cent. The diluted EPRA NAV per Ordinary Share was €1.67 (£1.34), a 1.2 per cent. increase over the prior year in Euros, and the diluted IFRS NAV per Ordinary Share was €1.61 (£1.27). The Group's average LTV dropped to 51.6 per cent., weighted average debt maturity remained at 2.2 years, whilst the all-in contracted cost of debt dropped to 2.8 per cent. The interim and final dividend for the year together amounted to 8.9 cents (7.19 pence at the then prevailing exchange rates).

At 31 March 2017, the UK portion of the property equity of the Group was 47 per cent., with 36 per cent. in Germany and 17 per cent. in Switzerland. The diluted adjusted EPRA EPS of the Group was 10.28 cents (8.99 pence[13]), a 1.3 per cent. decline in reported Euro earnings on the prior year due to the weakening of Sterling, but in Sterling this represented a 17.2 per cent. increase on the prior year. The diluted EPRA NAV per Ordinary Share was €1.59 (£1.36), a decrease of 4.8 per cent. over the prior year in Euros but an increase of 1.49 per cent. in Sterling, and the diluted IFRS NAV per Ordinary Share was €1.53 (£1.31). The Group's average LTV was 51.6 per cent., weighted average debt maturity was 2.4 years whilst the all-in contracted cost of debt was 2.53 per cent. The combined interim and final dividend of the year amounted to 9 cents (7.80 pence at the then prevailing exchange rates), a 1.1 per cent. increase in Euros over the prior year, or a 8.6 per cent. increase in Sterling.

At 31 March 2018, the UK portion of the property equity of the Group had risen to 50 per cent., with 33 per cent. in Germany and 12 per cent. in Switzerland. In order to reflect the relatively larger weighting of Stenprop's UK and Guernsey Portfolio, and as a result of the decision to transition the Group into a UK MLI business over time, it was decided to change the reporting currency of the Group from Euros to Sterling with effect from 1 April 2017. The diluted adjusted EPRA EPS of the Group at 31 March 2018 was 9.09 pence[14], an increase on the prior year of 1.1 per cent. The diluted EPRA NAV per Ordinary Share was £1.41, a 3.9 per cent. increase over the prior year, and the diluted IFRS NAV per Ordinary Share was £1.36. The Group's average LTV was 49.2 per cent., weighted average debt maturity was 2.9; however, excluding the Swiss Portfolio which is expected to be repaid in the near term, the weighted average debt maturity at 31 March 2018 stood at 3.4 years. The all-in contracted cost of debt was 2.44 per cent. The combined interim and final dividend of the year amounted to 8 pence, a 2.5 per cent. increase in Sterling over the prior year.

The financial performance of the Group over the last three reporting periods is analysed in Part 3 of this document.

The audited annual financial statements for the years ended 31 March 2016, 31 March 2017 and 31 March 2018 are included in Part 5 of this document.

9 DIVIDEND POLICY

In order to comply with REIT conditions, Stenprop will be required to meet a minimum distribution test each year. This minimum distribution test requires the

[12] 31 March 2016: Average foreign exchange rates in the year £1.00:€1.366; £1.00:CHF1.466, Year-end foreign exchange rates: £1.00:€1.265; £1.00:CHF1.383.

[13] 31 March 2017: Average foreign exchange rates in the year £1.00:€1.190; £1.00:CHF1.290, Year-end foreign exchange rates: £1.00:€1.169; £1.00:CHF1.250

[14] 31 March 2018: Average foreign exchange rates in the year: £1.00:€1.134; £1.00:CHF1.287. Year-end foreign exchange rates: £1.00:€1.137; £1.00:CHF1.337

Company to distribute, on or before the filing date of the Company's tax returns for the accounting period in question, at least 90 per cent. of the REIT Group's income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.

Stenprop intends to distribute the amount necessary to comply with REIT conditions, or at least 90 per cent. of its property-related EPRA earnings, whichever is the higher. Distribution of non-property-related earnings will be evaluated from time-to-time by the Board. Stenprop intends to pay dividends in cash, but may offer a scrip equivalent from time to time. Stenprop announced on 7 June that, subject to receiving the requisite regulatory approvals, a scrip alternative will be offered to Shareholders in respect of the final dividend of 4 pence per share in respect of the year ended 31 March 2018, which the Directors intend to match through the buyback of shares.

Whilst Stenprop is confident that its increasing investment in the multi-let industrial sector will, over time, position it to achieve its core objective of delivering sustainable growing income to its shareholders, the full impact on its earnings and distributions during the UK MLI transition period will depend on a number of factors. These include the timing and commercial terms of acquisitions and disposals, and the implementation of Stenprop's deleveraging strategy. Stenprop expects that fluctuations from changes in exchange rates resulting from the Group's holdings in Germany and Switzerland will diminish over time and eventually be eliminated.

As a result of the Group's strategic repositioning, the Board has taken a decision to rebase the level of distributions going forward, to ensure that they are fully covered by property-related earnings only. Distribution of non-property related earnings will be evaluated from time to time, but such earnings are more likely to be utilised for additional MLI investment.

The Board considers that this approach aligns Stenprop's dividend policy with the more predictable contractual rental income streams derived from the properties owned by the Group, rather than the less predictable management fee income from third party fund management activities. It also takes into account the Board's view that, with yields on income producing property having contracted over the past 12 months, reflecting the low interest rate environment and increasing competition for income producing property, yields on MLI property may contract further as the Company transitions into a fully focused MLI specialist. This reflects Stenprop's view of the MLI property fundamentals, and the likelihood for further strong rental growth materialising in the sector. The Board considers that if Stenprop is to remain competitive in the market place for acquisitions of additional MLI property and to pay a sustainable and growing dividend, it is necessary to rebase the dividend.

Assuming that current trading conditions will prevail and based on average exchange rates of €1.13:£1.00 and CHF1.30:£1.00, for the year ending 31 March 2019, Stenprop is targeting to pay a total dividend of 6.75 pence per share, a 15.6 per cent. reduction over the 8 pence per share dividend paid in respect of the year ended 31 March 2018. This target can be evaluated against the diluted adjusted EPRA EPS attributable to the Group's property rental business of 7.29 pence per share for the year ended 31 March 2018, with a further amount of 1.80 pence per share attributable to the Group's non-property-related earnings.

Stenprop intends to pay an interim dividend of 3.375 pence per share in January 2019 and the remainder by way of a final dividend in late July or early August 2019. A 6.75 pence per share dividend would represent a dividend yield of 5.9 per cent. on the Company's share price of £1.14 at 4 June 2018 or a dividend yield of 4.8 per cent. on the Company's diluted EPRA NAV per share at 31 March 2018 of £1.41.[15]

10 FURTHER ISSUES OF SHARES

The Directors have the power, subject to the Companies Law and the provisions of the Articles, to issue an unlimited number of new shares in the capital of the Company.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of shares of any class. However, the Articles contain pre-emption rights in favour of existing Shareholders in respect of the issue of equity securities for cash (details of which are set out in paragraph 4.6 of Part 8 of this document).

The Directors have the authority to issue up to 29,171,848 Ordinary Shares (representing approximately 10 per cent. of the issued share capital of the Company as at 2 February 2018 and as at the date of this document) for cash on a non-pre-emptive basis, pursuant to the authority granted to them at the Special General Meeting. This authority will expire at the conclusion of the Company's 2018 annual general meeting or, if earlier, on 7 June 2019.

The proceeds from the issue of any further Ordinary Shares will be applied in accordance with the Company's investment policy as described in paragraph 5 above.

The Directors intend to propose at each annual general meeting of the Company a renewal of the authority to allot Ordinary Shares for cash on a non-pre-emptive basis equal to up to 20 per cent. of the issued share capital of the Company at such time.

The Directors will not raise additional capital by issuing new Ordinary Shares for cash on a non-pre-emptive basis at a discount to NAV without the approval of Shareholders.

11 MANAGEMENT OF SHARE PRICE DISCOUNTS TO NET ASSET VALUE

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an *ad hoc* basis.

At the 2017 AGM, the Company was granted a general authority to repurchase Ordinary Shares, such general authority being subject, *inter alia*, to the proviso that repurchases in the aggregate in any one financial year may not exceed 20 per cent. of the Company's issued share capital as at the date of the passing of the resolution. This general authority is valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months. In determining the price at which Ordinary Shares can be repurchased by the Company or any of its subsidiaries pursuant to this general authority, the maximum premium at which such shares may be repurchased will be 10 per cent. of the weighted average of the market value on the primary exchange on which the Company's securities are listed over the five business days immediately preceding the repurchase of such shares.

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[15] These are targets only and not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distributions or have any capital appreciation at all.

The Company proposes to seek authority with effect from the date of its 2018 annual general meeting to make market purchases of up to 14.99 per cent. of Ordinary Shares in issue immediately following the next annual general meeting. In terms of this authority, the maximum price (exclusive of expenses) which may be paid for the Ordinary Shares must not be more than the higher of: (i) 5 per cent. above the average mid-market values of the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares provided that, in either case, the maximum price (exclusive of expenses) will not be more than 10 per cent. above the average mid-market values of the Ordinary Shares for the five business days before the purchase is made. The minimum price is 1 pence per share.

Ordinary Shares will only be repurchased at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for the remaining Shareholders.

Investors should note that the repurchase of Ordinary Shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of Ordinary Shares that may be repurchased.

Treasury shares

Subject to the provisions of the Companies Law and, for so long as the Company maintains a primary listing of the Ordinary Shares on the JSE, the JSE Listings Requirements, the Company may hold any Ordinary Shares that it repurchases as treasury shares, provided that the number of shares held as treasury shares shall not at any time exceed such amount as provided in the Companies Law. No Ordinary Shares will be sold from treasury at a price less than the net asset value per existing Ordinary Share at the time of their sale unless they are first offered *pro rata* to existing Shareholders.

12 REIT STATUS AND TAXATION

Part 7 of this document contains details of the UK REIT regime and taxation of the Company and Shareholders in the United Kingdom, South Africa and Guernsey.

As a REIT, the Group should not pay UK corporation tax on profits and gains from its Property Rental Business. However, the Company is required to distribute to Shareholders on or before the filing date of the Company's tax returns for the accounting period in question, at least 90 per cent. of the REIT Group's income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes. Under the REIT regime, a tax charge might be levied on the Company if it were to make a distribution to a "substantial shareholder". The Articles contain provisions relating to substantial shareholders.

All information in relation to taxation in this document is intended only as a general guide to the current United Kingdom, South Africa and Guernsey tax positions. If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the United Kingdom, South Africa or Guernsey, you should consult your own independent professional adviser immediately.

13 **REGULATORY POSITION OF THE COMPANY**

13.1 **General**

The Company is neither regulated nor authorised by the FCA or the GFSC. It is subject to the JSE Listings Requirements, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR.

13.2 **JSE Listings Requirements**

Following UK Admission, the Company will retain the listing of its Ordinary Shares on the JSE and it will therefore be subject to the JSE Listings Requirements on an ongoing basis. Those requirements are similar in nature to those that would apply to companies whose securities are admitted to the Premium Segment of the Official List and include:

- rules regulating the issue of Ordinary Shares for cash other than as part of a 'rights offer';
- mandatory corporate governance requirements under the King IV Report (as noted in paragraph 2 of Part 2 of this document) and the JSE Listings Requirements;
- rules requiring announcement of certain transactions of the Group and in certain cases where the transactions are of a certain size requiring the publication of a circular and obtaining shareholder approval in respect of such transaction;
- detailed rules regulating related party transactions involving the Group which depending on the size of such a transaction may require the prior approval of the independent shareholders of the Company; and
- rules requiring the Company to retain a JSE sponsor to advise the Company on the JSE Listings Requirements and on certain transactions involving the Group.

13.3 **The AIFMD**

The Company does not consider itself to be an alternative investment fund within the meaning of the AIFMD. As such, it is not regulated as such and has not appointed, and does not consider that it is necessary to appoint, an AIFM.

13.4 **Non-mainstream pooled investments**

The Company has been advised that the Ordinary Shares can be considered as securities issued by a trading company and not of a special purpose vehicle for the purposes of the FCA rules regarding the definition and promotion of non-mainstream pooled investments ("**NMPIs**"). Therefore, the Board believes that the Ordinary Shares will be excluded from the restrictions contained in the FCA's rules on NMPIs.

It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner so that the Ordinary Shares can be recommended to ordinary retail investors without being subject to the FCA's rules relating to non-mainstream pooled investment products. However, the Board has been advised that no guidance on the application of the NMPI rules to non-UK companies has been published by the FCA and, further, that the rules may be subject to change. The Company would expect to make an announcement should it become aware of the FCA issuing further guidance or amending the NMPI rules in a way which affects the Company's view on the application of the NMPI rules to the Company.

14 RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 24 to 39.

Part 2
DIRECTORS AND CORPORATE GOVERNANCE

1 DIRECTORS

The following table sets out the names, ages, positions, dates of appointment and business addresses of the Directors:

Name	Age	Position	Date appointed	Business address
Richard Grant	64	Independent Non-executive Chairman	1 May 2018	180 Great Portland Street, London W1W 5QZ
Paul Arenson	55	Chief Executive Officer	2 October 2014	180 Great Portland Street, London W1W 5QZ
Patricia (Patsy) Watson	58	Chief Financial Officer	2 October 2014	180 Great Portland Street, London W1W 5QZ
Julian Carey	36	Executive Property Director	1 May 2018	180 Great Portland Street, London W1W 5QZ
Warren Lawlor	43	Non-executive Director	5 April 2017	3rd Floor, 1 Sturdee Avenue, Rosebank 2196, South Africa
Paul Miller	53	Independent Non-executive Director	14 September 2016	50 Weymouth Mews, London W1G 7EH
Philip Holland	48	Independent Non-executive Director	1 May 2018	180 Great Portland Street, London W1W 5QZ

The management expertise and experience of each of the Directors is set out below.

1.1 Executive Directors

1.1.1 Paul Arenson – Chief Executive Officer

Paul founded Stenham Property Limited, a property fund management business, for the Stenham Group in 1995. As managing director he was responsible for driving the development of the business and, by the time that the Stenham Group was sold to Peregrine Holdings Limited (a financial services business listed on the JSE) in 2007, Stenham Property had in excess of £2 billion of assets under management.

In 2014 Paul, together with CFO Patsy Watson, orchestrated the sale of Stenham Property and a substantial part of the assets under management, by way of a share deal to a JSE and BSX listed entity, now known as Stenprop. Paul was appointed as the CEO of Stenprop and continues in that position.

Paul graduated as a lawyer at Edward Nathan & Friedland Inc. In 1990 he moved from South Africa to London where he joined Titmuss Sainer Dechert (now called Dechert) in their corporate department. He subsequently became a partner at the London office of Sonnenberg Hoffman & Galombik in 1994, prior to joining the Stenham Group in 1995.

1.1.2 **Patsy Watson – Chief Financial Officer**

Patsy is Chief Financial Officer of Stenprop, having joined Stenham Property Limited in May 2007 as Finance Director. Alongside Paul, she has played a pivotal role in developing and implementing the strategy which has transformed the business from a multi-sector fund management business into a listed UK REIT focused on becoming the leading MLI specialist in the UK.

Patsy graduated from the University of Witwatersrand in South Africa with Bachelor degrees in Commerce and Accountancy, where she also completed a two year postgraduate course in taxation. She qualified as a Chartered Accountant in Johannesburg, after serving articles with PricewaterhouseCoopers.

Patsy joined the project finance division of a South African merchant bank for three years, prior to becoming a founding partner in Neil Thomas & Associates, a boutique firm of corporate finance specialists in Johannesburg. There she had thirteen years of experience in corporate finance and project structuring. Following a move to the UK in 1999 and some time off to raise her children, Patsy spent three years as Finance Director of a division of Regus before leaving to join Stenham Property Limited.

1.1.3 **Julian Carey – Executive Property Director**

Julian currently serves as Executive Property Director of the Company. He joined Stenprop in July 2017 following the acquisition by Stenprop of C2 Capital Limited ("**C2 Capital**"), a private real estate fund management business. Julian established C2 Capital in 2009 in joint venture with the Ellis Campbell Group, a UK Family Office. He subsequently acquired the Ellis Campbell stake in the business in 2015 at the same time as C2 Capital launched Industrials.co.uk, a joint venture with Morgan Stanley Real Estate Investment. Between 2015 and 2017 the Industrials.co.uk portfolio grew to comprise 25 multi-let industrial estates, and was sold to Stenprop in June 2017 along with C2 Capital. Julian previously worked in the leveraged opportunity funds team at LaSalle Investment management from 2007-2009, prior to which he worked at Jones Lang LaSalle in the auction and private investment team. He has extensive experience in asset management, fund structuring, third party finance and investment. Julian is a qualified chartered surveyor.

1.2 **Non-executive Directors**

1.2.1 **Richard Grant Independent Non-executive Chairman**

Richard was the Chief Financial Officer of Cadogan Group Limited from 1994 until his retirement in 2017. Cadogan is a property investment business operating in Chelsea and Knightsbridge in West London with a holding extending to 93 acres, built on the foundations of a traditional landed estate which has been in the ownership of the Cadogan family since 1753.

Richard is currently the non-executive deputy chairman of Helical plc, a UK property investment and development company listed on the London Stock Exchange. He has been a director of Helical since July 2012 and is also currently the chairman of Helical's audit committee

1.2.2 **Warren Lawlor – Non-executive Director**

Warren is a co-founder of Ferryman Capital Partners, an investment company established in 2017. He graduated from the University of Witwatersrand in 1998 with Bachelor degrees in Arts and Law and is an admitted attorney and CFA charter holder. In 2000 he joined the newly started corporate finance division of Corpcapital Limited and participated in the 2003 buy-out of the business to form Java Capital, where he was an executive director until his departure at the end of 2016. During his 17 years of corporate finance experience he advised a number of listed and unlisted property companies.

1.2.3 **Paul Miller – Independent Non-executive Director**

Paul is an English qualified solicitor with over 24 years' international experience, with particular expertise in cross border mergers and acquisitions, joint ventures, international offerings, listed and unlisted funds and related governance and securities laws issues. A large part of his practice has always been focused on the real estate sector.

Paul graduated from the University of Cape Town with Bachelor degrees in commerce and law. He went on to build his legal career at Berwin Leighton Paisner LLP, where he became a senior partner and led the capital markets team for a number of years. Paul is the Chief Executive Officer of Everglen Capital Proprietary Limited and a non-executive director of Transaction Capital Limited, a company listed on the Johannesburg Stock Exchange. He is also a consultant to Bryan Cave Leighton Paisner LLP. Paul was appointed to the Board as a non-executive director in 2016.

1.2.4 **Philip Holland – Independent Non-executive Director**

Philip is a qualified chartered accountant with more than 20 years' experience in the property sector. Having qualified in professional practice, he moved to specialise in property investment and development in 1996, and since 1998 has worked at board level within listed and private real estate companies and funds across Europe, leading the sourcing and investment of over £1 billion of equity. Philip is currently the Chief Investment Officer at Prime plc, the UK's leading healthcare real estate company, having joined the group in April 2017. For six years prior to joining Prime plc, Philip was Finance Director and Deputy Managing Director of Primary Health Properties plc, a Real Estate Investment Trust listed on the Main Market of the LSE. Philip's previous senior roles were as CFO of Natixis Capital Partners Limited, a private equity real estate fund manager, CFO of Atlas Estates Limited, leading their listing on AIM and capital raising in 2007, and as Finance Director of Estates & General plc, a Main Market LSE listed real estate group that Philip helped to sell and de-list in 2004. Philip is currently a non-executive director and chairman of the audit committee of TP Group plc, an AIM listed specialist services and advanced engineering company that operates in the defence, industrial and government sectors.

2 **CORPORATE GOVERNANCE**

The Company takes pride in its robust governance structure which it believes plays an integral part in the way in which the Group operates. The Directors support high standards of corporate governance and are committed to ethical behaviour throughout the business.

Whilst the Company is not required to do so, as at the date of this document and on UK Admission, the Company will comply with the UK Corporate Governance Code as it relates to "smaller companies" (companies which are outside the FTSE350 throughout the year immediately prior to the reporting year), except as set out below. The Company also adheres to the governance outcomes contained in the King Report on Corporate Governance for South Africa (the "**King IV Report**") of ethical culture, good performance, effective control and legitimacy in South Africa. In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a statement in the directors' report confirming the corporate governance code to which the issuer is subject; and (ii) describe its internal control and risk management systems and the composition of committees.

The UK Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The UK Corporate Governance Code recommends that "smaller companies" should have at least two independent non-executive directors (being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement).

The Board currently comprises three executive directors (including the chief executive officer) and four non-executive directors (including the chairman). The Company regards Richard Grant, Paul Miller and Philip Holland as independent non-executive directors, within the meaning of "independent" as defined in the UK Corporate Governance Code. Paul Miller is the Company's "lead independent director" and "senior independent director".

The Articles provide that the shareholders of the Company shall elect or appoint directors and that one third of the non-executive directors must retire by rotation at each AGM. The retirement of directors is determined by who has been longest in office since their last election. Those directors who retire are eligible for re-election.

The Board's effectiveness is assessed through an annual assessment process. The results of the assessments are reviewed by the chairman with a view to addressing any shortcomings that may emerge.

It is core to the Company's success that the most qualified people for any job should be employed and that the working environment be free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability. The Board also recognises that it should be comprised of individuals with diverse backgrounds (including age, core expertise, gender and social diversity) who have a high degree of competency, integrity, skill, capacity, experience and commitment to discharge their duties and responsibilities. At present, there is one female director on the Board, with the aim being to have females constituting at least 20 per cent. of the total number of directors by 31 March 2020. The Board evaluates all nominations and appointments with the aim to improving the constitution of the Board with respect to gender diversity in accordance with the above target and taking into account the above-mentioned criteria of competency, integrity, skill, capacity and experience.

The Company is not subject to any code of corporate governance in Guernsey.

3 BOARD COMMITTEES

As envisaged by the UK Corporate Governance Code, the Board has established Audit & Risk, Remuneration and Nomination Committees. In addition, the Board has established a Social and Ethics Committee. The UK Corporate Governance Code requires that the Audit Committee and Remuneration Committee should have at least three independent non-executive directors.

Full transparency and disclosure of committee deliberations is encouraged and the minutes of all committee meetings are available to all directors.

3.1 Audit & Risk Committee

In accordance with the requirements of the UK Corporate Governance Code, the Audit & Risk Committee consists of Philip Holland, Richard Grant and Paul Miller, all of whom are independent non-executive directors, and includes one member with recent and relevant financial experience. The Audit & Risk Committee is chaired by Philip Holland, an independent non-executive director. Appointments to the Audit & Risk Committee are for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided that the members continue to remain independent. In carrying out its duties, the Audit & Risk Committee also has due regard to the code of best practice as contained in the King IV Report.

The Audit & Risk Committee will meet as frequently as the Audit & Risk Committee considers necessary and at the appropriate times in the reporting and audit cycle (normally meet at least three times a year).

The committee has responsibility for, amongst other things, monitoring the financial integrity of the financial statements of the Company and its accounting policies and practices, overseeing the involvement of the Company's auditors in that process, overseeing the internal and external audit processes, the provision of any non-audit services, the application of a combined assurance model, reviewing and recommending for approval the interim and annual financial statements, reviewing and considering of compliance with regulatory and listing obligations and considering and recommending the going-concern assumption adopted by the Board. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control and reporting, procedures for the identification, assessment and reporting of risks and the safeguarding of assets are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board.

The committee is also responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group, promoting a risk awareness culture within the Group, and ensuring the risk management process is effective and continuously developed. The committee ensures that risk exposures across the business are effectively managed and reduced to acceptable levels.

The terms of reference of the Audit & Risk Committee cover such issues as membership and the frequency of meetings, together with requirements of any quorum for and the right to attend meetings. The principal duties of the Audit & Risk Committee covered in the terms of reference are: external audit, financial reporting, internal control and risk assessment, internal audit, compliance with laws and regulations, integrated reporting, combined assurance and finance function, as well as risk strategy and risk management policy, risk profile and risk appetite. The terms of reference also set out the authority of the committee to carry out its duties.

3.2 **Remuneration Committee**

In accordance with the requirements of the UK Corporate Governance Code, the Remuneration Committee consists of Paul Miller, Richard Grant and Philip Holland, all of whom are independent non-executive directors, as well as Warren Lawlor, a non-executive director. The Remuneration Committee is chaired by Paul Miller, an independent non-executive director. Appointments to the Remuneration Committee are for a period of up to three years, which may be extended for no more than two additional three-year periods. The Remuneration Committee, which meets at least twice a year, has responsibility for the determination of specific remuneration packages for each of the executive directors and certain senior executives of the Group, including pension rights and any compensation payments and recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance-related, schemes. The Remuneration Committee shall review on at least an annual basis the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.

The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, together with the requirements for quorum for and the right to attend meetings. The duties of the Remuneration Committee covered in the terms of reference relate to the following: determining and monitoring policy on and setting level of remuneration, pay and employment conditions, termination provisions, authorising claims for expenses, performance-related pay to attract and retain people of the required calibre, the alignment of management and key staff remuneration and incentives with the Company's strategy to enhance and protect shareholder value, pension arrangements, reporting and disclosure, determining and monitoring the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities and share incentive plans. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its duties. No individual may be involved in any decisions as to their own remuneration.

3.3 **Nomination Committee**

In accordance with the requirements of the UK Corporate Governance Code, the Nomination Committee consists of Richard Grant, Paul Miller and Philip Holland, all of whom are independent non-executive directors, as well as Warren Lawlor, non-executive director. The Nomination Committee is chaired by Richard Grant, the chairman of the Company. The Nomination Committee meets at least twice a year at appropriate times in the reporting cycle.

The terms of reference of the Nomination Committee cover such issues as membership and frequency of meetings, together with the requirements for quorum for and the right to attend meetings. The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary. The Nomination Committee also considers succession planning, taking into account the skills and expertise that will be needed on the Board in the future.

3.4 Social and Ethics Committee

The Social and Ethics Committee is responsible for matters relating to social and economic development, responsible corporate citizenship, sustainable development, consumer relationships and labour and employment relationships.

The Social and Ethics Committee consists of Philip Holland, Richard Grant and Sarah Bellilchi, comprising both non-executive directors and a member of senior management, with a majority of non-executive directors, as required by the King IV Report. The Social and Ethics Committee must be chaired by a non-executive director and is currently chaired by Philip Holland. The chairperson of the Board may not chair the Social and Ethics Committee. All members are nominated by the Board for a term of up to three years and have sufficient qualifications and experience to fulfil their duties. The Social and Ethics Committee will normally meet at least once a year, during which an annual work plan is established to ensure that all relevant matters are covered by the agendas of the meeting planned for the year. Minutes are circulated to the Board after every meeting

The terms of reference of the Social and Ethics Committee cover such issues as membership and frequency of meetings, as mentioned above, together with the requirements for quorum for and the right to attend meetings. The principal duties of the Social and Ethics Committee covered in the terms of reference are in relation to: monitoring the Company's activities, drawing matters within its mandate to the attention of the board, reporting in the Company's annual report on the Committee's key areas of focus and formulating and monitoring the group's ethics policy.

4 CONFLICTS OF INTEREST

Each of the Executive Directors has agreed that he or she will not directly or indirectly enter into, or be concerned or interested in, any trade, business or occupation other than the business of the Group except with the prior consent of the chairman (such consent not to be unreasonably withheld). Each of the Executive Directors is required to avoid situations and not accept gifts in the form of benefits or otherwise from third parties that could give rise to a conflict of interest with the Company. Notwithstanding such restrictions, the Executive Directors are permitted to pursue private property investment opportunities provided that they do not deprive the Company of a corporate opportunity having regard to the Company's overall strategy from time to time.

The Non-Executive Directors may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, they may provide services similar to those provided to the Company to other entities. They shall not be liable to account for any profit from such services. Pursuant to the terms of their letters of appointment, if a Non-Executive Director becomes aware of any potential or actual conflicts of interest, he is required to disclose them to the chairman (or, in the case of the chairman, to the senior independent director) and company secretary as soon as they become apparent.

As at the date of this document, the Company is not aware of any actual or potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

5 ONGOING EXPENSES

Ongoing annual expenses of the Group include the following:

5.1 **Corporate broking fees**

Numis is entitled to receive from the Company a semi-annual retainer of an amount equal to 0.0125 per cent. of the Company's market capitalisation up to £200 million, plus 0.0025 per cent. of the Company's market capitalisation in excess of £200 million, each such semi-annual payment being subject to a minimum of £17,500 (exclusive of VAT).

5.2 **JSE sponsor fees**

Java is entitled to receive from the Company an annual fee of 140,000 Rand (exclusive of any VAT), payable quarterly in advance.

5.3 **Guernsey registrar fees**

Computershare Guernsey is entitled to receive from the Company an annual fee based on activity, subject to a minimum fee of £9,000 (exclusive of any VAT). The maximum annual fee that Computershare Guernsey may be entitled to receive from the Company under the terms of the Guernsey Registrar Agreement is estimated to be £30,000 (exclusive of any VAT).

5.4 **South African registrar fees**

Computershare South Africa and Computershare South Africa Nominees are together entitled to receive from the Company a minimum fee of R8,988.66 per month (exclusive of any VAT). The maximum annual fee that Computershare South Africa and Computershare South Africa Nominees may together be entitled to receive from the Company under the terms of the South African Registrar Agreement is estimated to be R125,000 (exclusive of any VAT).

5.5 **Valuer fees**

JLL has been appointed by the Company as external valuer to provide a valuation of the Current Portfolio as at 31 March 2018 and as at the Latest Practicable Date. JLL is entitled to a fee of £46,930 plus VAT in respect of the UK and Guernsey Portfolio, CHF52,000 plus VAT in respect of the Swiss Portfolio and €98,670 plus VAT in respect of the German Portfolio.

The Company is also a party to various historical engagement letters with JLL and its associated company Jones Lang LaSalle GmbH in respect of certain properties in the Current Portfolio, pursuant to which:

- with respect to the Group's UK MLI portfolio, for each valuation, JLL is entitled to receive a fee of £850 per asset (where the UK MLI portfolio comprises 30 properties or less), £750 per asset (where the UK MLI portfolio comprises 31 to 50 properties), £650 per asset (where the UK MLI portfolio comprises 51 to 100 properties) and £550 per asset (where the UK MLI portfolio comprises in excess of 100 properties);

- with respect to certain of the Group's UK properties (excluding the UK MLI portfolio), JLL is entitled to a maximum aggregate fee of £30,000 per annum; and

- with respect to the Group's Bleichenhof and Neukölln properties in Germany, Jones Lang LaSalle GmbH is entitled to a maximum aggregate annual fee of €16,000.

All of such fees are exclusive of any VAT. Each of such historical engagement letters expires on 30 September 2018, save for the engagement letter with Jones Lang LaSalle GmbH which may be terminated by either party on three months' notice.

5.6 Other expenses

Other ongoing operational expenses of the Company (excluding fees paid to service providers as detailed above) will be borne by the Company including audit costs, legal fees and annual LSE and JSE fees.

Part 3
OPERATING AND FINANCIAL REVIEW

The following operating and financial review should be read in conjunction with the historical financial information of the Group set out in Part 5 of this document and the other financial information relating to the Company included elsewhere in this document. This review contains forward looking statements based on the current expectations and assumptions about the Group's future business. Such statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. The actual investment performance, results of operations, financial condition and dividend policy of the Group, as well as the development of its financing strategies, may differ materially from the impression created by the forward looking statements contained herein as a result of certain factors including, but not limited to, those discussed in the "Risk Factors" section of this document.

The selected financial information discussed in this Part 3 has been extracted without material adjustment from the historical financial information of the Group set out in Part 5 of this document.

The exchange rates used in this Part 3 are as follows:

- 31 March 2016: Average foreign exchange rates in the year £1.00:€1.366; £1.00:CHF1.466. Year-end foreign exchange rates: £1.00:€1.265; £1.00:CHF1.383.
- 31 March 2017: Average foreign exchange rates in the year £1.00:€1.190; £1.00:CHF1.290. Year-end foreign exchange rates: £1.00:€1.169; £1.00:CHF1.250.
- 31 March 2018: Average foreign exchange rates in the year: £1.00:€1.134; £1.00:CHF1.287. Year-end foreign exchange rates: £1.00:€1.137; £1.00:CHF1.337.

1 OVERVIEW

The Group is a Guernsey-incorporated UK REIT with property assets located in the UK, Germany and Switzerland. In late 2017 it took the strategic decision that its investment objective to deliver sustainable growing dividends to Shareholders would be best achieved by becoming a specialised UK MLI operating and investment company. This strategic repositioning means that Stenprop intends, over the next few years, to sell most of its non-MLI assets and utilise the sale proceeds to build a focused UK MLI business.

For an overview of the business and the investment strategy of the Group, see Part 1 of this document.

2 CURRENT TRADING AND PROSPECTS

On 7 June 2018 the Group published its audited annual financial statements for the year ended 31 March 2018, in which it announced continued progress in pursuing its strategy.

3 KEY PERFORMANCE INDICATORS

The principal key performance indicators monitored by the Board are: net rental income, management fee income, diluted adjusted EPRA earnings per share, total annual dividend per share, dividend pay-out ratio, EPRA NAV per Ordinary Share, IFRS NAV per Ordinary Share, LTV ratio and cash resources. The Group has adopted distribution per share as its key performance measurement.

	31 March 2018	31 March 2017	31 March 2016
Diluted adjusted EPRA earnings per share	9.09 pence	10.28 cents 8.99 pence	10.41 cents 7.67 pence
Diluted EPRA net asset value per share	£1.41	€1.59 £1.36	€1.67 £1.34
Total annual distribution per share	8.00 pence	9.00 cents 7.80 pence	8.90 cents 7.19 pence
Dividend pay-out ratio	88.0%	87.5% (Euro)	86.0% (Euro)
Loan to value ratio	49.2%	51.6%	51.6%
Weighted average cost of debt	2.44%	2.53%	2.53%
Weighted average debt maturity	2.9 years[16]	2.4 years	2.2 years

4 KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Directors believe that the following areas have the most material effect on the Group's results of operations.

4.1 Rents receivable

The Group's main source of revenue is rents receivable on its investment properties. Rents receivable comprise contracted rents paid by tenants under operating leases, recognised on an accruals basis and, where relevant, adjusted pursuant to IFRS to smooth the effect of fixed or minimum uplifts throughout the lease term.

As at 31 March 2018, the Group's rental income is affected by a number of factors and may fluctuate from year to year. In the Current Portfolio, key drivers of rents receivable depend on traditional metrics, being tenant covenants and lease length: the so-called 'long and strong' model.

However, as the Current Portfolio transitions into a predominantly MLI portfolio, individual tenant covenants will become less important, and tenant risk will be managed through scale and diversification. Furthermore, the Group's objective is to develop a highly flexible MLI leasing model, which includes shortening lease length. Therefore, future rents receivable will be materially affected by inherent growth in rental levels in the MLI sector, driven by a structural demand and supply imbalance, together with the Group's ability to capture such growth through its leasing model.

4.2 MLI property acquisitions

The Group's ability to identify and acquire suitable MLI properties, particularly during the transition period will impact the Group's results and operations, specifically the prices at which it is able to acquire such properties.

[16] The Group's weighted average debt maturity excluding the debt secured against the Swiss Portfolio, which is being marketed for sale, is 3.4 years.

4.3 **Non-MLI property disposals during the transition period**

The Group's ability to acquire MLI property during the transition period depends on its ability to dispose of the non-MLI properties within the Current Portfolio. Results will be impacted by the prices at which the Group is able to dispose of its properties, the allocation of the deployment of the proceeds between new acquisitions and debt reduction, the time taken to deploy the proceeds of such disposals and, where the sold properties are not UK properties, the exchange rates at which the proceeds are converted into Sterling.

4.4 **Management fee income from assets managed for third parties**

The Group earns fees from the provision of management and administration services to certain managed property syndications and funds. These include annual management fees, as well as disposal fees and performance-related fees. Stenprop intends to actively withdraw from involvement in its historic fund management arm. Many of these managed funds are coming to a natural end, and during the year ended 31 March 2018, delivered management fee income of £5.1 million (2017: £3.1 million). A further material performance fee may arise in the financial year ended 31 March 2019, which relates to a managed syndicate which holds interests in the WestendGate property in Frankfurt. Negotiations for the disposal of the interests in the property are currently in progress. Thereafter, management fee income is expected to decline to insignificant levels.

4.5 **Level and cost of debt**

At 31 March 2018 the Group had a LTV of 49.2 per cent. at an average all-in weighted average cost of 2.44 per cent. The weighted average debt maturity stood at 2.9 years at 31 March 2018 compared with 2.4 years at 31 March 2017. However, excluding the Swiss Portfolio which is being marketed for sale, the weighted average debt maturity at 31 March 2018 stood at 3.4 years.

The Group has a stated intention to target a LTV which does not exceed 45 per cent. by 31 March 2019 and which does not exceed 40 per cent. by 31 March 2020. The reduction in the LTV will be achieved using part of the proceeds from the disposal of existing assets. The deployment of these proceeds into debt reduction instead of into new acquisitions of property will have a material effect on the Group's results.

Moreover, the interest rates at which the Group can borrow have an impact on the Group's profits. As the Current Portfolio transitions into a predominantly MLI portfolio, the Group will make use of new borrowings and equity generated from the disposal of existing assets. The cost at which it can secure the new borrowings will have an impact of the Group's profits.

4.6 **Impact of timing of acquisition and disposals on cash balances**

As the Group transitions from its Current Portfolio to a predominantly MLI portfolio through the disposal of existing assets and investment of these proceeds into UK MLI assets, the level of cash balances will materially impact the results of operations. The use of short term bridge facilities will be used where appropriate to fund acquisitions and to manage cash balances. However, cash balances released from asset disposals which are not deployed into income yielding acquisitions will result in so-called 'cash drag', meaning that the Group's profits will be impacted.

4.7 **Exchange rates**

At 31 March 2018, approximately 39 per cent of Stenprop's net asset value was in Euro assets and 11 per cent in Swiss Franc assets. The Group reports its results in Sterling and declares its dividends in Sterling. Changes in the value of Sterling against the Euro and Swiss Franc have a material impact on the profits of the Group.

4.8 **Change in the valuation of property assets**

The Group's portfolio of properties is externally valued on a fair value basis as at 31 March and 30 September each year by professionally qualified, external valuers who conduct their valuation in accordance with RICS Valuation Professional Standards.

In accordance with IFRS accounting rules, changes in property valuations are disclosed in the Group's consolidated income statement. This movement can be a significant element of the Group's operating result and can be a significant element of the movement in the Group's IFRS and EPRA NAV in each reporting period.

In accordance with EPRA reporting standards, fair value movements in respect of the Group's portfolio are excluded from the calculation of EPRA EPS in order to better represent the Group's underlying performance.

5 **SIGNIFICANT EVENTS AND KEY FACTORS AFFECTING COMPARIBILITY OF THE GROUP'S RESULTS**

The following are the significant events that have occurred in connection with the principal activities of the Group over the period covered by the historical financial information of the Group set out in Part 5 of this document, and up to the Latest Practicable Date:

5.1 **Share buy-backs**

During the financial year ended 31 March 2017, Stenprop repurchased 9,026,189 of its own shares for €11.4 million at an average price of €1.217 per share excluding any dividends.

5.2 **Financing and refinancing**

5.2.1 In May 2015, two London properties, one located in Pilgrim Street and one known as Euston House, were refinanced with £37.05 million and £27.54 million of debt respectively, at all-in interest rates of 2.90 per cent. and 3.02 per cent. per annum respectively, with no capital repayments. The Pilgrim Street loan was repaid in January 2018 when the property was sold.

5.2.2 In May 2016, £12.4 million of debt on a portfolio of UK regional properties was refinanced for a five year period at an all-in interest rate of 3.46 per cent. per annum with no capital repayments.

5.2.3 In February 2017, the Bleichenhof property located in central Hamburg was refinanced on an interest-only basis for a five year term, at an all-in fixed rate of 1.58 per cent. per annum.

5.2.4 In April 2017, all of the bank loans on the Group's Swiss properties, which expired on 31 March 2017, were extended on a short-term rolling basis pending disposal. The extended loans have no swaps, and interest is charged at Swiss LIBOR plus a margin of between 1.05 per cent. and 1.35 per cent., with the exception of one tranche of CHF3.09 million which carries a margin of 2.47 per cent. Where Swiss LIBOR is negative, the margin represents the current interest rate.

5.2.5 In June 2017, Stenprop secured a 12-month bridging finance facility of €31 million at an all-in interest rate of 7 per cent. and paid a one-off 1 per cent. arrangement fee. The loan was used to partly fund the Group's £127 million UK MLI portfolio acquisition in the same month. The loan was repaid in January 2018 following the sale of the Group's property in Pilgrim Street, London.

5.2.6 In June 2017, a further 12-month facility of €8 million was secured at an all-in interest rate of 7 per cent. (with no arrangement fee). The loan was used to partly fund the Group's £127 million UK MLI portfolio acquisition in the same month. The loan was repaid in January 2018 following the sale of the Group's property in Pilgrim Street, London.

5.2.7 In June 2017, a further £6.1 million was drawn down on the bank loan secured against Trafalgar Court, Guernsey at an all-in interest rate of 3.85 per cent. The loan matures in March 2020. An amount of £1.4 million has been repaid as at the Latest Practicable Date.

5.2.8 In June 2017, a five year stapled finance facility of £69 million was taken as part of the acquisition of the 25 MLI assets. The facility is partially hedged by way of a swap and the margin is 2.25 per cent per annum.

5.2.9 In December 2017, the bank facility of €14.5 million relating to the five German Bikemax properties was refinanced with the existing lender for a new five year term, maturing in December 2022, at a margin of 1.55 per cent. An interest rate cap was purchased for €43,000 in order to provide flexibility over future disposals whilst also allowing Stenprop to benefit from the current low interest rate environment.

5.2.10 In December 2017, Stenprop secured a revolving credit facility of £50 million. The facility can be accessed for acquisitions for eighteen months until April 2019 and carries an interest rate equal to one-month LIBOR plus 7 per cent. per annum.

5.2.11 In January 2018, Stenprop refinanced the acquisition of the four newly acquired industrial estates Aberdeen, Peterborough and Rochdale, through an additional £8.98 million tranche to the existing RBS facility on similar terms, carrying an interest rate equal to three month LIBOR plus a margin 2.25 per cent per annum.

5.2.12 In March 2018, the four Group's Care Home properties in Germany were refinanced with €22.12 million of debt, with combined annual amortisation payments of €549,000, for a term of five years and nine months until 30 December 2023. The new margin of 1.25 per cent. and a swap of 0.63 per cent. give an all-in interest rate of 1.88 per cent.

5.2.13 On 30 April 2018, the 14 Aldi properties in Germany were refinanced with €14,831,250 of debt on an interest only basis with a two year term until 30 April 2020, at an interest rate equal to the three month Euribor plus a margin of 1.85 per cent. with a floor on the all-in rate of zero. Interest hedging is only required if the three month Euribor exceeds 1.50 per cent. for three consecutive banking days.

5.2.14 In May 2018, an amount of £8.43 million was drawn down from The Royal Bank of Scotland plc, secured against the MLI properties located in Shrewsbury, Leeds and

Huddersfield, with a term of five years and an interest rate equal to three month LIBOR plus a margin of 2.25 per cent. per annum.

5.3 **Acquisitions**

5.3.1 In May 2015, a 50 per cent. interest in 25 Argyll Street, a multi-let office building located in London's West End, was acquired based on a valuation of £75 million.

5.3.2 In August 2015, the acquisition of the Hermann Quartier retail centre in Berlin at a purchase price of €22.7 million was completed.

5.3.3 In November 2015, the acquisition of a second retail centre in Berlin, the Victoria Centre, at a purchase price of €22.0 million was completed.

5.3.4 In June 2017, Stenprop acquired a portfolio of 25 MLI properties situated across the UK for a purchase consideration which valued the properties at £127 million. The portfolio comprises properties with a gross lettable area of approximately 2 million square feet and contractual rent of approximately £9.1 million per annum, representing an average passing rent of £5.15 psf. As part of the acquisition a five year stapled finance facility of £69 million was provided by The Royal Bank of Scotland PLC. The facility is partially hedged by way of a swap and the margin is 2.25 per cent per annum.

5.3.5 In June 2017, Stenprop also acquired C2 Capital Limited, the management platform responsible for aggregating and managing the MLI portfolio acquired on the same date, for a purchase consideration of £3.5 million which was settled by the issue of 3,270,000 Stenprop shares valued at €1.22 per share.

5.3.6 In November 2017, Stenprop acquired Souterhead Industrial Estate, a MLI estate located in Aberdeen, Scotland for £4.15 million.

5.3.7 In December 2017, in two separate MLI transactions Stenprop acquired Venture Park and Coningsby Park, both in Peterborough, for an aggregate price of £9.35 million.

5.3.8 In January 2018. Stenprop completed the acquisition of Globe Park, a MLI estate near Manchester, for £2.2 million.

5.3.9 In March 2018, Stenprop completed the acquisition of Ellis Hill Industrial Estate in Huddersfield for £5.8 million.

5.3.10 In April 2018, Stenprop completed the acquisition of Greenwood Industrial Estate, a MLI estate in Shrewsbury, for £2.9 million.

5.3.11 In May 2018, Stenprop completed the acquisition of Kirkstall Park, Leeds for £8.15 million.

5.4 **Disposals**

5.4.1 In January 2016, a distribution warehouse in Leigh, North West England, was sold for £5.37 million.

5.4.2 In November 2016, the Group's property located in Interlaken in Switzerland was sold for CHF6.8 million.

5.4.3 In April 2017, an annexe of the Hermann Quartier property was sold for a price of €2.7 million.

5.4.4 Stenprop owns a 28.42 per cent. interest in Stenham European Shopping Centre Fund. The fund owned a shopping centre known as Nova Eventis, situated near Leipzig in Germany. Stenham European Shopping Centre Fund sold the shopping centre in June 2017 at a valuation of €208.5 million, and Stenprop has received substantially all of its share of the proceeds arising from the disposal.

5.4.5 In July 2017, the Group's property in Granges Paccot in Switzerland was sold for CHF20 million.

5.4.6 In August 2017, Stenprop sold an office block in Uxbridge, west London, for £3.4 million.

5.4.7 In October 2017, Stenprop sold a property in Cham, Switzerland for CHF14.2 million.

5.4.8 In December 2017, Stenprop sold an office property in Worthing, West Sussex for £3.7 million.

5.4.9 In January 2018. Stenprop completed the sale of its property located in Pilgrim Street, London, for a disposal price of £79.9 million.

5.4.10 On 4 June 2018, Stenprop completed the sale of its 50 per cent. interest in the office building located in Argyll Street at a price which valued the property at £83.4 million.

5.5 **Other**

5.5.1 During the year ended 31 March 2017 Stenprop repurchased 9,026,189 of its own shares for €11.4 million at an average price of €1.217 per share excluding dividends.

5.5.2 With effect from 1 April 2017, Stenprop changed its reporting currency from Euros to Pounds Sterling.

5.5.3 Stenprop migrated its jurisdiction of incorporation from Bermuda to Guernsey on 23 March 2018.

5.5.4 On 1 May 2018 Stenprop elected for UK REIT status.

6 RESULTS OF OPERATIONS

6.1 Consolidated statement of comprehensive income

The following table sets out the Group's condensed statement of comprehensive income and certain key performance indicators for the three years ended 31 March 2018:

	Audited for the year ended 31 March 2018 £'000	Audited for the year ended 31 March 2017 £'000	Audited for the year ended 31 March 2016 £'000	As published in FY17 Audited for the year ended 31 March 2017 €'000	As published in FY16 Audited for the year ended 31 March 2016 €'000
Net rental income	32,861	25,468	29,006	30,316	39,617
Management fee income	5,092	3,109	2,143	3,701	2,927
Operating costs	(8,290)	(5,019)	(6,800)	(5,975)	(9,287)
Net operating income	**29,663**	**23,558**	**24,349**	**28,042**	**33,257**
Fair value movement of investment properties	20,223	2,431	16,796	2,894	22,939
(Loss)/gain from associates	292	(9,838)	787	(11,710)	1,075
Income from joint ventures	7,624	3,430	5,726	4,083	7,820
Gain on disposal of subsidiaries	(26)	-			
Profit from operations	**57,776**	**19,581**	**47,658**	**23,309**	**65,091**
Net gain/(loss) from fair value of derivative financial instruments	2,453	489	(732)	582	(999)
Net finance costs	(9,487)	(5,996)	(8,120)	(7,137)	(11,091)
Net foreign exchange gains/(losses)	(492)	274	(98)	319	(134)
Other gains and losses	1,046	-	-	-	-
Goodwill impairment	(3,500)	-	-	-	-
Profit for the year before taxation	**47,796**	**14,348**	**38,708**	**17,073**	**52,867**
Taxation	(4,849)	(2,252)	(2,404)	(2,680)	(3,284)
Profit for the year from continuing operations	**42,947**	**12,096**	**36,304**	**14,393**	**49,583**
Discontinued operations					
Profit for the year from discontinued operations	(2,712)	2,814	-	3,350	-
Profit for the year	**40,235**	**14,910**	**36,304**	**17,743**	**49,583**
Profit attributable to:					
Equity holders	39,357	14,687	36,072	17,477	49,266
Non-controlling interest	878	223	232	266	317
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Fair value movement on derivative financial instruments	-	-	380	-	519
Foreign currency translation reserve	(154)	16,827	11,993	(15,026)	(20,480)
Total comprehensive profit for the period	**40,081**	**31,737**	**48,677**	**2,717**	**29,622**
Total comprehensive profit attributable to:					
Equity holders	39,203	31,514	48,445	2,451	29,305
Non-controlling interest	878	223	232	266	317
Earnings per share	Pence enc	Pence	Pence	Cents	Cents
From continuing and discontinued operations					
IFRS EPS	13.98	5.20	12.96	6.18	17.70
Diluted IFRS EPS	13.89	5.18	12.93	6.16	17.66
EPRA EPS	8.88	8.75	7.12	9.97	9.73
Diluted EPRA EPS	8.82	8.72	7.10	9.94	9.70
Adjusted EPRA EPS	9.15	9.02	7.69	10.31	10.44
Diluted adjusted EPRA EPS	9.09	8.99	7.67	10.28	10.41

From 1 April 2017, the Group changed its presentation currency to Pounds Sterling from Euros. This represented a change from the prior period and was applied to reflect the relatively larger weighting of Stenprop's UK and Guernsey Portfolio following implementation of its transition strategy and Stenprop's entry into the UK MLI asset class. Comparative information has been restated in GBP in accordance with the guidance defined in IAS 21, specifically:

- Income and expenses for each statement of comprehensive income presented have been translated at the exchange rates at the dates of the transactions (the average rate for the period has been used).

- All resulting exchange differences have been recognised in other comprehensive income.

6.2 Description of key statement of comprehensive income items

6.2.1 Rental income

Rental income represents all income derived from the Group's property assets including amounts received in respect of leasing activity and service charges earning the normal course of business, net of sales-related taxes. It excludes income derived from those assets held for sale which have been classified as 'discontinued operations'.

Rental income from operating leases is recognised on an accruals basis. A rent adjustment based on the open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a significant rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term.

Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods they are earned.

Service charge income is recognised in the accounting period in which the services are rendered.

6.2.2 Direct costs

Direct property costs relate to all costs directly associated with the generation of rental income, excluding direct costs relating to those assets held for sale which have been classified as discontinued operations. Direct costs typically include the element of service charge costs and other running costs which are not recovered from tenants, as well as the maintenance of properties which are the responsibility of the landlord.

Initial significant direct costs incurred in negotiating and arranging new leases are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

6.2.3 Net rental income

Net rental income consists of all income derived from the Group's property assets, less all costs directly associated with the generation of rental income. It excludes those assets held for sale which have been classified as discontinued operations.

6.2.4 Management fee income

Management fee income relates to fees earned on the provision of management and administration services provided to certain managed property syndicates and funds. Stenprop intends to actively withdraw from involvement in its historic fund management arm.

Management fees are recognised on an accruals basis.

6.2.5 Operating costs

Operating costs include staff remuneration costs (including costs relating to the Company's long term incentive plan), professional fees, audit fees, corporate costs, non-executive director fees and other costs of an administrative nature.

6.2.6 Fair value movement of investment properties

The fair value of the Group's investment properties is based on a valuation carried out, at the reporting date, by an independent valuer. The valuations are performed in accordance with the appropriate sections of the current Practice Statements contained in the RICS Valuation – Professional Standards (Red Book). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties.

The difference between the fair value of a property at the reporting date and its carrying amount prior to re-measurement is included in the consolidated statement of comprehensive income as a valuation surplus or deficit.

Such valuation changes do not have an impact on the Group's cash flow.

6.2.7 Losses and gains from associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant interest is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results, assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of losses and gains from associates includes the fair value movement in the underlying investments for the period.

6.2.8 Income from joint ventures

The Group's investment properties are typically held in property specific special purpose vehicles ("**SPVs**"), which may be legally structured as joint ventures. In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the venture are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking. The Group considers this position with the evidence available at the time.

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

6.2.9 Gain or loss from fair value of derivative financial instruments

Interest rate swaps are initially recognised at fair value, and subsequently re-measured at fair value in accordance with IAS39, Financial Instruments: Recognition and Measurement. They are entered into in order to hedge against the exposure to variable interest rate loans as described in note 26. They are valued by an independent valuer in line with internationally accepted practice. The difference between the fair value of a derivative at the reporting date and its carrying amount prior to re-measurement is included in the consolidated statement of comprehensive income as a gain or loss.

6.2.10 Net finance costs

Net finance costs include interest costs less interest income.

Interest costs are recognised in the consolidated statement of comprehensive income using the effective interest rate method. Borrowing costs directly attributable to arranging finance are amortised over the facility term in the consolidated statement of comprehensive income.

6.2.11 Net foreign exchange gains and losses, and foreign currency translation reserves

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are expressed in GBP, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference are recognised in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

6.3 Adjustments to earnings per share to derive diluted adjusted EPRA EPS

The adjustments made to earnings per share to derive diluted adjusted EPRA earnings per share in the three years to 31 March 2018 are set out in the table below:

	Audited for the year ended 31 March 2018 £'000	Audited for the year ended 31 March 2017 £'000	Audited for the year ended 31 March 2016 £'000	As published in FY17 Audited for the year ended 31 March 2017 €'000	As published in FY16 Audited for the year ended 31 March 2016 €'000
Earnings per IFRS income statement attributable to shareholders	39,357	14,687	36,071	17,477	49,266
Adjustment to exclude profit from discontiuned operations	2,712	(2,814)	-	(3,350)	-
Earnings per IFRS income statement from continuing operations attributable to shareholders	42,069	11,873	36,071	14,127	49,266
Earnings per IFRS income statement attributable to shareholders	39,357	14,687	36,071	17,477	49,266
Adjustments to calculate EPRA earnings, exclude:					
Changes in fair value of investment properties	(14,305)	(1,573)	(16,796)	(1,872)	(22,939)
Changes in fair value of financial instruments	(2,453)	(1,734)	732	(2,064)	999
Deferred tax in respect of EPRA adjustments	3,728	3,084	1,952	2,525	2,666
Goodwill impairment	3,500	-	-	-	-
Profit on disposal of properties	(507)	-	-	-	-
Cost assoicated with disposal of company	679	-	-	-	-
Adjustments above in respect of joint ventures and associates					
Changes in fair value	(5,802)	10,908	(2,166)	12,985	(2,959)
Deferred tax in respect of EPRA adjustments	800	(638)	29	(864)	39
EPRA earnings attributable to shareholders	24,997	24,735	19,822	28,187	27,072
Further adjustments to arrive at adjusted EPRA earnings					
Straight-line unwind of purchased swaps	239	767	1,590	954	1,976
Cost assoicated with group listing	528	-	-	-	-
Adjusted EPRA earnings attributable to shareholders	25,764	25,502	21,412	29,140	29,048
Weighted average number of shares in issue (excluding treasury shares)	281,494,114	282,644,639	278,350,720	282,644,639	278,350,720
Share-based payment award	1,796,978	956,185	647,806	956,185	647,806
Diluted weighted average number of shares in issue	283,291,092	283,600,824	278,998,526	283,600,824	278,998,526
Earnings per share from continuing operations	pence	pence	pence	cents	cents
IFRS EPS	14.94	4.20	12.96	5.00	17.70
Diluted IFRS EPS	14.85	4.19	12.93	4.98	17.66
Earnings per share from continuing and discontinued operations	pence	pence	pence	cents	cents
IFRS EPS	13.98	5.20	12.96	6.18	17.70
Diluted IFRS EPS	13.89	5.18	12.93	6.16	17.66
EPRA EPS	8.88	8.75	7.12	9.97	9.73
Diluted EPRA EPS	8.82	8.72	7.10	9.94	9.70
Adjusted EPRA EPS	9.15	9.02	7.69	10.31	10.44
Diluted adjusted EPRA EPS	9.09	8.99	7.67	10.28	10.41
Interim dividend in EUR / GBP (cents / pence)	4.00	3.85	3.13	4.50	4.20
Payment date	09/01/2018			09/01/2017	28/01/2016
GBP:EUR at payment date				1.1687	1.3412
Final dividend in EUR / GBP (cents / pence)	4.00	3.95	4.06	4.50	4.70
Payment date	03/08/2018			18/07/2017	18/07/2016
GBP:EUR at payment date				1.1382	1.1585

6.4 Comparison of the financial years ended 31 March 2017 and 31 March 2016

Net rental income was £25.5 million for the year ended 31 March 2017 (2016: £29.0 million). The key driver for the decrease was the reclassification in 2017 of the Swiss Portfolio as a discontinued operation (2016 full year net rents for Switzerland were £5.9 million). The German Portfolio net rents increased year-on-year by £1.9 million primarily due to full year earnings from the two Berlin retail centres acquired in the year ended 31 March 2016 and the impact of a weaker Sterling exchange rate, which positively influenced the translation of Euro earnings.

Management fee income increased by £1.0 million year-on-year to £3.1 million. This was almost entirely due to a performance fee received in relation to the sale of a property in Geneva, Switzerland (£0.9 million).

The year-on-year reduction in operating costs of £1.8 million were driven by reduced staff costs (fewer staff and the release of an over provision for bonuses), the renegotiation of various shared service contracts and one-off costs incurred in 2016 in relation to the JSE Main Board listing. The increase also includes the impact of a weaker Sterling exchange rate (see below for average foreign exchange rates).

The increase in fair valuation movement of investment properties in 2016 was due to an aggregate increase over 2015 of £12.0 million at Pilgrim Street and Euston House, the Group's 100 per cent. owned central London properties.

The movement in income from associates reflects the fair value write down of the property held by Stenham European Shopping Centre Fund (in which the Group held 28.4 per cent.) and which led to a loss in the year of £12.1 million. This was offset by an increase in the valuation of the Group's 5.2 per cent. interest in the Stenham Berlin Residential Fund. Income from joint ventures decreased in the year by £2.3 million. This was due to the Argyll Street property recording a property valuation uplift in 2016, the Group's share being £3.3 million.

The £1.2 million positive variance in the fair value of derivatives is primarily due to the reclassification of the Group's Swiss Portfolio to discontinued operations. In 2016 the movement associated with Swiss derivatives was £1.1 million (CHF1.6 million).

Net finance costs decreased in 2017 by £2.1 million, £1.8 million of which reflects the reclassification of net finance costs associated with the Swiss Portfolio to discontinued operations.

2017 was the first year that the Swiss operations were recorded as a discontinued operation and the £2.8 million shown on the 2017 income statement reflects the annual profit from this segment.

Across all line items, the different foreign exchange rates have had an impact, although the primary variances are detailed above. In 2017, the average Sterling/Euro exchange rate was £1.00:€1.190 (2016: £1.00:€1.366). Against the Swiss Franc, the average exchange rates were for 2017 were £1.00:CHF1.290 and £1.00:CHF1.466 for 2016. The weaker average Sterling exchange rate in 2017 resulted in foreign denominated income and expenses translated to Sterling at amounts higher than the previous year-end.

6.5 Comparison of the financial years ended 31 March 2018 and 31 March 2017

Net rental income was £7.4 million higher in the year ended 31 March 2018. The year-on-year increase was almost entirely due to the purchase of the industrials.co.uk portfolio on 30 June 2018 and the five subsequent MLI acquisitions, which in aggregate generated a further £6.6 million of net rents. The remaining increase, offset by disposal activity, is due to new lettings, lease re-gears, and the impact of a weaker Sterling exchange rate.

Management fee income increased year-on-year to £5.1 million (2017: £3.1 million). The majority of the income in both years is due to non-recurring fee income associated with disposal fees and performance fees of various funds and syndicates managed by the Group. The year-on-year increase is primarily due to management fees of £1.8 million (net of rebates), which relate to a managed syndicate that holds the WestendGate property in Frankfurt.

Operating costs in 2018 were £8.3 million against £5.0 million in 2017. The increase of £3.3 million is driven by an increase in legal and professional fees of £1.7 million in the year (this includes £0.5 million associated for REIT conversion and listing costs, £0.7 million associated with the disposal of the Pilgrim Street property and £0.3 million of MLI operating costs not incurred in 2017). The remaining difference is primarily due to higher staff and remuneration costs of £1.1

million, which reflects the additional C2 Capital staff and the change in year-on-year bonus provision and share based payment accounting entries.

The fair value movement increase year-on-year is primarily driven by the German Portfolio which reported a fair value increase in 2018 of £24.0 million compared with a gain of £4.9 million in 2017. This is almost entirely due to the €21.3 million increase (£18.8 million) at the Group's Bleichenhof property in central Hamburg.

The movement in income from associates reflects the sale of the Group's share of the property interests held in the Stenham European Shopping Centre Fund ("**SESCF**"), which SESCF sold in June 2017. The period ending 31 March 2017 included a fair value write down of the property held by SESCF, which led to a loss in the year of £12.1 million. The movement in income from joint ventures is driven by the impact of year-on-year property fair value movements (increases were seen at both the Argyll Street and Care Homes properties).

The £2.0 million positive variance in the fair value of derivatives is driven by the increase in market swap rates in the UK, combined with the natural unwind of the swap due to maturity dates shortening in length. The variance also includes a £0.7 million gain relating to the industrials.co.uk portfolio interest rate hedge, which was not in the comparative period.

Net finance costs increased year-on-year by £3.5 million. This was due to the impact of bridge finance used to acquire the industrials.co.uk portfolio (arrangement fees, associated costs and the interest payable) and also reflects the £1.7 million bank interest paid to the senior lender to the industrials.co.uk portfolio.

Other gains and losses reflects disposal activity in the year. The £3.5 million goodwill impairment is in relation to the goodwill arising on the acquisition of C2 Capital Limited, and which has subsequently been impaired in full as it was not deemed material to the Group.

The movement in tax expense is driven by the deferred tax provisions associated with increases in the European property valuations (most notably at Bleichenhof, which saw an increase in property valuation of €21.3 million). No capital gains tax currently applies in the UK.

The discontinued operations line item reflects the Swiss Portfolio, which was disclosed as a discontinued operation in both 2018 and 2017. The loss from Switzerland in the current year is driven by a £5.9 million decrease in the fair value of the Swiss properties in 2018, which followed a much smaller decrease of £0.9 million in 2017.

Across all line items, the different foreign exchange rates have had an impact, although the primary variances are detailed above. In 2018, the average Sterling/Euro exchange rate was £1.00:€1.134 (2017: £1.00:€1.190). Against the Swiss Franc, the average exchange rate over each year was broadly similar although there was significant fluctuation during both years (2018: £1.00:CHF1.287; 2017: £1.00:CHF1.290). The weaker average Sterling exchange rate in 2017 resulted in foreign denominated income and expenses translated to Sterling at amounts higher than the previous year-end.

6.6 Consolidated statement of financial position

The following table sets out the Group's condensed statement of financial position and certain key performance indicators for the three years ended 31 March 2018:

	Audited as at 31 March 2018 £'000	Audited as at 31 March 2017 £'000	Audited as at 31 March 2016 £'000	Audited as at 31 March 2017 €'000	Audited as at 31 March 2016 €'000
ASSETS					
Investment properties	535,509	470,603	576,757	550,145	729,782
Investment in associates	303	17,863	31,057	20,883	39,298
Investment in joint ventures	14,660	31,435	29,731	36,748	37,620
Other debtors	13,617	11,634	5,853	13,600	7,403
Derivative financial instruments	712	-	-	-	-
Property, plant and equipment	-	-	-	-	3
Total non-current assets	**564,801**	**531,535**	**643,398**	**621,376**	**814,106**
Cash and cash equivalents	24,549	25,202	29,093	29,461	36,811
Trade and other receivables	8,208	4,069	5,032	4,757	6,367
Assets classified as held for sale	147,408	135,373	-	158,248	-
Total current assets	**180,165**	**164,644**	**34,125**	**192,466**	**43,178**
Total assets	**744,966**	**696,179**	**677,523**	**813,842**	**857,284**
Equity and liabilities					
Capital and reserves					
Share capital and share premium	315,551	310,141	305,999	395,141	389,927
Equity reserve	(8,453)	(8,976)	353	(10,612)	480
Retained earnings	57,947	40,945	48,021	54,997	63,426
Foreign currency translation reserve	22,286	22,440	5,613	(13,362)	1,664
Total equity attributable to equity shareholders	**387,331**	**364,550**	**359,986**	**426,164**	**455,497**
Non-controlling interest	2,939	2,051	1,685	2,398	2,132
Total Equity	**390,270**	**366,601**	**361,671**	**428,562**	**457,629**
Non-current liabilities					
Bank loans	256,697	216,047	141,236	252,563	178,708
Derivative financial instruments	699	2,853	3,298	3,335	4,173
Other loan and interest	-	-	9	-	12
Deferred tax	9,379	5,794	7,670	6,774	9,705
Total non-current liabilities	**266,775**	**224,694**	**152,213**	**262,672**	**192,598**
Current liabilities					
Bank loans	2,800	13,004	149,198	15,203	188,785
Derivative financial instruments	-	119	1,398	139	1,769
Accounts payable and accruals	17,414	15,560	13,043	18,189	16,503
Other loans and interest	-	-	-	-	-
Liabilites directly associated with assets classified as held	67,707	76,201	-	89,077	-
Total current liabilities	**87,921**	**104,884**	**163,639**	**122,608**	**207,057**
Total liabilities	**354,696**	**329,578**	**315,852**	**385,280**	**399,655**
Total equity and liabilities	**744,966**	**696,179**	**677,523**	**813,842**	**857,284**
IFRS net asset value per share	1.37	1.31	1.27	1.53	1.61
EPRA net asset value per share	1.42	1.37	1.34	1.60	1.67

From 1 April 2017, the Group changed its presentation currency to Pounds Sterling from Euros. This represented a change from the prior period and was applied to reflect the relatively larger weighting of Stenprop's UK and Guernsey Portfolio following implementation of its transition strategy and Stenprop's entry into the UK MLI asset class. Comparative information has been restated in GBP in accordance with the guidance defined in IAS 21, specifically:

- Assets and liabilities for each statement of financial position presents have been translated at the closing rate at the date of that statement of financial position.

6.7 Description of key statement of financial position items

6.7.1 Investment properties

Properties held to earn rentals and/or for capital appreciation are classified as investment properties. Investment properties comprise both freehold and leasehold land and buildings.

Investment properties are recognised as assets when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;

- there are no material conditions precedent which could prevent completion, and

- the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value.

6.7.2 Investment in associates

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

6.7.3 Investment in joint ventures

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

6.7.4 Cash and cash equivalents

Cash and cash equivalents comprise bash at banks and short-term deposits with an original maturity of three months or less.

6.7.5 Assets classified as held for sale

Assets held for sale include those properties held by the Group which meet the conditions relating to assets held for sale as set out in IFRS 5: non-current assets held for sale. These conditions include: the sale is highly probable, the appropriate level of management has been committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

6.7.6 Bank loans

Bank loans comprise interest-bearing loans secured over the Group's assets and are initially recorded at fair value, net of direct issue costs.

6.7.7 Liabilities directly associated with assets classified as held for sale

Liabilities directly associated with assets held for sale include bank loans, deferred tax liabilities and accounts payable and accruals.

6.8 Adjustments to net asset value per share to derive EPRA NAV per Ordinary Share

	Audited as at 31 March 2018 £'000	Audited as at 31 March 2017 £'000	Audited as at 31 March 2016 £'000	Audited as at 31 March 2017 €'000	Audited as at 31 March 2016 €'000
Net assets attributable to equity shareholders	387,331	364,550	359,986	426,164	455,497
Adjustments to arrive at EPRA net asset value:					
Derivative financial instruments	(13)	2,972	5,885	3,474	5,942
Deferred tax	13,276	10,138	11,192	11,853	9,705
Adjustments above in respect of non-controlling interests	1,641	1,573	2,243	1,839	2,838
EPRA net assets attributable to shareholders	**402,235**	**379,233**	**379,306**	**443,330**	**473,982**
Number of shares in issue (excluding treasury shares)	282,692,287	277,655,691	282,984,626	277,655,691	282,984,626
Share-based payment award	1,796,978	956,185	647,806	956,185	647,806
Diluted number of shares in issue	**284,489,265**	**278,611,876**	**283,632,432**	**278,611,876**	**283,632,432**
Net asset value per share (basic and diluted)	pence	pence	pence	cents	cents
IFRS net asset value per share	1.37	1.31	1.27	1.53	1.61
Diluted IFRS net asset value per share	1.36	1.31	1.27	1.53	1.61
EPRA net asset value per share	1.42	1.37	1.34	1.60	1.67
Diluted EPRA net asset value per share	1.41	1.36	1.34	1.59	1.67

6.9 Comparison of financial year ended 31 March 2017 with 31 March 2016

Investment properties decreased from £576.8 million to £470.6 million. This reflects the fact that 2017 was the first year that the Swiss assets were classified as held for sale and accounts for approximately £133.6 million of the variance. The impact of a weaker Sterling exchange rate at year-end (see rates below) offset the decrease insofar that the Euro and Swiss assets were translated at rates resulting in a higher Sterling equivalent than the prior year.

The investment in associates balance has reduced year-on-year by £13.2 million reflecting the decrease in the valuation of the property held by Stenham European Shopping Centre Fund in which Stenprop had a 28.4 per cent. interest. The valuation of the shopping centre decreased from €265.0 million to €208.5 million, the Group's share being €16.1 million (£13.8 million at 2017 year-end rates).

The investment in joint venture balance is broadly flat over the two years. This reflects similar annual earnings and only small property valuation movements at the Argyll Street property in the UK and the four Care Home properties in Germany.

Other debtors reflects the loans advanced under the Share Purchase Plan. The year-on-year increase reflects the additional awards made in June 2016.

Assets / Liabilities classified as held for sale at the end of March 2017 reflect the Swiss Portfolio and small annexe of a retail centre in Berlin (a Burger King restaurant). 2017 was the first year that assets held for sale disclosure was required.

Current and non-current bank loans at 31 March 2017 total £229.1 million, a decrease of £61.3 million on the prior period total of £290.4 million. The decrease is driven by the transfer of Swiss debt to liabilities held for sale (£70.8 million). The remaining difference is driven by a weaker Sterling exchange rate year-on-year, which resulted in foreign assets and liabilities translated to higher Sterling equivalents.

The derivative financial instruments liability was £3.0 million in 2017 and £4.7 million in 2016. The movement was driven by the maturity of Swiss swaps on 31 March 2017. The Swiss loans were subsequently refinanced on a short term basis. The variance therefore reflects the CHF1.5 million (£1.2 million at 2016 rates) swap valuation at 31 March 2016. Mark to market valuations at year-end are responsible for the residual movement.

The deferred tax liability was £5.8 million as at 31 March 2017 (2016: £7.7 million). The year-on-year movement highlights the classification in the year of the Swiss Portfolio as assets held for sale and accounts for £4.3 million of the variance, offset primarily by deferred tax recognised on investment properties of £1.9 million.

Across all balance sheet categories, the different foreign exchange rates have had an impact, although the primary variances are detailed above. In 2017, the year-end Sterling/Euro exchange rate was £1.00:€1.169 (2016: £1.00:€1.265). Against the Swiss Franc, the year-end exchange rate was £1.00:CHF1.250 (2016: £1.00:CHF1.383). The weaker Sterling exchange rates at the 2017 year-end resulted in foreign denominated assets and liabilities translated to Sterling at amounts higher than the previous year-end.

6.10 **Comparison of financial year ended 31 March 2018 with 31 March 2017**

The investment properties balance of £535.5 million at 31 March 2018 includes the year-end valuation of £147.8 million relating to the recently acquired Industrial assets, none of which were part of the 2017 balance of £470.6 million. The variance also includes the effect of the sale of the Group's Pilgrim Street property in January 2018, which at 31 March 2017, was valued at £78.0 million, and the sale of two other UK properties with a combined carrying value of £5.9 million. The transfer of the Group's Aldi portfolio (€33.0 million at 31 March 2017) to assets held for sale at year-end was offset by the Group's overall portfolio valuation increase, most notably at Bleichenhof in Hamburg (up €21.3 million).

The investment in associates balance has reduced year-on-year reflecting the sale of interests in both associates. At 31 March 2017 the balance was comprised of a 28.4 per cent. share in the Stenham European Centre Fund (£16.0 million) and Stenham Berlin Residential Fund (£1.9 million).

The investment in joint venture balance of £14.7 million excludes the investment in the Argyll Street joint venture which was classified for the first time in 2018 as held for sale. As at 31 March 2017 the investment in the Argyll Street joint venture was valued at £21.1 million. The remaining difference reflects the property valuation uplift at Care Home properties of £4.5 million.

Other debtors reflects the loans advanced under the Share Purchase Plan. The year-on-year increase reflects the additional awards made in June 2017. The Share Purchase Plan was closed during the year to 31 March 2018 and no new awards will be made under this scheme.

Derivative financial instruments are presented on the balance sheet as an asset and liability. The 2018 asset is almost entirely due to the new swap put in place when the industrials.co.uk portfolio was acquired (at year-end the swap was £0.7 million in the money). The derivative liability has reduced year-on-year by £2.3 million. This is primarily due to the sale of the Pilgrim Street property (£0.8 million) and the impact of increasing swap rates in the UK combined with the natural shortening of the swap terms (£1.1 million in aggregate).

Trade and other receivables has increased from £4.1 million in 2017 to £8.2 million in 2018. This is primarily as a result of accrued management fee income of £2.6 million (the rebates due of £0.8 million are recorded in payables) relating to the WestendGate property in Frankfurt. Rent receivables relating to the industrials.co.uk portfolio acquired in June 2017 account for a further £1.0 million of the difference.

Assets / Liabilities classified as held for sale at the end of March 2018 reflect the Swiss Portfolio, the Aldi portfolio and the Group's share of the Argyll Street property. At the end of the prior period, the balance only included the Swiss Portfolio and a very small annexe of land at a property in Berlin. The year-on-year increase is offset by a reduction in the Swiss Portfolio valuation and the sale of two Swiss properties (at Cham and Granges Paccot).

Current and non-current bank loans at 31 March 2018 total £259.5 million, an increase of £30.4 million on the prior period total of £229.1 million. The increase is driven by the Industrial portfolio external debt at year-end of £77.8 million. This was offset by the sale of the Pilgrim Street property, which at 31 March 2017 had external borrowings of £37.1 million. The remaining difference is due to two small property sales in the UK and amortisation payments made over the year.

The deferred tax liability increased year-on-year by £3.6 million and is driven by latent gains following property valuation movements. The key driver, as mentioned above, is the increase in the valuation at Bleichenhof in Hamburg. The increase of €21.3 million resulted in an increase in deferred tax at 15.825 per cent. of €3.4 million (£3.0 million at 2018 year-end rates).

Across all balance sheet categories, the different foreign exchange rates have had an impact, although the primary variances are detailed above. In 2018, the year-end Sterling/Euro exchange rate was £1.00:€1.137 (2017: £1.00:€1.169). Against the Swiss Franc, the year-end exchange rate was £1.00:CHF1.337 (2017: £1.00:CHF1.250). The weaker Sterling exchange rates at 2018 year-end resulted in foreign denominated assets and liabilities translated to Sterling at amounts higher than the previous year-end.

7 LIQUIDITY AND CAPITAL RESOURCES

7.1 Capital and liquidity requirements

Stenprop intends to pursue a distribution policy in terms of which it will distribute the amount necessary to comply with REIT conditions, or at least 90 per cent. of its property-related EPRA earnings, whichever is the higher, which can be funded from the Group's recurring cash flow before acquisitions and disposals, capital expenditure and repayments of banking facilities. Where the Directors deem it desirable, scrip dividend alternatives will be offered, which may reduce the cash required to fulfil the dividend policy.

Acquisitions during the transition period will be funded from the proceeds of the disposal of the non-MLI property assets, the issue of new shares and secured and unsecured debt facilities.

7.2 Debt maturity profile (unaudited)[17]

The Group's debt maturity profile over the three financial years ended 31 March 2018 can be seen in the following table:

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[17] *Source: Company Disclosures*

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000	Year ended 31 March 2017 €'000	Year ended 31 March 2016 €'000
Relating to investment properties (on balance sheet)					
On demand or within one year	13,042	12,575	140,244	14,700	177,450
In the second year	34,708	50,190	11,934	58,672	15,100
Thereafter	225,733	167,134	139,328	195,380	176,291
	273,483	229,899	291,506	268,752	368,841
Relating to assets held for sale					
On demand or within one year	49,183	70,782	-	82,744	-
In the second year	-	-	-	-	-
Thereafter	-	-	-	-	-
	49,183	70,782	-	82,744	-
Relating to investment properties (share of JVs/Associates)					
On demand or within one year	-	46,062	35,075	53,846	44,380
In the second year	-	9,189	9,657	10,742	12,220
Thereafter	38,203	18,750	27,445	21,919	34,726
	38,203	74,001	72,177	86,507	91,326

The Group has completed a number of financing transactions during the three years under review, as more fully set out in paragraph 5.2 above. The weighted average debt maturity has increased from 2.2 years at 31 March 2016 to 2.9 at 31 March 2018.

7.3 Financial covenants and gearing

The key terms of the Group's debt facilities are disclosed in paragraphs 14.2, 14.3 and 14.4 of Part 8 of this document.

Compliance with financial covenants is an important matter, because covenant breaches could result in an event of default. All facilities, apart from the Investec RCF, are on a non-recourse basis and contain cure rights which give the Group time to rectify any breach should one occur. Compliance with financial covenants is continuously monitored, and there are currently levels of headroom over these covenants which the Directors consider acceptable.

7.4 Cash flow analysis

The following table presents the consolidated cash flows of the Group for the three financial years ended 31 March 2018. The table shows the Group's cash flow from operating activities, cash flows from investing activities, cash flow from financing activities and the increase or decrease in cash and cash equivalents at the end of each period.

	Audited for the year ended 31 March 2018 £'000	Audited for the year ended 31 March 2017 £'000	Audited for the year ended 31 March 2016 £'000	Audited for the year ended 31 March 2017 €'000	Audited for the year ended 31 March 2016 €'000
Operating activities					
Net cash from operating activities	**22,975**	**24,643**	**17,387**	**28,488**	**22,660**
Net cash from/(used in) investing activities	**9,294**	**10,971**	**(49,412)**	**12,843**	**(68,530)**
Net cash (used in)/from financing activities	**(32,919)**	**(40,117)**	**1,931**	**(47,558)**	**2,099**
Net decrease in cash and cash equivalents	**(650)**	**(4,503)**	**(30,094)**	**(6,227)**	**(43,771)**
Effect of foreign exchange rate changes	110	1,237	360	(392)	152
Cash and cash equivalents at beginning of the period	25,827	29,093	58,827	36,811	80,430
Cash and cash equivalents at end of the period	**25,287**	**25,827**	**29,093**	**30,192**	**36,811**

8 FUNDING AND TREASURY POLICIES

Details of the Group's funding and treasury policies and objectives are set out in paragraphs 4.4, 4.5, 5.2 and 5.3 of Part 1 of this document.

9 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See note 31 (*Financial Risk Management)* contained in the audited annual financial statements for the year ended 31 March 2018 (Part 5 of this document) for the details of the Group's financial and capital risk management including credit risk, liquidity risk, currency risk, market risk, foreign currency risk, interest rate risk and capital risk.

10 CRITICAL ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are set out in note 3 (*Significant accounting policies*) in the audited annual financial statements for the year ended 31 March 2018 (Part 5 of this document), the Directors are required to make judgments, estimates and assumptions about the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. The estimates and assumptions are based on the historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty are set out in note 4 (*Critical accounting judgements and key sources of estimation uncertainty*) in the audited annual financial statements for the year ended 31 March 2018 (Part 5 of this document).

Part 4
CAPITALISATION AND INDEBTEDNESS

The following table shows the consolidated gross indebtedness of the Group and the consolidated capitalisation of the Group as at 31 March 2018, extracted without material adjustment from the historical financial information of the Group for the financial year ended 31 March 2018 included in Part 5 of this document.

	As at 31 March 2018 (£'000)
Current debt	
Guaranteed	-
Secured	65,025
Unguaranteed/unsecured	-
Total current debt	**65,025**
Non-current debt (excluding current portion of long term debt)	
Guaranteed	-
Secured	256,697
Unguaranteed/unsecured	-
Total non-current debt (excluding current portion of long term debt)	**256,697**
Total gross indebtedness	**321,722**
Capitalisation	
Share capital	315,551
Legal reserve	(8,453)
Other reserves	22,286
Total capitalisation	**329,384**

The following table shows the consolidated net financial indebtedness of the Group as at 31 March 2018, extracted without material adjustment from the historical financial information of the Group for the financial year ended 31 March 2018 included in Part 5 of this document.

		As at 31 March 2018 (£'000)
A.	Cash	25,287
B.	Cash equivalent	-
C.	Trading securities	-
D.	**Liquidity (A+B+C)**	**25,287**
E.	**Current financial receivable**	**-**
F.	Current bank debt	(65,025)
G.	Current portion of non-current debt	-
H.	Other current financial debt	-
I.	**Current financial debt (F+G+H)**	**(65,025)**
J.	**Net current financial indebtedness (I-E-D)**	**(39,738)**
K.	Non-current bank loans	(256,697)
L.	Bonds issued	-

		As at 31 March 2018 (£'000)
M.	Other non-current loans	-
N.	**Non-current financial indebtedness (K+L+M)**	**(256,697)**
O.	**Net financial indebtedness (J+N)**	**(296,435)**

Notes to the capitalisation and net indebtedness statement:

(a) The Shareholders' equity, which relates solely to the Company, is extracted without material adjustment from the audited financial statements of the Group for the year ended 31 March 2018. Capitalisation does not include profit and loss reserve in accordance with the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004.

(b) The above capitalisation and indebtedness information does not include a non-current financial receivable balance of £13.62 million, which relates to: (i) loans totalling £12.52 million in aggregate advanced under the Share Purchase Plan and a £1.1 million loan advanced to Ferrymead Capital Partners Limited, a company in which Warren Lawlor has a one third beneficial interest, in connection with the acquisition by Ferrymead Capital Partners of one million Ordinary Shares.

(c) There has been no material change in the capitalisation of the Group since 31 March 2018 to the date of this document.

Part 5
HISTORICAL FINANCIAL INFORMATION

Presented overleaf

Independent auditor’s report

to the shareholders of Stenprop Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Stenprop Limited and its subsidiaries (together “the Group”), which comprise the statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements numbers 1 to 35, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Group as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements including the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Investment property valuation</th><th></th></tr>
<tr><td>
The valuation of investment properties is inherently judgmental and there can be complexities surrounding the key inputs and assumptions used in valuation models, for example market rents, market yields, tenancy arrangements, vacancy rates, the credit-worthiness of tenants, as well as discount and capitalisation rates used in the discounted cash flows.
The Group's property portfolio, as disclosed in notes 3 and 16, is valued at £535.5m as at 31 March 2018 and is independently valued by professionally-qualified valuers in each geographic location.
How the scope of our audit responded to the key audit matter
We have:

Evaluated the design and the implementation of the Group’s internal controls over the valuation process, including the provision of data to valuers and management’s challenge of valuation reports;
Reconciled all property valuations to the financial statements;
Discussed and challenged key inputs and assumptions with the valuers and management;
Obtained the tenancy schedules used in the valuations and verified tenancy details, on a sample basis, to tenancy agreements;
Selected a sample of properties which we considered to be of most audit interest and engaged with our real estate valuations specialists in both the UK and Germany to challenge those properties’ valuations in detail;
Enquired whether the valuers are independent of the Group and assessed the reliability and competency of the valuers; and
Evaluated the disclosures in the financial statements are in compliance with IFRS 13 Fair Value Measurement, and IAS 40 Investment Property.

</td><td>
Key observations
We concluded that the assumptions applied in arriving at the fair value of the Group’s investment properties were appropriate and that the resulting valuations were within a reasonable range.
</td></tr>
</table>

Accounting for acquisitions of investment properties	
As disclosed in notes 3, 4 and 16, the group acquired £149.8m of investment property in the year. Of this amount, £127m of investment property was acquired at the same time as the acquisition of the management company C2 Capital Limited. The accounting for these transactions can be complex and involved management making significant judgements as to whether to classify the acquisitions as asset acquisitions or business combinations. Specifically, management had to decide whether the acquisitions of the property-owning structures were inherently connected to – and dependent on – the acquisition of C2 Capital Limited. **How the scope of our audit responded to the key audit matter** We have: • Evaluated the design and the implementation of the Group's internal controls over the accounting processes for acquisitions and the review thereof; • Reviewed management's memo on the acquisition accounting and their significant judgments made; • Assessed whether the assets and liabilities acquired me the definition of a business under the requirements of IFRS 3 Business Combinations in terms of identifying inputs, outputs and business processes acquired during a combination; • Reviewed the relevant sales agreements in order to understand the terms and conditions of the acquisitions in order to challenge management on the accounting treatment adopted; • Traced the costs of the acquisitions to cash payments made; and • Reviewed the completeness and accuracy of disclosures surrounding the acquisitions in the financial statements.	**Key observations** We concluded that management's decision to account for the acquisition of C2 Capital Limited as a business combination was appropriate. We concluded that the acquisitions of other property owning structures were correctly accounted for as asset acquisitions. We concluded that the acquisitions of the property structures and C2 Management Limited were not dependent on each other and so were not linked.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. The materiality that we used in the current year was £7.4m (2017, £7.4m) which was determined on the basis of 2% of the Group's net assets as of December 2017. We adopted a lower threshold for testing balances that affect the Group's EPRA earnings. This was set at £2.7m (2017, £2.4m), which was 10% of the Group's 31 March 2018 EPRA earnings.

An overview of the scope of our audit

We performed a full scope audit to respond to the risks of material misstatement for the Group and have performed an audit of specified account balances for subsidiaries of the Group. Together these elements account for 100% of the Group's net assets and 100% of profit before tax. At the group level we tested the consolidation process. All audit work was performed by the Group audit team.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Highlights, Commentary, the unaudited notes to the financial statements and the other elements of the Integrated Annual Report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Integrated Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditor's report

to the shareholders of Stenprop Limited

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Becker.

Deloitte LLP
Guernsey
6 June 2018

Consolidated statement of comprehensive income

for the year ended 31 March 2018

	Note	31 March 2018 £'000	*31 March 2017 £'000
Net rental income	6	**32,861**	25,468
Rental Income		**42,349**	34,028
Property expenses		**(9,488)**	(8,560)
Management fee income		**5,092**	3,109
Operating costs	7	**(8,290)**	(5,019)
Net operating income		**29,663**	23,558
Fair value movement of investment properties	16	**20,223**	2,431
Gain/(loss) from associates	18	**292**	(9,838)
Income from joint ventures	19	**7,624**	3,430
Loss on disposal of subsidiaries	29	**(26)**	–
Profit from operations		**57,776**	19,581
Net gain from fair value of derivative financial instruments	26	**2,453**	489
Interest receivable		**356**	245
Finance costs	9	**(9,843)**	(6,241)
Net foreign exchange (loss)/gain		**(492)**	274
Gain on disposal of property	16	**1,046**	–
Goodwill impairment	27	**(3,500)**	–
Profit for the year before taxation		**47,796**	14,348
Current tax	10	**(563)**	(970)
Deferred tax	10	**(4,286)**	(1,282)
Profit for the year from continuing operations		**42,947**	12,096
Discontinued operations			
(Loss)/profit for the year from discontinued operations	20	**(2,712)**	2,814
Profit for the year		**40,235**	14,910
Profit attributable to:			
Equity holders		**39,357**	14,687
Non-controlling interest derived from continuing operations		**878**	223
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		**(154)**	16,827
Total comprehensive profit for the year		**40,081**	31,737
Total comprehensive profit attributable to:			
Equity holders		**39,203**	31,514
Non-controlling interest		**878**	223
Earnings per share		**Pence**	Pence
From continuing operations			
IFRS EPS	14	**14.94**	4.20
Diluted IFRS EPS	14	**14.85**	4.19
From continuing and discontinued operations			
IFRS EPS	14	**13.98**	5.20
Diluted IFRS EPS	14	**13.89**	5.18

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

Consolidated statement of financial position

as at 31 March 2018

	Note	31 March 2018 £'000	*31 March 2017 £'000	*31 March 2016 £'000
ASSETS				
Investment properties	16	**535,509**	470,603	576,757
Investment in associates	18	**303**	17,863	31,057
Investment in joint ventures	19	**14,660**	31,435	29,731
Other debtors	21	**13,617**	11,634	5,853
Derivative financial instruments	26	**712**	-	-
Total non-current assets		**564,801**	531,535	643,398
Cash and cash equivalents	22	**24,549**	25,202	29,093
Trade and other receivables	21	**8,208**	4,069	5,032
Assets classified as held for sale	20	**147,408**	135,373	-
Total current assets		**180,165**	164,644	34,125
Total assets		**744,966**	696,179	677,523
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium	12	**315,551**	310,141	305,999
Equity reserve		**(8,453)**	(8,976)	353
Retained earnings		**57,947**	40,945	48,021
Foreign currency translation reserve		**22,286**	22,440	5,613
Total equity attributable to equity shareholders		**387,331**	364,550	359,986
Non-controlling interest		**2,939**	2,051	1,685
Total equity		**390,270**	366,601	361,671
Non-current liabilities				
Bank loans	24	**256,697**	216,047	141,236
Derivative financial instruments	26	**699**	2,853	3,298
Other loan and interest	25	**-**	-	9
Deferred tax	30	**9,379**	5,794	7,670
Total non-current liabilities		**266,775**	224,694	152,213
Current liabilities				
Bank loans	24	**2,800**	13,004	149,198
Derivative financial instruments	26	**-**	119	1,398
Taxes payable		**2,792**	2,294	1,403
Accounts payable and accruals	23	**14,622**	13,266	11,640
Liabilities directly associated with assets classified as held for sale	20	**67,707**	76,201	-
Total current liabilities		**87,921**	104,884	163,639
Total liabilities		**354,696**	329,578	315,852
Total equity and liabilities		**744,966**	696,179	677,523
		£	£	£
IFRS net asset value per share	15	**1.37**	1.31	1.27

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

The consolidated financial statements were approved by the board of directors on 6 June 2018 and signed on its behalf by

Patsy Watson
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 March 2018

	Share capital and share premium £'000	Equity reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Attributable to equity shareholders £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 April 2017	**310,141**	**(8,976)**	**40,945**	**22,440**	**364,550**	**2,051**	**366,601**
Issue of share capital	**5,410**	**(16)**	**-**	**-**	**5,394**	**-**	**5,394**
Credit to equity for equity-settled share-based payments	**-**	**539**	**-**	**-**	**539**	**-**	**539**
Total comprehensive profit/(loss) for the year	**-**	**-**	**39,357**	**(154)**	**39,203**	**888**	**40,091**
Ordinary dividends	**-**	**-**	**(22,355)**	**-**	**(22,355)**	**-**	**(22,355)**
Balance at 31 March 2018	**315,551**	**(8,453)**	**57,947**	**22,286**	**387,331**	**2,939**	**390,270**
	-	-	-	-	-	-	-
Balance at 1 April 2016	305,999	353	48,021	5,613	359,986	1,685	361,671
Issue of share capital	4,142	(11)	-	-	4,131	-	4,131
Credit to equity for equity-settled share-based payments	-	268	-	-	268	-	268
Repurchase of own shares	-	(9,586)	-	-	(9,586)	-	(9,586)
Total comprehensive profit for the year	-	-	14,687	16,827	31,514	366	31,880
Ordinary dividends	-	-	(21,763)	-	(21,763)	-	(21,763)
Balance at 31 March 2017	310,141	(8,976)	40,945	22,440	364,550	2,051	366,601

Consolidated statement of cash flows

for the year ended 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Operating activities			
Profit from operations from continuing operations		**57,776**	19,581
(Loss)/profit from operations from discontinued operations		**(2,127)**	4,254
		55,649	23,835
Share of (gain) /loss from associates		**(292)**	9,838
Increase in fair value of investment property		**(14,305)**	(1,573)
Share of profit in joint ventures		**(7,624)**	(3,430)
Loss on disposal of subsidiaries		**26**	-
Exchange rate (gains)/losses		**(492)**	274
Increase in trade and other receivables		**(416)**	(83)
(Decrease)/Increase in trade and other payables		**(594)**	3,338
Interest paid		**(9,098)**	(7,781)
Interest received		**976**	1,090
Net tax paid		**(855)**	(865)
Net cash from operating activities		**22,975**	24,643
Contributed by: Continuing operations		**20,552**	22,354
Discontinued operations		**2,423**	2,289
Investing activities			
Dividends received from joint ventures		**563**	1,521
Asset acquisitions	27	**(57,858)**	-
Purchases of investment property	16	**(22,831)**	-
Capital expenditure		**(5,553)**	(1,641)
Proceeds on disposal of investment property	16	**35,850**	5,346
Acquisition of investment in joint venture		**1**	-
Proceeds on disposal of investment in associate		**18,345**	5,745
Disposal of subsidiary	29	**42,608**	-
Net cash disposed of in subsidiary		**(1,831)**	-
Net cash from investing activities		**9,294**	10,971
Financing activities			
New bank loans raised		**20,703**	-
New third party loans raised	25	**34,080**	-
Dividends paid		**(22,355)**	(21,763)
Repayment of borrowings		**(29,509)**	(7,680)
Repayment of third party loans	25	**(34,591)**	-
Repurchase of shares		**-**	(9,586)
Financing fees paid		**(1,247)**	(169)
Payments made on swap break		**-**	(84)
New loan advances		**-**	(1,045)
Repayment of loan advances		**-**	210
Net cash used in financing activities		**(32,919)**	(40,117)
Net decrease in cash and cash equivalents		**(650)**	(4,503)
Effect of foreign exchange rate changes		**110**	1,237
Cash and cash equivalents at beginning of the period		**25,827**	29,093
Cash and cash equivalents at end of the period		**25,287**	25,827
Contributed by: Continuing operations		**24,549**	25,202
Discontinued operations and assets held for sale		**738**	625

Notes to the consolidated financial statements

for the year ended 31 March 2018

1. General Information

Stenprop Limited (the 'Company' and together with its subsidiaries the 'Group') was registered in Guernsey with effect from 23 March 2018 (Registration number 64865) and has adopted new articles of incorporation. The registered address of the Company is Kingsway House, Havilland Street, St Peter Port, GY1 2QE, Guernsey. The Company was formerly registered in Bermuda under number 47031. With effect from 1 May 2018, the Company converted to a UK real estate investment trust ('REIT').

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS's) as issued by the IASB, the JSE Listings Requirements and applicable Guernsey law. The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies, which are consistent with those applied in the previous annual financial statements, are set out below.

The consolidated financial statements are presented in GBP (Pounds Sterling).

Going concern

At the date of signing these consolidated financial statements, 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 30 September 2019 and, in 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 remaining Swiss portfolio is currently being marketed for sale (note 20) and are at various stages in the sale process. As such, the loans at 31 March 2018, were refinanced on a short-term basis as a rolling credit facility or will mature on 31 March 2019. Should a decision be taken not to sell the properties for any reason, or if the sale process is delayed, the directors anticipate that, given the quality of the properties and the strong and proven relationships with Swiss lenders, a refinancing can be secured on favourable terms where necessary.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

Note 31 to the consolidated financial statements includes the Group's objectives, policies and procedures for managing its market, interest and liquidity risk.

Notes to the consolidated financial statements

2. Basis of preparation continued

Change in presentation currency

From 1 April 2017, the Group changed its presentation currency to Pounds Sterling ('GBP'). This represents a change from the prior period and has been applied to reflect the relatively larger weighting of Stenprop's UK portfolio following implementation of the acquisition and sales strategy and Stenprop's entry into the multi-let industrial estate asset class.

Comparative information has been restated in GBP in accordance with the guidance defined in IAS 21, specifically:

- Assets and liabilities for each statement of financial position presented have been translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income presented have been translated at average exchange rates for the period; and
- All resulting exchange differences have been recognised in other comprehensive income.

Adoption of new and revised standards

At the date of approval of these consolidated financial statements, the Group has not applied the following new and revised standards that have been issued but are not yet effective:

• IAS 7 (amendments)	Disclosure Initiative
• IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
• IAS 40 (amendments)	Transfers of investment property
• IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
• IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
• IFRS 9	Financial Instruments
• IFRS 14	Regulatory Deferral Accounts
• IFRS 15	Revenue from Contracts with Customers
• IFRS 16	Leases
• IFRIC 22	Foreign Currency Transactions and Advance Consideration

Impact assessment of adopting new accounting standards

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 future periods.

IFRS 9: Financial instruments is effective for financial years commencing on or after 1 January 2018. This standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 outlines an impairment model which reflects expected credit losses. This differs from IAS 39 which only recognised those credit losses which have been incurred. The new impairment model will apply to the Group's financial assets including trade and other receivables and cash and cash equivalents. The Directors will apply a simplified approach to recognise expected credit losses for these current assets. The Directors do not expect there to be any material impact on the adoption of IFRS 9. The Directors note that there will be no change in the accounting for financial liabilities as derivative financial instruments continue to qualify for designation as at fair value through profit and loss under IFRS 9.

IFRS 15: Revenue from Contracts with Customers is effective for financial years commencing on or after 1 January 2018. The standard combines a number of previous standards, setting out a five-step model for the recognition of revenue as well as establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue. The standard applies to service charge income, car park income and asset management income. The Directors do not consider that its adoption will have a material impact on the financial statements.

IFRS 16: Leases is effective for financial years commencing on or after 1 January 2019 and requires lessees to recognise a right-of-use asset and related obligation to make lease payments. Related interest and depreciation will be recognised in the statement of comprehensive income. The Group does not anticipate that the adoption of this standard will have a material impact on the financial statements.

3. Significant accounting policies

Basis of consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial instruments: recognition and measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant interest is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and discontinued operations. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Joint ventures

The Group's investment properties are typically held in property-specific special purpose vehicles ('SPVs'), which may be legally structured as joint ventures. In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the venture are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking. The Group considers this position with the evidence available at the time.

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

Notes to the consolidated financial statements

3. Significant accounting policies continued

Business combinations and asset acquisitions

Business combinations are accounted for using the acquisition method and any excess of the purchase consideration over the fair value of the next assets acquired is initially recognised as goodwill and reviewed for impairment. Any discount received and/or acquisition costs are recognised in the consolidated income statement. Where an acquisition of properties held within a corporate structure is not judged to be an acquisition of a business, the transaction is accounted for as if the Group had acquired the underlying properties directly.

Revenue recognition

The Group earns returns from investments in direct property assets and management fees. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Revenue includes amounts receivable in respect of property rental income and service charges earned in the normal course of business, net of sales-related taxes.

Rental income from operating leases is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a significant rent free period is included in a lease, the rental income forgone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the investment property, including the accrued rent, does not exceed the external valuation. Initial significant direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a lease incentive payment, or surrender premium is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned.

Management fees are recognised in the income statement on an accruals basis.

Service charge income is recognised in the accounting period in which the services are rendered and the related property expenses are recognised in the period in which they are incurred.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are expressed in GBP Sterling, which is the functional currency of the Company and the presentational currency for the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3. Significant accounting policies continued

Borrowing costs

Interest costs are recognised in the consolidated statement of comprehensive income using the effective interest rate method.

Borrowing costs directly attributable to arranging finance are amortised over the facility term in the consolidated statement of comprehensive income.

Current tax

Tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of the changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the consolidated financial statements

3. Significant accounting policies continued

Investment properties

Properties held to earn rental income and/or for capital appreciation are classified as investment properties. Investment properties comprise both freehold and leasehold land and buildings.

Investment properties are recognised as assets when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions precedent which could prevent completion; and
- the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, determined by the directors and/or based on independent external appraisals.

The Group uses the valuations prepared by its independent valuers as the fair value of its investment properties. These valuations are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards ('Red Book'). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties.

The difference between the fair value of a property at the reporting date and its carrying amount prior to re-measurement is included in the consolidated statement of comprehensive income as a valuation surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less.

Expenditure

Expenses are accounted for on an accrual basis.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another. The classification of financial assets and financial liabilities depends on the nature and purpose of the instrument and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of comprehensive income.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable inputs for the asset or liability.

3. Significant accounting policies continued

Financial assets

The Group classifies its financial assets as either at fair value through profit and loss or as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include current assets with maturities or terms greater than 12 months after the reporting dates which are classified as non-current assets.

Loans and receivables, including those relating to the purchase of Stenprop shares (note 21), are measured at amortised cost using the effective interest method, less impairment losses which are recognised in the statement of comprehensive income. In the case of short-term trade receivables and payables, the impact of discounting is not material and cost approximates amortised costs.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership of the asset to another entity.

Financial assets, specifically accounts receivable and other debtors, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectable, it is written off against the provision account. Changes in the carrying amount of the provision account are recognised in the statement of comprehensive income in the period.

For financial assets measured at amortised cost if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the consolidated financial statements

3. Significant accounting policies continued

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Ordinary shares are classed as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities comprise interest-bearing borrowings, loans and payables and trade payables. Financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Interest rate swaps have been initially recognised at fair value, and subsequently re-measured at fair value in accordance with IAS 39, Financial Instruments: Recognition and Measurement. They have been entered into in order to hedge against the exposure to variable interest rate loans as described in note 26. They have been valued by an independent valuer in line with internationally accepted practice.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. It is Group policy not to hedge account. Other derivatives are presented as current assets or current liabilities.

Trade and other receivables

These are valued at their nominal value (less accumulated impairment losses) as the time value of money is immaterial for these current assets. Impairment losses are estimated at the year end by reviewing amounts outstanding and assessing the likelihood of recoverability.

Trade and other payables

Trade and other payables are valued at their nominal value as the time value of money is immaterial for these current liabilities.

Dividends

Dividends to the Group's ordinary shareholders are recognised when they are declared. This is when they are approved by the board.

Earnings/(loss) per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the current period and is based on the profit attributable to the ordinary shareholders.

Share-based payments

Deferred Share Bonus Plan and Long term incentive plans

Share options are granted to key management. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Company accounts for the fair value of these options on a straight-line basis over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve in Equity. The cost to the Company is based on the Company's best estimate of the number of equity instruments that will ultimately vest.

Readers are referred to note 13: Share-based payments, where share-based payments are further disclosed.

3. Significant accounting policies continued

Share Purchase Plan

As part of the Group's previous remuneration policy, the Company awarded shares to qualifying participants, funded through the advance of loans to the participants. Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in ten years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

The loans have full recourse to the participants and as such fall outside of the scope of IFRS 2 and are accounted for as financial instruments under IAS. The participants must charge their shares by way of security for the loan. The loans have full recourse to the participants who waive all rights to compensation for any loss in relation to the Plan. No further awards will be made under the Share Purchase Plan.

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.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Significant estimates

Investment properties

The Group's investment properties are stated at estimated fair value, determined by directors, based on an independent external appraisal. 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 years of volatility or low transaction flow in the market. 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.

Notes to the consolidated financial statements

4. Critical accounting judgements and key sources of estimation uncertainty
continued

Deferred tax assets and liabilities
Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs. Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. Deferred tax assets and liabilities are presented in note 30.

Significant judgements
Assets held for sale
The directors have disclosed a number of properties which met the criteria defined in IFRS 5 as Assets held for sale. In the case of the Swiss Porfolio the directors consider the exceptions permitted by IFRS 5:9 to apply in respect to the one-year requirement within which a sale should complete. This is due to the fact that during the initial one-year period, circumstances arose that were previously considered unlikely. As a result, the properties which were previously classified as held for sale were not sold; however:

(i) during the initial one-year period the entity took action necessary to respond to the change in circumstances;
(ii) the properties are still being actively marketed at a price that is reasonable, given the change in circumstances, and
(iii) all other criteria in paragraphs 7 & 8 of IFRS 5 are met.

The value of the Assets held for sale are estimated at fair value, determined by the directors, based on an independent external appraisal.

Business combinations and asset acquisitions
In accounting for the acquisitions of the Industrials portfolio and C2 Capital Limited, both of which completed on 30 June 2017, Stenprop has considered whether each of the transactions represented a business combination as defined by IFRS 3, or an asset acquisition. When management conclude that processes and inputs are being acquired in addition to the property then the transaction is accounted for as a business combination. When there are no such items, the transaction is treated as an asset acquisition. Management concluded that the acquisition of Industrials portfolio was an asset acquisition and the acquisition of C2 Capital Limited was a business combination.

5. Operating segments

The Group is focused on real estate investment in well-developed, large economies with established real estate markets. The investment portfolio is primarily geographically diversified across Germany, the United Kingdom and Switzerland, with a further sub-division within the UK between industrial and non-industrial. 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

	Continuing operations			Discontinued operations	
	Germany £'000	UK Non Multi-let Industrial £'000	UK Multi-let Industrial £'000	Switzerland £'000	Total £'000
For the year ended 31 March 2018					
Net rental income	11,589	14,628	6,644	-	32,861
Fair value movement of investment properties	23,969	448	(4,194)	-	20,223
Net gain from fair value of financial liabilities	346	1,370	737	-	2,453
Income from associates	292	-	-	-	292
Income from joint ventures	4,678	2,880	-	-	7,558
Loss on disposal of subsidiaries	-	(26)	-	-	(26)
Net finance costs	(2,081)	(5,403)	(1,713)	-	(9,197)
Operating costs	(735)	(853)	(342)	-	(1,930)
Net foreign exchange loss	(25)	(321)	-	-	(346)
Other gains	-	1,046	-	-	1,046
Loss for the year from discontinued operations (see note 20)	-	-	-	(2,712)	(2,712)
Taxation	(4,325)	156	(570)	-	(4,739)
Total profit/(loss) per reportable segment	33,708	13,925	562	(2,712)	45,483
As at 31 March 2018					
Investment properties	221,354	166,400	147,755	-	535,509
Investment in associates	303	-	-	-	303
Investment in joint ventures	14,617	-	-	-	14,617
Cash	12,074	4,460	5,853	-	22,387
Other	15,091	1,724	2,331	-	19,146
Assets classified as held for sale (see note 20)	28,987	23,546	-	94,875	147,408
Total assets	292,426	196,130	155,939	94,875	739,370
Borrowings – bank loans	110,889	70,800	77,808	-	259,497
Other	13,289	5,676	5,238	-	24,203
Liabilities directly associated with assets classified as held for sale (see note 20)	14,063	–	–	53,644	67,707
Total liabilities	138,241	76,476	83,046	53,644	351,407

Notes to the consolidated financial statements

5. Operating segments continued

	Continuing operations			Discontinued operations	
	Germany £'000	UK Non Multi-let Industrial £'000	UK Multi-let Industrial £'000	Switzerland £'000	Total £'000
For the year ended 31 March 2017					
Net rental income	10,470	14,998	-	-	25,468
Fair value movement of investment properties	4,928	(2,496)	-	-	2,431
Net gain from fair value of financial liabilities	363	127	-	-	489
Loss from associates	(9,838)	-	-	-	(9,838)
Income from joint ventures	2,270	854	-	-	3,124
Net finance costs	(2,349)	(3,655)	-	-	(6,004)
Operating costs	(656)	(140)	-	-	(795)
Net foreign exchange gain	54	-	-	-	54
Profit for the year from discontinued operations (see note 20)	-	-	-	2,814	2,814
Taxation	(1,319)	(812)	-	-	(2,131)
Total profit per reportable segment	3,923	8,876	-	2,814	15,612
As at 31 March 2017					
Investment properties	219,057	251,546	-	-	470,603
Investment in associates	17,863	-	-	-	17,863
Investment in joint venture	10,283	21,115	-	-	31,398
Cash	11,693	12,280	-	-	23,973
Other	12,999	2,347	-	-	15,346
Assets classified as held for sale	2,541	-	-	132,832	135,373
Total assets	274,436	287,288	-	132,832	694,556
Borrowings – bank loans	122,898	106,153	-	-	229,051
Other	11,365	11,245	-	-	22,610
Liabilities directly associated with assets classified as held for sale (see note 20)	-	-	-	76,201	76,201
Total liabilities	134,263	117,398	-	76,201	327,862

5. Operating segments continued

ii) Reconciliation of reportable segment profit or loss

	31 March 2018 £'000	31 March 2017 £'000
Rental income		
Net rental income for reported segments	**32,861**	25,468
Profit or loss		
Fair value movement of investment properties	**20,223**	2,431
Net gain from fair value of financial liabilities	**2,453**	489
Gain/(loss) from associates	**292**	(9,838)
Income from joint ventures	**7,558**	3,124
Loss on disposal of subsidiaries	**(26)**	-
Net finance costs	**(9,197)**	(6,004)
Operating costs	**(1,930)**	(795)
Net foreign exchange (loss)/gain	**(346)**	54
Other gains	**1,046**	-
Profit for the year from discontinued operations (see note 20)	**(2,712)**	2,814
Taxation	**(4,739)**	(2,131)
Total profit per reportable segments	**45,483**	15,612
Other profit or loss – unallocated amounts		
Management fee income	**5,092**	3,109
Income from joint ventures	**66**	305
Net finance income	**(290)**	8
Tax, legal and professional fees	**(295)**	(200)
Audit fees	**(194)**	(223)
Administration fees	**(764)**	(216)
Investment advisory fees	**(73)**	-
Non-executive directors costs	**(405)**	(133)
Staff remuneration costs	**(3,375)**	(2,284)
Other operating costs	**(1,255)**	(1,166)
Net foreign exchange (loss)/gain	**(145)**	220
Other losses	**(3,500)**	-
Taxation	**(110)**	(122)
Consolidated profit before taxation	**40,235**	14,910

Notes to the consolidated financial statements

5. Operating segments continued

iii) Reconciliation of reportable segment financial position

	31 March 2018 £'000	31 March 2017 £'000
ASSETS		
Investment properties	**535,509**	470,603
Investment in associates	**303**	17,863
Investment in joint venture	**14,617**	31,398
Cash	**22,387**	23,973
Other	**19,146**	15,346
Assets classified as held for sale (see note 20)	**147,408**	135,373
Total assets per reportable segments	**739,370**	694,556
Other assets – unallocated amounts		
Investment in joint ventures	**43**	37
Cash	**2,162**	1,229
Other	**3,391**	357
Total assets per consolidated statement of financial position	**744,965**	696,179
LIABILITIES		
Borrowings - bank loans	**259,497**	229,051
Other	**24,203**	22,610
Liabilities directly associated with assets classified as held for sale (see note 20)	**67,707**	76,201
Total liabilities per reportable segments	**351,407**	327,862
Other liabilities – unallocated amounts		
Other	**3,289**	1,716
Total liabilities per consolidated statement of financial position	**354,696**	329,578

6. Net rental income

	31 March 2018 £'000	31 March 2017 £'000
Rental income	**40,293**	34,863
Other income – tenant recharges	**7,413**	6,558
Other income	**806**	98
Discontinued Operations Adjustment (note 20)	**(6,163)**	(7,491)
Rental Income	**42,349**	34,028
Direct property costs	**(11,262)**	(10,499)
Discontinued Operations Adjustment (note 20)	**1,774**	1,939
Property expenses	**(9,488)**	(8,560)
Total net rental income	**32,861**	25,468

7. Operating costs

	31 March 2018 £'000	31 March 2017 £'000
Tax, legal and professional fees	**2,402**	655
Audit fees	**226**	248
Interim review fees	**30**	31
Administration fees	**553**	338
Investment advisory fees	**431**	429
Non-executive directors costs	**405**	133
Staff remuneration costs	**3,375**	2,284
Other operating costs	**1,466**	1,341
Discontinued Operations Adjustment (note 20)	**(598)**	(440)
	8,290	5,019

The increase in Tax, legal and professional fees is driven by the costs associated with the London listing (£488,000) and the selling costs and fees associated with the share sale of Normanton Properties Ltd (Pilgrim Street) of £593,000.

8. Employees' and directors' emoluments

The Group had 20 employees at 31 March 2018 (2017: 11). The aggregate remuneration paid to employees during the period, including that to executive directors, was:

	31 March 2018 £'000	31 March 2017 £'000
Wages and salaries (including key management)	**2,760**	1,742
Social security costs	**201**	184
Pension costs	**137**	92
Share-based payments	**277**	266
	3,375	2,284

As at 31 March 2018, the Group had six directors (2017: six). The directors of the Company during the financial year and at the date of this report were as follows:

Non-executive directors	Appointed	Change in appointment
S Ball	2/10/2014	resigned 1/05/2018
M Yachad	10/12/2014	resigned 28/02/2018
P Miller	14/09/2016	
W Lawlor	5/04/2017	
R Grant	1/05/2018	
P Holland (chairman)	1/05/2018	

Executive directors	Appointed	Change in appointment
P Arenson (CEO)	2/10/2014	
P Watson (CFO)	2/10/2014	
N Marais	2/10/2014	resigned 1/05/2018
J Carey	1/05/2018	

Notes to the consolidated financial statements

8. Employees' and directors' emoluments continued

Emoluments paid to executive and non-executive directors are summarised below:

	Basic salary £'000	Pension £'000	Other benefits^ £'000	Cash bonus £'000	Vested share options £'000	Total remuneration 31 March 2018 £'000
Executive directors						
P Arenson	**260**	**26**	**1**	**118**	**40**	**445**
P Watson	**250**	**25**	**-**	**95**	**32**	**402**
N Marais	**130**	**13**	**2**	**32**	**12**	**189**
	640	**64**	**3**	**245**	**84**	**1,036**

	Basic salary £'000	Pension £'000	Other benefits^ £'000	Cash bonus £'000	Vested share options £'000	Total remuneration 31 March 2017 £'000
Executive directors						
P Arenson	253	25	2	118	144	542
P Watson	202	20	-	95	115	432
N Marais	126	13	2	32	16	189
	581	58	4	245	275	1,163

^ Other benefits relates to the provision of private medical insurance.

	31 March 2018 £'000	31 March 2017 £'000
Non-executive directors		
S Ball-paid to Sphere Management Limited	**50**	38
M Yachad-paid to Peregrine SA Holdings Proprietary Limited (resigned 28 February 2018)	**21**	15
P Miller	**44**	23
W Lawlor-paid to Ferryman Capital Partners (Pty) Limited (appointed 5 April 2017)	**28**	-
G Leissner (passed away 16 December 2016)	**-**	21
M Fienberg (resigned 14 September 2016)	**-**	18
J Keyes (resigned 23 November 2016)	**-**	11
P Hughes (resigned 23 November 2016)	**-**	7
Share-based payments	**262**	-
	405	133

The above non-executive fees include all management, consulting, technical or other fees paid for such services rendered, including payments to management companies.

8. Employees' and directors' emoluments continued

The Group's share-based payments comprise the Deferred Share Bonus Plan ('STIP') and the Long-Term Incentive Plan ('LTIP') for executive directors and senior management respectively, and various share option schemes.

The Company measures the fair value of these options at grant date and accounts for the cost over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve. The cost is based on the quantity of shares that are likely to vest taking into account expected performance against the relevant performance targets, where applicable, and service periods. Share-based awards and the respective vesting dates are further detailed in note 13.

On 6 June 2018, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2018				
Executive directors	**Cash bonus £'000**	**Deferred Share Bonus Plan £'000**	**Number of share options (estimated)**	**LTIP for executive directors £'000**	**Number of share options (estimated)**
P Arenson	**156**	**125**	**113,800**	**536**	**487,100**
P Watson	**150**	**120**	**109,400**	**515**	**468,200**
N Marais	**33**	**20**	**18,400**	**83**	**75,500**
	339	**265**	**241,600**	**1,134**	**1,030,800**

On 24 January 2018, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Share incentives in respect of the year ended 31 March 2017	
Executive directors	**LTIP for executive directors £'000**	**Number of share options**
P Arenson	**520**	**484,623**
P Watson	**500**	**465,804**
	1,020	**950,427**

On 7 June 2017, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2017			Share Purchase Plan^	
Executive directors	**Cash bonus £'000**	**Deferred Share Bonus Plan £'000**	**Number of share options**	**Loans £'000**	**Number of share options**
P Arenson	118	-	-	916	881,897
P Watson	95	-	-	733	705,517
N Marais	32	12	11,024	84	80,855
	245	12	11,024	1,733	1,668,269

^ Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six-monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in ten years. All dividends paid to such employees (or his or her nominee) by virtue of their shareholding must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

Notes to the consolidated financial statements

8. Employees' and directors' emoluments continued

Directors' Interests - Beneficial direct and indirect holdings in the Company

As at 31 March 2018:

	Direct number of shares	% of shares	Indirect number of shares	% of shares in issue	Number of share options held	% of shares
S Ball (Chairman)	-	-	250,000	0.09	-	-
P Arenson (CEO)	-	-	12,523,096	4.29	959,531	0.33
P Watson (CFO)	-	-	4,364,027	1.50	887,722	0.30
N Marais	-	-	280,600	0.10	12,632	0.00
W Lawlor	-	-	1,154,100	0.40	2,000,000	0.69
P Miller	-	-	21,898	0.01	-	-

The above Directors' interests have not changed from 31 March 2018 to the date of the signing of these financial statements.

As at 31 March 2017:

	Direct number of shares	% of shares	Indirect number of shares	% of shares in issue	Number of share options held	% of shares
S Ball (Chairman)	-	-	250,000	0.09	-	-
M Yachad	-	-	150,000	0.06	-	-
P Miller	-	-	21,898	0.01	-	-
P Arenson (CEO)	-	-	9,955,994	3.47	474,908	0.17
P Watson (CFO)	-	-	3,658,510	1.28	412,918	0.14
N Marais	-	-	219,663	0.08	15,345	0.01

9. Finance costs

	31 March 2018 £'000	31 March 2017 £'000
Bank interest payable	(9,443)	(7,838)
Amortisation of facility costs	(1,087)	(399)
Discontinued Operations Adjustment (note 20)	687	1,996
Net finance costs	(9,843)	(6,241)

10. Taxation

(i) Tax recognised in statement of comprehensive income

	31 March 2018 £'000	31 March 2017 £'000
Income tax in respect of current year	**1,354**	1,227
Deferred tax (see note 30)	**3,260**	1,714
Discontinued Operations Adjustment (see note 20)	**235**	(689)
Total tax expense	**4,849**	2,252

The Company converted to UK REIT status on 1 May 2018.

No tax was recognised on other comprehensive income during the period (2017: Nil).

- Germany 15.825%
- United Kingdom 19%
- Switzerland (depending on the district in which the property is situated). Average rate of 19.6%.

(ii) Reconciliation of tax charge for the year

Continuing operations	31 March 2018 £'000	31 March 2017 £'000
Profit for the year before taxation	**47,796**	14,348
Tax provided at applicable rate in Bermuda and Guernsey	**-**	-
Current tax charge in respect of other jurisdictions	**(563)**	(970)
Deferred tax charge in respect of other jurisdictions	**(4,286)**	(1,282)
Profit for the year after taxation	**42,947**	12,096

For discontinued operations	31 March 2018 £'000	31 March 2017 £'000
(Loss)/profit for the year before taxation	**(2,947)**	3,503
Tax provided at applicable rate in Bermuda and Guernsey	**-**	-
Tax charge in respect of other jurisdictions	**235**	(689)
(Loss)/Profit for the year after taxation	**(2,712)**	2,814

Notes to the consolidated financial statements

11. Dividends

	31 March 2018 £'000	31 March 2017 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the prior year	**11,047**	11,266
Interim dividend for the current year	**11,308**	10,496
Total dividends	**22,355**	21,762

On 18 July 2017, the directors of the Company declared a final dividend of 3.95 pence per share in respect of the year ended 31 March 2017 equating to £11,047,000 (2016: £11,266,000). This was paid in cash on 1 August 2017. An interim dividend of 4.00 pence per share equating to £11,308,000 (2017: £10,496,000) was declared on 23 November 2017 and paid in cash on 26 January 2018.

The directors declared a final dividend on 6 June 2018, for the year ended 31 March 2018, of 4.00 pence per share, which is detailed in note 35.

12. Share capital

Authorised

1,000,000,000 ordinary shares with a par value of €0.000001258 each

	31 March 2018	31 March 2017
Issued share capital	**(no. shares)**	(no. shares)
Opening balance	**286,681,880**	282,984,626
Issue of new shares	**5,036,596**	3,697,254
Closing number of shares issued	**291,718,476**	286,681,880

	£'000	£'000
Authorised share capital		
Share capital	**1**	1
Share premium	**317,781**	312,371
Less: Acquisition/transaction costs	**(2,231)**	(2,231)
Total share capital and share premium	**315,551**	310,141

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 291,718,476 (March 2017: 286,681,880) ordinary shares in issue at the reporting date. On 8 June 2017, 1,752,359 and 13,737 new ordinary shares were issued on the JSE and the BSX at an issue price of €1.22 per share in respect of the Share Purchase Plan and Deferred Share Bonus Plan respectively. On 7 July 2017, 3,270,500 new ordinary shares were issued on the JSE and the BSX at an issue price of €1.22 per share in order to fund the acquisition of C2 Capital Limited (refer to note 27). The total cost of issuing the 5,036,596 shares was £5,410,000.

As at 31 March 2018, the Company held 9,026,189 treasury shares (March 2017: 9,026,189).

13. Share-based payments

The Group operates share incentive plans which are used to attract and retain high-calibre employees to help grow the business. All awards are considered by the remuneration committee and are subject to board approval.

The Group recognised a total share-based expense of £539,000 in the year (2017: £268,000) in relation to the share option schemes. As at 31 March 2018, the Equity Reserve held £1,133,000 in relation to share-based payment transactions (2017:£610,000).

The incentive plans are discussed in more detail below.

13. Share-based payments continued

Deferred Share Bonus Plan

The Board may grant an award to an eligible employee following a recommendation from the remuneration committee over such number of shares that have an aggregate value equal to the deferred bonus. Such share options vest in three equal tranches; the first tranche vests on the date of grant with subsequent tranches vesting at the first and second anniversaries of the relevant year end. Share options may be exercised until the tenth anniversary of the grant date, after which time they will lapse.

The fair value of this nil-cost option is determined using the Black-Scholes model. The key inputs used in determining the award granted on 7 June 2017 are shown below:

Share price at date of grant	£1.08
Expected option life in years	2
Risk free rate	1.50%
Standard Deviation (annualized)	11%
Value per option	£1.08

Movement in options granted in terms of this plan are detailed below:

Date of grant	At 1 April 2017	Granted	Dividend equivalents	Exercised	Outstanding at 31 March 2018	Exercisable at 31 March 2018	Fair Value at Grant date in GBP	Exercise dates From	Exercise dates To
10 June 2015	395,590	-	31,464	(4,780)	422,274	**422,274**	£1.08	10 June 2015	10 June 2025
8 June 2016	269,031	-	12,888	(5,282)	276,637	**276,637**	£1.05	8 June 2016	8 June 2026
7 June 2017	-	41,970	762	(3,675)	39,057	**25,067**	£1.08	7 June 2017	7 June 2027

LTIP for senior management

Such share options vest in three equal tranches; the first tranche vests on the first anniversary of year end, with subsequent tranches vesting at the second and third anniversaries of the relevant year ends. Share options may be exercised until the tenth anniversary of the grant date, after which time they will lapse.

The fair value of this award is determined using the Black-Scholes model. The key inputs used in determining the award granted 24 January 2018 are shown below:

Share price at date of grant	£1.13
Exercise price at grant date	£1.07
Expected option life in years	10
Risk free rate	1.50%
Expected volatility	29.01%
Value per option	£0.47

Date of grant	At 1 April 2017	Granted	Dividend equivalents	Exercised	Outstanding at 31 March 2018	Exercisable at 31 March 2018	Fair Value at Grant date	Exercise dates From	Exercise dates To
24 January 2018	-	142,887	-	-	142,887	**47,629**	£0.47	31 March 2018	24 January 2028

Notes to the consolidated financial statements

13. Share-based payments continued

LTIP for executive directors

Such share options vest on the third anniversary of grant date subject to pre-determined vesting conditions being met. All options not vesting on the vesting date will automatically lapse and once vested may not be exercised for two years. The fair value of these nil-cost options is determined by external valuers using an intrinsic model. The key inputs used in determining the award granted 24 January 2018 are shown below:

Share price	£1.07
Exercise price at grant date	£0.00
Expected option life in years	3+2
Discount applied for two year lock-in period	10%
Value per option	£0.68

Date of grant	At 1 April 2017	Granted	Dividend equivalents	Exercised	Outstanding at 31 March 2018	Exercisable at 31 March 2018	Fair Value at Grant date	Exercise dates From	Exercise dates To
24 January 2018	-	1,416,231	-	-	1,416,231	**-**	£0.68	8 June 2022*	8 June 2027

* lock-in period of two years applies after vesting.

Other share options

On 30 March 2017, the Company agreed to grant to Ferryman Capital Partners Limited, a company in which Warren Lawlor, a non-executive director, has a one-third beneficial interest, an option to subscribe for two million Stenprop shares. The exercise price was £1.31 (€1.53), with a seven month vesting period. The full cost of this option was therefore recognised in the current year. The option lapses should the individual cease to be a director, or after five years, whichever is sooner. The option only has a dilutive effect when the average market price of ordinary shares exceeds the exercise price of the options. The share price at year end was £1.07, which was below the exercise price. The fair value of this award is determined using the Black-Scholes model. The key inputs used in determining the award granted 30 March 2017 are shown below:

Share price	£1.08
Exercise price at grant date	£1.31
Expected option life in years	5
Risk free rate	1.50%
Expected volatility	31.31%
Expected dividend yield	5%
Value per option	£0.13

Date of grant	At 1 April 2017	Granted	Exercised	Outstanding at 31 March 2018	Exercisable at 31 March 2018	Fair Value at Grant date	Exercise dates From	Exercise dates To
30 March 2017	2,000,000	-	-	2,000,000	**2,000,000**	£0.13	30 December 2017	30 March 2022

13. Share-based payments continued

Share Purchase Plan

Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan. The loans have full recourse to the participants who must charge their shares by way of security for the loans.

The table below summarises the position at year end in terms of loans advanced and the number of shares to which they relate. Loans relating to the Share Purchase Plan issued to executive directors are disclosed in more detail in note 8.

		31 March 2018	31 March 2017
Brought forward at start of year	(number of shares)	**8,656,219**	5,209,109
Share Purchase Plan shares issued in year	(number of shares)	**1,752,358**	3,687,191
Share Purchase Plan shares redeemed	(number of shares)	**(197,432)**	(240,081)
Carried forward at end of year	(number of shares)	**10,211,145**	8,656,219
Stock price at advancement	(€)	**1.24**	1.41
Share Purchase Plan loans advanced (including accrued interest)	(£'000)	**12,536**	10,590

Other share purchase loan

On 30 March 2017, a €1.22 million loan was advanced from Stenprop Germany Limited to Ferryman Capital Partners Limited, a company in which Warren Lawlor, a non-executive director, has a one-third beneficial interest, to purchase one million Stenprop shares in the market. The loan advanced is interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. The loan has full recourse to the participant who must charge their shares by way of security for the loans.

		31 March 2018	31 March 2017
Brought forward at start of year	(number of shares)	**1,000,000**	–
Shares issued in year	(number of shares)	**–**	1,000,000
Shares redeemed	(number of shares)	**–**	–
Carried forward at end of year	(number of shares)	**1,000,000**	1,000,000
Stock price at advancement	(€)	**–**	1.22
Loan advanced (including accrued interest)	(£'000)	**1,081**	1,044

Notes to the consolidated financial statements

14. Earnings per ordinary share

	31 March 2018 £'000	31 March 2017 £'000
Reconciliation of profit for the period to adjusted EPRA[1] earnings		
Earnings per IFRS income statement attributable to shareholders	**39,357**	14,687
Adjustment to exclude profit/(loss) from discontinued operations	**2,712**	(2,814)
Earnings per IFRS income statement from continuing operations attributable to shareholders	**42,069**	11,873
Earnings per IFRS income statement attributable to shareholders	**39,357**	14,687
Adjustments to calculate EPRA earnings, exclude:		
Changes in fair value of investment properties	**(14,305)**	(1,573)
Changes in fair value of financial instruments	**(2,453)**	(1,734)
Deferred tax in respect of EPRA adjustments	**3,728**	3,084
Goodwill impairment	**3,500**	-
Profit on disposal of properties	**(507)**	-
Cost associated with disposal of property company	**679**	-
Adjustments above in respect of joint ventures and associates		
Changes in fair value	**(5,802)**	10,908
Deferred tax in respect of EPRA adjustments	**800**	(638)
EPRA earnings attributable to shareholders	**24,997**	24,734
Further adjustments to arrive at adjusted EPRA earnings		
Straight-line unwind of purchased swaps	**239**	767
Cost associated with group listing and REIT conversion	**528**	-
Adjusted EPRA earnings attributable to shareholders	**25,764**	25,502
Weighted average number of shares in issue (excluding treasury shares)	**281,494,114**	282,644,639
Share-based payment award	**1,796,978**	956,185
Diluted weighted average number of shares in issue	**283,291,092**	283,600,824
Earnings per share from continuing operations	**pence**	pence
IFRS EPS	**14.94**	4.20
Diluted IFRS EPS	**14.85**	4.19
Earnings per share	**pence**	pence
IFRS EPS	**13.98**	5.20
Diluted IFRS EPS	**13.89**	5.18
EPRA EPS	**8.88**	8.75
Diluted EPRA EPS	**8.82**	8.72
Adjusted EPRA EPS	**9.15**	9.02
Diluted adjusted EPRA EPS	**9.09**	8.99

1 The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in November 2016, 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.

14. Earnings per ordinary share continued

As at 31 March 2018, the Company held 9,026,189 treasury shares (March 2017: 9,026,189).

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.

Costs associated with Group Listing and REIT conversion

A further adjustment was made to the EPRA earnings attributable to shareholders relating to the costs associated with converting to REIT status and the planned listing on the Special Funds Segment of the London Stock Exchange. Both costs are specifc to non-recurring activities and are not relevant to the underlying net income performance of the Group.

Reconciliation of profit for the period to headline earnings

	31 March 2018 £'000	31 March 2017 £'000
Earnings per IFRS income statement from continuing operations attributable to shareholders	**39,357**	14,687
Adjustments to calculate headline earnings, exclude:		
Changes in fair value of investment properties	**(14,305)**	(1,573)
Deferred tax in respect of headline earnings adjustments	**3,675**	2,834
Goodwill impairment	**3,500**	-
Cost associated with disposal of property company	**679**	-
Adjustments above in respect of joint ventures and associates		
Changes in fair value of investment properties	**(4,857)**	13,655
Deferred tax	**757**	(696)
Headline earnings attributable to shareholders	**28,806**	28,906
Earnings per share	**pence**	pence
Headline EPS	**10.23**	10.23
Diluted headline EPS	**10.17**	10.19

Notes to the consolidated financial statements

15. Net asset value per ordinary share

	31 March 2018 £'000	*31 March 2017 £'000	*31 March 2016 £'000
Net assets attributable to equity shareholders	**387,331**	364,550	359,986
Adjustments to arrive at EPRA net asset value:			
Derivative financial instruments	**(13)**	2,972	5,885
Deferred tax	**13,276**	10,138	11,192
Adjustments above in respect of non-controlling interests	**1,641**	1,573	2,243
EPRA net assets attributable to shareholders	**402,235**	379,233	379,306
Number of shares in issue (excluding treasury shares)	**282,692,287**	277,655,691	282,984,626
Share-based payment award	**1,796,978**	956,185	647,806
Diluted number of shares in issue	**284,489,265**	278,611,876	283,632,432
Net asset value per share (basic and diluted)	**£**	£	£
IFRS net asset value per share	**1.37**	1.31	1.27
Diluted IFRS net asset value per share	**1.36**	1.31	1.27
EPRA net asset value per share	**1.42**	1.37	1.34
Diluted EPRA net asset value per share	**1.41**	1.36	1.34

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

As at 31 March 2018, the Company held 9,026,189 treasury shares (March 2017: 9,026,189).

16. Investment property

The fair value of the consolidated investment properties at 31 March 2018 was £535,508,774 (31 March 2017: £470,603,000). This excludes an amount of £121,763,592 (31 March 2017: £133,645,000) for properties which have been classified classified as Held for Sale, including the entire Swiss portfolio, the German Aldi Properties and the UK joint venture, Stenprop Argyll Limited. 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 31 March 2018 was assessed by the valuers in accordance with the Royal Institution 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 bi-annual 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 represent the highest and best use of the properties. There have been no changes in valuation techniques since the prior year.

16. Investment property continued

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 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.

All investment properties are mortgaged, details of which can be seen in note 24. As at the date of signing this report, there are no restrictions on the realisability of any of the underlying investment properties, nor on the remittance of income and disposal proceeds.

The key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2018 are detailed in the table below:

Combined Portfolio (including share of jointly controlled entities)	Portfolio by market value (%)	Market value 31 March 2018 (£ million)	Properties (number)	Area (sq m)	Annualised gross rental income (£ million)	Net initial yield (Weighted average) (%)	Voids by area (%)	Market rent range per month (£/sq m)
UK non multi-let Industrial	22.7	166.4	10	50,280	10.9	5.76	1.6	3.0-60.6
UK multi-let Industrial	20.1	147.8	30	215,299	10.4	6.50	15.3	3.6-9.0
Germany	30.2	221.3	9	72,674	10.4	4.16	7.8	4.4-66.0
Assets Held for Sale	16.6	121.8	22	54,455	7.8	4.90	3.0	5.0-26.2
	89.6	657.3	71	392,708	39.5	5.23	10.5	-
Share of joint ventures and associates	4.7	34.6	4	19,330	2.4	5.95	0.0	7.0-14.1
Share of joint ventures and associates Held for Sale	5.7	41.7	1	3,067	2.1	4.61	0.0	20.2-67.3
Total	100.0	733.6	76	415,105	44.0	5.23	9.9	-

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	470,603	576,757
Properties acquired	149,831	-
Capitalised expenditure	5,549	1,643
Disposals through the sale of property	(34,946)	(5,346)
Disposals through the sale of subsidiary (see note 29)	(79,900)	-
Foreign exchange movement in foreign operations	(1,814)	29,621
Net fair value gain on investment property - continuing operations	20,223	2,431
Net fair value loss on investment property - discontinued operations (note 20)	(5,918)	(858)
Assets Held for Sale (note 20)	11,881	(133,645)
Closing balance	535,509	470,603

Notes to the consolidated financial statements

16. Investment property continued

		31 March 2018 £'000	31 March 2017 £'000
Acquisitions			
UK			
Stenprop Industrials 1 + 2 Limited	25 properties	**127,000**	-
Stenprop Industrials 3 Limited	4 properties	**16,715**	-
Stenprop Industrials 4 Limited	1 property	**6,116**	-
Total		**149,831**	-
Disposals			
Germany			
Hermann (Burger King)		**(2,931)**	-
Swiss			
Kantone (Granges-Paccot)		**(15,414)**	-
David (Cham)		**(10,711)**	-
Clint (Interlaken)		**-**	(5,346)
UK			
GGP1 – Uxbridge		**(3,000)**	-
GGP1 – Worthing		**(2,890)**	-
Disposals through the sale of property		**(34,946)**	**-**
Normanton – Pilgrim Street		**(79,900)**	-
Disposals through the sale of subsidiary		**(79,900)**	-
Total		**(114,846)**	(5,346)

Gain on disposal of property

	Sales proceeds £'000	Disposal costs £'000	Net Sales proceeds £'000	Carrying value £'000	Foreign exchange movement £'000	Gain/(loss) on disposal £'000
Continuing Operations						
Dolphin Bridge House, Uxbridge, UK	3,400	(64)	3,336	(3,000)	-	336
Wicker House & Studios, Worthing, UK	3,650	(50)	3,600	(2,890)	-	710
	7,050	**(114)**	**6,936**	**(5,890)**	**-**	**1,046**
Discontinued Operations						
Granges-Paccot, Switzerland	15,953	(581)	15,372	(15,414)	(3)	(45)
Cham, Switzerland	10,783	(167)	10,616	(10,711)	(1)	(96)
Burger King, Germany	2,931	-	2,931	(2,931)	-	-
	29,667	**(748)**	**28,919**	**(29,056)**	**(4)**	**(141)**

17. Subsidiaries, associates and joint ventures

The Group consists of a parent company, Stenprop Limited, incorporated in Guernsey (formerly Bermuda) and a number of subsidiaries, associates and joint ventures held directly and indirectly by Stenprop Limited which operate and are incorporated around the world.

Details of the Group's subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
BVI				
Davemount Properties Limited	BVI	Property Investment		100.00
Laxton Properties Limited	BVI	Property Investment		100.00
Loveridge Properties Limited	BVI	Dormant		100.00
Ruby Red Holdings Limited	BVI	Management		100.00
SP Corporate Services Limited	BVI	Management		100.00
SP Nominees Limited	BVI	Management		100.00
SP Secretaries Limited	BVI	Management		100.00
Stenprop Management Holdings Limited	BVI	Holding Company	100.00	
Stenprop (UK) Limited	BVI	Holding Company	100.00	
Leatherback Property Holdings Limited	BVI	Holding Company		100.00
Stenprop Hermann Limited	BVI	Property Investment		100.00
Stenprop Victoria Limited	BVI	Property Investment		100.00
Stenprop Industrials 1 Limited	BVI	Holding Company		100.00
Stenprop Industrials 2 Limited	BVI	Holding Company		100.00
Stenprop Industrials 3 Limited	BVI	Property Investment		100.00
Stenprop Industrials 4 Limited	BVI	Property Investment		100.00
Curacao				
Anarosa Holdings N.V.	Curacao	Holding Company		94.90
C.S. Property Holding N.V.	Curacao	Holding Company		94.90
Lakewood International N.V.	Curacao	Holding Company		89.00
T.B. Property Holdings N.V.	Curacao	Holding Company		100.00
Guernsey				
APF1 Limited (in liquidation)	Guernsey	Dormant	100.00	
Bernina Property Holdings Limited	Guernsey	Holding Company		100.00
GGP1 Limited	Guernsey	Property Investment	100.00	
Kantone Holdings Limited	Guernsey	Property Investment		100.00
KG Bleichenhof Grundtuscksverwaaltung GmbH & Co. KG	Germany	Property Investment		94.90
LPE Limited	Guernsey	Property Investment		100.00
Stenprop Advisers Limited	Guernsey	Management		100.00
Stenprop (Germany) Limited	Guernsey	Holding Company	100.00	
Stenprop (Swiss) Limited	Guernsey	Holding Company	100.00	
Stenprop Trafalgar Limited	Guernsey	Holding Company		100.00
Stenprop Arsenal Limited	Guernsey	Dormant		100.00

Notes to the consolidated financial statements

17. Subsidiaries, associates and joint ventures continued

Name	Place of incorporation	Principal activity	% equity owned by	
			Company	Subsidiary
Stenprop (Guernsey) Limited	Guernsey	Dormant		100.00
Jersey				
Industrials Investment Unit Trust	Jersey	Holding Company		100.00
Luxembourg				
Algy Properties S.a.r.l.	Luxembourg	Property Investment		100.00
Bruce Properties S.a.r.l.	Luxembourg	Property Investment		100.00
Clint Properties S.a.r.l.	Luxembourg	Property Investment		100.00
David Properties S.a.r.l.	Luxembourg	Property Investment		100.00
Jimmy Investments S.a.r.l.	Luxembourg	Holding Company		100.00
Spike Investments S.A.	Luxembourg	Holding Company		100.00
Netherlands				
Century 2 BV	Netherlands	Property Investment		94.90
Century BV	Netherlands	Property Investment		94.90
Isabel Properties BV	Netherlands	Property Investment		94.90
Mindel Properties BV	Netherlands	Holding Company		94.50
Isle of Man				
Stenham Beryl Limited	IoM	Property Investment		100.00
Stenham Crystal Limited	IoM	Property Investment		100.00
Stenham Jasper Limited	IoM	Property Investment		100.00
Gemstone Properties Limited (formerly Stenham Properties (Germany) Limited)	IoM	Holding Company		100.00
Switzerland				
Polo Property GmbH	Switzerland	Property Investment		100.00
United Kingdom				
Stenprop Management Limited	England	Management		100.00
C2 Capital Limited	England	Management		100.00
Stenprop Limited	England	Dormant		100.00
United States				
Industrials UK GP LLC	United States	Holding Company		100.00
Industrials UK LP	United States	Property Investment		100.00

Details of the Group's investments in associates and joint ventures are disclosed in note 18 and note 19 respectively.

18. Investment 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*

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

During the period, both SESCF and Leatherback Property Holdings Limited disposed of their investment in the underlying property.

During the period the Group sold its investment in Stenham Berlin Residential Fund Limited in which it had held a 5.24% holding at 31 March 2017.

Associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies.

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

	Stenham European Shopping Centre Fund Limited £'000	Stenham Berlin Residential Fund Limited £'000	Total £'000
31 March 2018			
Non-current assets	**-**	**-**	**-**
Assets Held for Sale	**-**	**-**	**-**
Current assets	**1,298**	**-**	**1,298**
Non-current liabilities	**-**	**-**	**-**
Current liabilities	**(523)**	**-**	**(523)**
Equity attributable to owners of the Company	**775**	**-**	**775**
Revenue	**3,415**	**21,351**	**24,766**
Profit from continuing operations and total comprehensive income	**786**	**1,568**	**2,354**
31 March 2017			
Non-current assets	141	-	141
Assets Held for Sale	177,637	16,865	194,502
Current assets	6,725	19,317	26,042
Non-current liabilities	-	-	-
Current liabilities	(128,328)	(498)	(128,826)
Equity attributable to owners of the Company	56,175	35,684	91,859
Revenue	15,984	50,230	66,214
(Loss)/Profit from continuing operations and total comprehensive income	(42,506)	19,598	(22,908)

Notes to the consolidated financial statements

18. Investment in associates

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	Stenham Berlin Residential Fund Limited £'000	Total £'000
31 March 2018			
Opening balance as at 1 April 2017	**15,994**	**1,869**	**17,863**
Share of associates' profit *	**221**	**71**	**292**
Share in associates disposed of during the period	**(16,353)**	**(1,992)**	**(18,345)**
Distribution received from associates	**-**	**-**	**-**
Foreign exchange movement in foreign operations	**441**	**52**	**493**
Closing balance	**303**	**-**	**303**
31 March 2017			
Opening balance as at 1 April 2016	26,095	4,962	31,057
Share of associates' (loss)/profit *	(12,041)	2,203	(9,838)
Associate balance sheet adjustment	16	-	16
Share in associates disposed of during the year	-	(5,745)	(5,745)
Distribution received from associates	(6)	-	(6)
Foreign exchange movement in foreign operations	1,930	449	2,379
Closing balance	15,994	1,869	17,863

* The share of associates' profit includes the fair value movement in the underlying investments for the period. This is covered in the subsequent paragraphs.

Stenham European Shopping Centre Fund Limited ('SESCF')

SESCF, in which the Group has a 28.42% interest, completed the sale of its investment in the Nova Eventis Shopping Centre on 22 June 2017. The sale price of the property was €208.5 million less selling costs (equivalent to the value at 31 March 2017) and any fair value movement in the underlying investment is reflective of the movement in the net asset value of SESCF and the property company which was sold. There are no restrictive conditions on the distribution of the remaining balance due subsequent to release of the final amount in escrow.

Stenham Berlin Residential Fund Limited ('SBRF')

At 31 March 2017, SBRF's sole investment was its remaining holding of 623,868 shares in ADO Properties Limited. All of these shares were sold by 31 May 2017 and monies subsequently distributed to the SBRF shareholders by way of a share buyback in June 2017. SBRF's share price at 31 March 2017 was €1.85. This had risen to €1.92 at the date of share buyback in June 2017. Stenprop Germany Limited disposed of its entire shareholding of 1,180,251 shares at €1.92 per share realising €2,268,002. This represented a gain of €82,687 for the year to 31 March 2018. The 'rounded' GBP equivalent thereof, as shown above, is £71k.

19. 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 S.a.r.l	Luxembourg	Property company	50.00
Elysion Dessau S.a.r.l	Luxembourg	Property company	50.00
Elysion Kappeln S.a.r.l	Luxembourg	Property company	50.00
Elysion Winzlar S.a.r.l	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
Republic of Ireland			
Ardale Industrials Limited	Republic of Ireland	Management company	50.00

Summarised consolidated financial information in respect of the Group's joint ventures is set out below. Where applicable, these represent the consolidated results of the respective holding companies.

Notes to the consolidated financial statements

19. Investment in joint ventures continued

	Elysion S.A. £'000	Stenpark Management Limited £'000	Stenprop Argyll Limited £'000	Ardale Industrials Limited £'000	Total £'000
31 March 2018					
Investment property	34,878	-	83,400	-	118,278
Current assets	607	151	5,751	18	6,527
Assets	35,485	151	89,151	18	124,805
Bank loans	(19,454)	-	(37,373)	-	(56,827)
Shareholder loan	(13,463)	-	-	-	(13,463)
Deferred tax	(1,104)	-	-	-	(1,104)
Financial liability	(137)	-	(453)	-	(590)
Current liabilities	(172)	(82)	(4,235)	(1)	(4,490)
Liabilities	(34,330)	(82)	(42,061)	(1)	(76,474)
Net assets of joint ventures	1,155	69	47,090	17	48,331
Net assets of joint ventures excluding shareholder loans	14,618	69	47,090	17	61,777
Group share of net assets	14,618	34	23,545	8	38,205
Net assets directly associated with assets classified as held for sale adjustment (see note 20)	-	-	(23,545)	-	(23,545)
Group share of joint ventures' net assets	14,618	34	-	8	14,660
Revenue	2,450	381	4,794	35	7,660
Interest payable	(1,795)	-	(1,115)	-	(2,910)
Tax expense	(713)	-	-	-	(713)
Profit from continuing operations and total comprehensive income excluding interest due to Group	4,678	101	5,760	30	10,569
Share of joint ventures' profit due to the Group	4,678	51	2,880	15	7,624

19. Investment in joint ventures continued

	Elysion S.A. £'000	Stenpark Management Limited £'000	Stenprop Argyll Limited £'000	Ardale Industrials Limited £'000	Total £'000
31 March 2017					
Investment property	30,385	-	80,997	-	111,382
Current assets	450	258	3,826	-	4,534
Assets	30,835	258	84,823	-	115,916
Bank loans	(19,393)	-	(37,313)	-	(56,706)
Shareholder loan	(12,435)	-	-	-	(12,435)
Deferred tax	(453)	-	-	-	(453)
Financial liability	(502)	-	(1,236)	-	(1,738)
Current liabilities	(202)	(186)	(4,046)	-	(4,434)
Liabilities	(32,985)	(186)	(42,595)	-	(75,766)
Net (liabilities)/assets of joint ventures	(2,150)	72	42,228	-	40,150
Net assets of joint ventures excluding shareholder loans	10,285	72	42,228	-	52,585
Group share of net assets	10,285	36	21,114	-	31,435
Revenue	2,313	822	4,509	-	7,644
Interest payable	(1,676)	-	(1,114)	-	(2,790)
Tax expense	(327)	-	-	-	(327)
Profit from continuing operations and total comprehensive income excluding interest due to Group	2,270	611	1,708	-	4,589
Share of joint ventures profit due to the Group	2,270	306	854	-	3,430

Notes to the consolidated financial statements

19. Investment in joint ventures continued

Elysion S.A.

Stenprop owns 100% of the shares and shareholder loans in Bernina Property Holdings Limited (Bernina). Bernina in turn owns 50% of the issued share capital and 100% of the shareholder loans of Elysion S.A., a company incorporated in Luxembourg which is the beneficial owner of the Care Home portfolio. The remaining 50% of Elysion S.A. is owned by a joint venture partner who manages the portfolio.

The acquired shareholder loans have attracted, and continue to attract, a 10% compounded interest rate since inception in 2007. The outstanding shareholder loan, which is wholly-owned by Stenprop, has been valued at the recoverable balance which is deemed equal to the net assets of the joint venture excluding the shareholder loan.

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	Ardale Industrials Limited £'000	Total £'000
31 March 2018					
Opening balance	**10,283**	**37**	**21,115**	**-**	**31,435**
Share in associates acquired during the period	**-**	**-**	**-**	**(1)**	**(1)**
Share of joint venture profit	**4,678**	**51**	**2,880**	**15**	**7,624**
Distribution received from joint venture	**(613)**	**(54)**	**(450)**	**(6)**	**(1,123)**
Foreign exchange movement in foreign operations	**270**	**-**	**-**	**-**	**270**
Transfer to Assets Held for Sale (note 20)	**-**	**-**	**(23,545)**	**-**	**(23,545)**
Closing balance	**14,618**	**34**	**-**	**8**	**14,660**
31 March 2017					
Opening balance	8,163	32	21,536	-	29,731
Share of joint venture profit	2,270	306	854	-	3,430
Distribution received from joint venture	(864)	(301)	(1,275)	-	(2,440)
Foreign exchange movement in foreign operations	714	-	-	-	714
Closing balance	10,283	37	21,115	-	31,435

20. Assets held for sale and discontinued operations

Management consider 23 properties (the entire Swiss portfolio, the Aldi portfolio and the joint venture interest in Argyll Street, London) to meet the conditions relating to Assets Held for Sale, as per IFRS 5: Non-current Assets Held for Sale. The properties are expected to be disposed of during the next 12 months. As part of the Swiss portfolio, the property at Lugano, which is valued at year end at CHF20.9 million (GBP15.7 million) is classified as held for sale. Although the sale may not complete within 12 months, Stenprop is committed to the disposal of the asset in line with its strategy to exit the Swiss market. Accordingly, Stenprop has disclosed the asset as Held For Sale. The fair values of all assets Held for Sale have been determined by a third party valuer, Jones Lang LaSalle.

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

	31 March 2018 £'000	31 March 2017 £'000
Investment properties	**121,764**	133,646
Investment in joint ventures	**23,545**	-
Cash and cash equivalents	**738**	625
Trade and other receivables	**1,361**	1,102
Total assets classified as held for sale	**147,408**	135,373
Bank loans	**62,225**	70,783
Derivative financial instruments	**14**	-
Deferred tax	**3,897**	4,344
Accounts payable and accruals	**1,571**	1,074
Liabilities directly associated with assets classified as held for sale	**67,707**	76,201

Nine properties (the entire Swiss portfolio) have been recognised as discontinued operations in accordance with IFRS 5.32.

The results of the discontinued operations were as follows:

	31 March 2018 £'000	31 March 2017 £'000
Net rental income	**4,389**	5,552
Rental income	**6,163**	7,491
Property expenses	**(1,774)**	(1,939)
Operating costs	**(598)**	(440)
Net operating income	**3,791**	5,112
Fair value movement of investment properties	**(5,918)**	(858)
(Loss)/Profit from operations	**(2,127)**	4,254
Loss on disposal of property	**(141)**	-
Net gain from fair value of derivative financial instruments	**-**	1,245
Net finance costs	**(687)**	(1,996)
Net foreign exchange gains	**8**	-
(Loss)/Profit for the year before taxation	**(2,947)**	3,503
Taxation	**235**	(689)
(Loss)/Profit for the year from discontinued operations	**(2,712)**	2,814

Notes to the consolidated financial statements

20. Assets held for sale and discontinued operations continued

Disposals

On 1 July 2017, the Group disposed of the Kantone Holdings Limited properties known as Grange Paccot 1 and Grange Paccot 2, Switzerland, for CHF20 million (equating to CHF19.9 million after disposal costs). At disposal, there was a loss of CHF0.1 million to the Group equating to the disposal costs, as the property was already held at a fair value equivalent to the sale price.

On 30 October 2017, the Group disposed of the property known as Cham which was the sole property owned by David Properties S.a.r.l for CHF14.2million (equating to CHF14.1 million after disposal costs). At disposal, there was a loss of CHF0.1 million to the Group equating to the disposal costs, as the property was already held at a fair value equivalent to the sale price.

21. Trade and other receivables

Non-current receivables	31 March 2018 £'000	31 March 2017 £'000
Other debtors	**13,617**	11,634
	13,617	11,634

Non-current other debtors includes £12.52 million (2017: £10.59 million) of loans advanced under the Share Purchase Plan (see note 13; share-based payments) and a £1.1 million (2017: £1.04 million) loan advanced on 30 March 2017 used to purchase one million Stenprop shares in the market by Ferryman Capital Partners Limited, a company in which Warren Lawlor, a non-executive director, has a one-third beneficial interest.

Current receivables	31 March 2018 £'000	31 March 2017 £'000
Accounts receivable*	**7,089**	4,149
Other debtors	**1,755**	507
Prepayments	**725**	515
Transfer to assets held for sale (see note 20)	**(1,361)**	(1,102)
	8,208	4,069

* Included in this balance are provisions for doubtful debts of £260,918 (2017: £232,677).

22. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Cash at bank	**25,287**	25,827
Transfer to assets held for sale (see note 20)	**(738)**	(625)
	24,549	25,202

Restricted cash

At year end funds totalling £11.1 million (2017: £12.4 million) were restricted. Tenant deposits of £2.58 million (2017: £2.4 million) are included in this amount as are net rents held in bank accounts which are secured by the lenders for the purposes of debt repayments and redevelopment, including £8.0 million (2017: £9.4 million) for the redevelopment of Bleichenhof. As the Group is in compliance with all the terms and conditions of its loans as at the date of signing these financial statements, there are no further restrictions, and any surplus will flow to the Group.

23. Accounts payable and accruals

	31 March 2018 £'000	31 March 2017 £'000
Accruals	**4,745**	2,885
Deferred income	**4,883**	4,930
Other payables	**6,565**	6,525
Liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(1,571)**	(1,074)
	14,622	13,266

24. Borrowings

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	**229,051**	290,434
Loan repayments	**(60,808)**	(4,143)
New loans	**89,703**	-
Amortisation of loans	**(5,751)**	(3,536)
Capitalised borrowing costs	**(505)**	(161)
Amortisation of transaction fees	**401**	392
Foreign exchange movement in foreign operations	**(1,152)**	16,848
Adjustment for liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**8,558**	(70,783)
Total borrowings	**259,497**	229,051
Amount due for settlement within 12 months	**65,025**	83,787
Amount due for settlement between one to three years	**76,258**	79,265
Amount due for settlement between three to five years	**180,439**	136,782
Liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(62,225)**	(70,783)
	259,497	229,051
Non-current liabilities		
Bank loans	**256,697**	216,047
Total non-current loans and borrowings	**256,697**	216,047
The maturity of non-current borrowings is as follows:		
Amount due for settlement between one to three years	**76,258**	79,265
Amount due for settlement between three to five years	**180,439**	136,782
	256,697	216,047
Current liabilities		
Bank loans	**65,025**	83,787
Liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(62,225)**	(70,783)
Total current loans and borrowings	**2,800**	13,004
Total loans and borrowings	**259,497**	229,051

Notes to the consolidated financial statements

24. Borrowings continued

The facilities are secured by legal charges over the properties to which they correspond. There is no cross-collaterisation of the facilities. The terms and conditions of outstanding loans are as follows:

Entity	Note	Amortising	Loan interest rate	Currency	Maturity date	Nominal value 31 March 2018 £'000	Nominal value 31 March 2017 £'000	Carrying value* 31 March 2018 £'000	Carrying value* 31 March 2017 £'000
United Kingdom									
Laxton Properties Limited		No	LIBOR +1.4%	GBP	8/05/2020	**27,540**	27,540	**27,410**	27,348
Normanton Properties Limited		No	LIBOR +1.4%	GBP	25/03/2019	**-**	37,050	**-**	36,958
Davemount Properties Limited		No	LIBOR +2.25%	GBP	26/05/2021	**4,000**	4,000	**3,975**	3,967
LPE Limited	1	Yes	LIBOR +2.5%	GBP	31/03/2020	**34,708**	30,000	**34,317**	29,620
GGP1 Limited		No	LIBOR +2.25%	GBP	26/05/2021	**5,175**	8,360	**5,099**	8,260
Industrials UK	2	No	LIBOR +2.25%	GBP	2/06/2022	**77,984**	-	**77,808**	-
Switzerland									
Algy Properties S.a.r.l.	3	Yes	LIBOR +2.47%	CHF	31/03/2019	**2,310**	2,590	**2,310**	2,590
Bruce Properties S.a.r.l.	3	No	LIBOR +1.35%	CHF	29/03/2019	**3,557**	3,804	**3,557**	3,804
David Properties S.a.r.l.	3	Yes	LIBOR +1.4%	CHF	31/03/2018	**-**	6,181	**-**	6,181
Kantone Holdings Limited	3	Yes	LIBOR +1.15%	CHF	Note 1	**26,296**	39,205	**26,296**	39,205
Polo Property GmbH	3	Yes	LIBOR +1.15%	CHF	Note 1	**17,019**	19,002	**17,020**	19,003
Germany									
Century BV		Yes	Euribor +1.55%	EUR	31/12/2022	**7,290**	8,254	**7,205**	8,238
Century 2 BV		Yes	Euribor +1.55%	EUR	31/12/2022	**3,791**	3,573	**3,742**	3,567
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2022	**-**	748	**-**	746
Stenham Beryl Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**4,565**	4,599	**4,565**	4,599
Stenham Crystal Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**3,812**	3,841	**3,812**	3,841
Stenham Jasper Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**4,665**	4,700	**4,665**	4,700
Isabel Properties BV		No	Euribor +2.32%	EUR	30/12/2021	**7,915**	7,699	**7,915**	7,699
Bleichenhof GmbH & Co. KG		No	1.58%	EUR	28/02/2022	**74,694**	72,655	**74,694**	72,655
Stenprop Hermann Ltd		No	Euribor +1.13%	EUR	30/06/2020	**8,293**	8,066	**8,274**	8,042
Stenprop Victoria Ltd		No	Euribor +1.28%	EUR	31/08/2020	**9,058**	8,811	**9,058**	8,811
						322,672	300,678	**321,722**	299,834

* The difference between the nominal and the carrying value represents unamortised facility costs.

24. Borrowings continued

1. On 2 June 2017, LPE Limited entered into an amendment agreement with RBSI to extend their facility by a further £6.1 million. Per the amended facility agreement the full loan is repayable in March 2020. The margin on the debt increased by 0.5% to 2.5% for the period until the extended debt is repaid. The all-in rate on this facility is 3.85% (including a swap of 1.35%). Finance costs associated with this transaction amounted to £189,000.
2. On 2 June 2017, an amount of £69.1 million was lent to Industrials UK by RBS for a period of five years, until 2 June 2022. £60.375 million of the loan is covered by means of a swap at an all-in interest rate of 3.2% per annum (the balance incurs interest at LIBOR + a margin of 2.25% per annum). On 16 January 2018, this loan facility was increased to £77,984,375 with the margin and the amount covered by the swap remaining unchanged.
3. All of the bank loans in respect of the Swiss properties were due for expiry on 31 March 2017. Given that all of the properties in the Swiss portfolio were held for sale at this date, the loans were re-financed on a short-term basis as follows:
   - Algy Properties S.a.r.l extended its loan with Credit Suisse in the sum of CHF3,237,500, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.5 % and no swap (previous facility: LIBOR + 1.3% + 0.91% swap). The loan was extended for a further period of one year from 1 April 2018 at an interest rate of LIBOR+2.47% with no swap.
   - Bruce Properties S.a.r.l extended its loan with Credit Suisse in the sum of CHF4,755,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.35 % and no swap (previous facility: LIBOR + 1.25% + 1.90% swap). The loan was extended for a further period of one year from 30 March 2018 at an interest rate of LIBOR+1.35% with no swap.
   - David Properties S.a.r.l sold its sole property, Cham, in October 2017 and repaid its loan at that time. In the prior year it had extended its loan with Credit Suisse in the sum of CHF7,725,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.4 % and no swap.
   - Kantone Holdings Limited entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF 49,000,000 at a loan interest rate of LIBOR +1.05 % and no swap (previous facility: LIBOR + 1.05% + 0.7% swap). As each property within the Kantone portfolio is sold, partial repayments of the loan are to be made. In December 2017, a supplemental agreement was entered into whereby the revised loan amount was amended to CHF 36,000,000 at an interest rate of LIBOR +1.15% with no swap. Amortisation was reduced from CHF 500,000 per quarter to CHF 425,000 per quarter.
   - Polo Properties GmbH entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF 23,750,000 at a loan interest rate of LIBOR +1.15 % and no swap.

25. Other loans

	31 March 2018 £'000	31 March 2017 £'000
Loans	**34,080**	-
Loan repayments including foreign exchange movement	**(34,591)**	-
Foreign exchange movement	**518**	-
Interest	**1,503**	-
Interest repayments including foreign exchange movement	**(1,510)**	-
	-	-

On 2 June 2017 and 23 June 2017 the Group secured a bridging loan of €31 million from Bellerive SPV5 Limited, which attracted interest at 7% per annum. The loan was subject to a Group loan-to-value covenant of 65% and was repaid in full on 17 January 2018. A further 12 month facility of €8 million was secured at an interest rate of 7% per annum from Peregrine Direct Limited. Drawdown was on 23 June 2017 and the loan was repaid in full on 24 January 2018.

During the period a £50 million revolving credit facility ('RCF') was agreed with Investec Bank plc at an all-in interest rate of 7% + 1 month LIBOR. It is intended that drawdowns under the Investec RCF will be short term in nature to fund new acquisitions and will be repaid as soon as possible from a combination of disposal proceeds and longer term debt finance. As at year end, the facility was undrawn.

Notes to the consolidated financial statements

26. Derivative financial instruments

In accordance with the terms of the borrowing arrangements and Group policy, the Group has entered into interest rate swap agreement which are entered into by the borrowing entities to convert the borrowings from floating to fixed interest rates and are used to manage the interest rate profile of financial liabilities and eliminate future exposure to interest rate fluctuations. It is the Group's policy that no economic trading in derivatives is undertaken by the Group. In the current year, the Group recognised a total net profit in fair value of financial instruments from continuing and discontinuing operations of £2,453,000 (2017: £489,000 loss) and £nil (2017: £1,245,000) respectively.

The following table sets out the interest rate swap agreements at 31 March 2017 and 31 March 2018.

Entity	Effective date	Maturity Date	Swap rate %	Notional value 31 March 2018 £'000	Fair value 31 March 2018 £'000	Notional value 31 March 2017 £'000	Fair value 31 March 2017 £'000
UK							
Laxton Properties Limited	14/04/2014	8/05/2020	1.62	**27,540**	**(361)**	27,539	(945)
Normanton Properties Limited	1/04/2014	25/03/2019	1.50	**-**	**-**	37,049	(825)
LPE Limited	26/03/2015	31/03/2020	1.35	**30,000**	**(207)**	29,999	(746)
Industrials UK LP	2/06/2017	2/06/2022	0.95	**60,375**	**691**	-	-
Germany							
Century BV	31/12/2017	30/12/2022	2.50	**7,156**	**14**	8,254	(81)
Century 2 BV	31/12/2017	30/12/2022	2.50	**3,924**	**7**	3,573	(38)
Century 2 BV	1/04/2014	29/12/2017	1.85	**-**	**-**	748	-
Stenham Beryl Limited	1/04/2014	30/04/2018	0.83	**4,565**	**(5)**	4,568	(56)
Stenham Crystal Limited	1/04/2014	30/04/2018	0.83	**3,812**	**(4)**	3,814	(46)
Stenham Jasper Limited	1/04/2014	30/04/2018	0.83	**4,665**	**(5)**	4,667	(57)
Isabel Properties BV	30/01/2015	30/12/2021	0.48	**7,915**	**(131)**	7,699	(178)
Adjustment for liabilites directly associated with assets classified as Held for Sale adjustment (see note 20)					**14**		-
Total swaps				**149,952**	**13**	127,910	(2,972)
Liabilities maturing within 12 months					**-**		(119)
Assets maturing after 12 months					**712**		-
Liabilities maturing after 12 months					**(699)**		(2,853)
Derivative financial instruments - on balance sheet					**13**		(2,972)
Swaps included in investments in associates and joint ventures							
Regent Arcade House Holdings Ltd	20/05/2015	20/05/2020	1.57	**37,500**	**(453)**	37,499	(1,236)
Elysion Braunschweig S.a.r.l	1/04/2014	29/03/2018	2.43	**-**	**-**	5,101	(98)
Elysion Dessau S.a.r.l	1/04/2014	29/03/2018	2.43	**-**	**-**	4,929	(94)
Elysion Kappeln S.a.r.l	1/04/2014	31/12/2018	2.80	**5,346**	**(82)**	5,348	(186)
Elysion Winzlar S.a.r.l	1/04/2014	31/12/2018	2.80	**3,564**	**(55)**	3,565	(124)
Derivative financial instruments - associates and joint ventures				**46,410**	**(590)**	56,442	(1,738)

27. Acquisitions of subsidiaries (business combinations and asset acquisitions)

Business combinations

On 30 June 2017, the Group acquired 100% of the share capital of C2 Capital Limited which is the management platform that, amongst other mandates, provides asset management and portfolio services to Industrials LP, the partnership which owns 25 multi-let industrial estates across the UK. Stenprop acquired the shares in C2 Capital Limited for £3.5 million, which was settled by the issue of 3,270,500 Stenprop shares valued at €1.22 per share.

Details of the assets and liabilities acquired and goodwill arising are as follows:

	Attributed fair value £'000
Investment in joint venture	(1)
Cash and cash equivalents	89
Trade and other receivables	52
Trade and other payables	(138)
Fair value of acquired interest in net assets of subsidiary	**2**
Goodwill	3,500
Total purchase consideration	**3,502**

Goodwill of £3.5 million arising as a result of the acquisition of C2 Capital Limited has subsequently been impaired in full during the period.

C2 Capital Limited's revenue for the period from acquistion, being 30 June 2017 to 31 March 2018 was £0.2 million with a net loss of £0.3 million. C2 Capital Limited's revenue for the period from 1 April 2017 to 31 March 2018 was £0.6 million with a net loss of £0.6 million.

Asset acquisitions

On 30 June 2017, the Group acquired 100% of the interests in Industrials UK LP which owns a portfolio of multi-let industrial properties (the 'MLI Portfolio'). The MLI Portfolio is made up of 25 separate multi-let industrial estates situated in or near densely populated nodes across the United Kingdom. The acquisition was effected through the acquisition of a Jersey unit trust (Industrials Investment Unit Trust) and a general partner (Industrials UK GP LLC) who together held 100% of the limited partnership.

The total purchase consideration for the acquisition was calculated with reference to the net asset value of the three entities as at 30 June 2017 and which valued the properties at £127 million. The acquisition was financed by a loan of £69 million, proceeds from the sale of Prejan Enterprises Limited (Nova Eventis Shopping Centre) and bridging loan facilities.

	Industrials Investment Unit Trust £'000	Industrials UK GP LLC £'000	Industrials UK LP £'000	Total attributed fair value £'000
Investment property	-	-	127,000	127,000
Cash and cash equivalents	23	6	2,954	2,983
Trade and other receivables	52	-	1,208	1,260
Trade and other payables	(14)	(4)	(4,234)	(4,252)
External debt	-	-	(69,133)	(69,133)
Total purchase consideration settled in cash	**61**	**2**	**57,795**	**57,858**

Costs incurred in the acquisition of the MLI Portfolio amounted to £1.65 million. These acquisition costs were capitalised to the cost of the asset. At 31 March 2018, the investment was stated at fair value, and any movement was recognised as fair value movement in the Statement of Comprehensive Income.

Notes to the consolidated financial statements

28. Acquisition of subsidiaries and joint ventures

During the year the Group incorporated the following companies:

Name	Jurisdiction	Incorporation date	Cost £'000	Net assets acquired £'000
Acquisition of Industrials UK LP (refer to note 27):				
Stenprop Industrials 1 Limited	BVI	11/05/2017	-	-
Stenprop Industrials 2 Limited	BVI	11/05/2017	-	-
Acquisition of industrial properties			-	
Stenprop Industrials 3 Limited	BVI	17/10/2017	-	-
Stenprop Industrials 4 Limited	BVI	16/01/2018	-	-

No companies were incorporated in the prior year.

29. Disposal of subsidiaries

Normanton

On 11 January 2018, the Group disposed of its 100% shareholding in Normanton Properties Limited for a consideration of £42,607,525. Normanton Properties Limited owned the property Pilgrim Street, London. The impact of the disposal on the Group is shown below:

	31 March 2018 £'000
Carrying value of net assets at disposal date	
Investment property	79,900
Trade and other receivables	205
Cash and cash equivalents	1,831
Borrowings	(37,608)
Trade and other payables	(1,694)
Net assets disposed	**42,634**
Cash consideration	**42,608**
Loss on disposal of subsidiaries	**(26)**

There were no disposals of subsidiaries made in the prior year.

30. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	**(5,794)**	(7,670)
Deferred tax recognised on investment properties	**(3,675)**	(2,834)
Deferred tax recognised on revaluation of financial liabilities	**(53)**	(250)
Deferred tax on tax losses	**590**	615
Adjustment for liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(447)**	4,345
Closing balance	**(9,379)**	(5,794)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 March 2018 £'000	31 March 2017 £'000
Deferred tax liabilities	**(18,040)**	(14,361)
Deferred tax assets	**4,764**	4,223
Adjustment for liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**3,897**	4,344
Closing balance	**(9,379)**	(5,794)
Deferred tax opening balance	**10,139**	7,670
Exchange movements	**(123)**	754
Deferred tax liability closing balance	**(13,276)**	(10,138)
Movement in deferred tax	**(3,260)**	(1,714)

31. Financial Risk Management (i)

The Group is exposed to a variety of financial risks including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to minimise the potential adverse effects on the Group's financial performance. Certain risk exposures are hedged via the use of financial derivatives.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout these audited financial statements where relevant. The Group's Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

During the reporting period, the Risk Committee, established by the Board, assumed responsibility for developing and monitoring the Group's risk management policies. With effect from 1 May 2018, the Risk Committee was replaced with a combined Audit and Risk Committee. The committee participates in management's process of formulating and implementing the risk management plan and it reports on the plan adopted by management to the Board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The Board is responsible for ensuring the adoption of appropriate risk management policies by management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

Notes to the consolidated financial statements

31. Financial Risk Management (i) continued

To enable the Audit and Risk Committee to meet its responsibilities, terms of reference were adopted by the Board. These include appropriate standards, the implementation of systems of internal control and an effective risk-based internal audit which comprises policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely, reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The committee oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

Credit risk

The Group's principal financial assets are cash and cash equivalents as well as trade and other receivables. The credit risk arising from deposits with banks is managed through a policy of utilising only independently rated banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the European financial institutions credit ratings for the six banks in which 80% of the Group's cash is held, are as follows:

	31 March 2018	31 March 2017
• ABN AMRO Bank NV	**A**	A
• Barclays Private Clients International Limited	**A**	A-
• Berliner Sparkasse	**A+**	AA-
• Deustche Bank AG``	**A-**	A-
• HSBC Bank plc	**AA-**	AA-
• Royal Bank of Scotland Group plc	**BBB+**	BBB-
• Santander UK plc	**A**	A
• UBS AG	**A+**	A+

The directors are satisfied as to the creditworthiness of the banks where the remaining cash is held.

At the time of acquisition of a property, and from time to time thereafter, the Company reviews the quality of the contracted tenants to ensure that the tenants meet acceptable covenants. Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables. An allowance for impairment is made where there is an indefinable loss event, which based on previous experience, may give risk to a non recovery of a receivable.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

At 31 March 2018, trade and other receivables and cash and cash equivalents amounts to £32,757,000 (March 2017: £29,271,000) as shown in the statement of financial position.

31. Financial Risk Management (ii)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources, the availability of funding through appropriate and adequate credit lines and managing the ability of tenants to settle within lease obligations. Through the forecasting and budgeting of cash requirements the Group ensures that adequate committed resources are available.

By its nature, the market for investment property is not immediately liquid therefore, the Group's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited. Furthermore, where the Group acquires investment properties for which there is not a readily available market, the Group's ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such property investment is exposed may be limited. The Group's short term liquidity risk is secured by the existence of cash balances, through the fact that rental income exceeds the Group's cost structures and through ensuring that facilities are managed within debt covenants.

The following table details the contractual maturity date of the Group's financial liabilities. The table has been compiled based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where the Group is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payments that have not been included in the carrying amount of the financial liability. The table also includes a reconciliation to the carrying value in the statement of financial position.

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	One to five years £'000	Over five years £'000	Discount £'000	Total £'000
Interest-bearing loans	**56,358**	**-**	**8,667**	**76,261**	**180,436**	**-**	**321,722**
Loan interest	**825**	**1,912**	**5,509**	**15,684**	**-**	**(23,076)**	**854**
Financial liabilities	**14**	**-**	**-**	**699**	**-**	**-**	**713**
Deferred tax	**-**	**-**	**3,898**	**9,379**	**-**	**-**	**13,277**
Other payables (incl. Tax)	**-**	**2,177**	**7,180**	**-**	**-**	**-**	**9,357**
Accruals	**-**	**-**	**3,891**	**-**	**-**	**-**	**3,891**
Deferred income	**-**	**4,883**	**-**	**-**	**-**	**-**	**4,883**
Liabilities directly associated with assets classified as held for sale	**(56,405)**	**(286)**	**(11,016)**	**-**	**-**	**-**	**(67,707)**
As at 31 March 2018	**792**	**8,686**	**18,129**	**102,023**	**180,436**	**(23,076)**	**286,990**

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	One to five years £'000	Over five years £'000	Discount £'000	Total £'000
Interest-bearing loans	-	-	83,783	216,051	-	-	299,834
Loan interest	492	1,668	4,798	12,079	-	(18,507)	530
Financial liabilities	-	-	119	2,853	-	-	2,972
Deferred tax	-	-	4,344	5,795	-	-	10,139
Other payables (incl. Tax)	-	3,614	5,204	-	-	-	8,818
Accruals	-	-	2,355	-	-	-	2,355
Deferred income	-	4,930	-	-	-	-	4,930
Liabilities directly associated with assets classified as held for sale	-	(659)	(76,344)	-	-	802	(76,201)
As at 31 March 2017	492	9,553	24,259	236,778	-	(17,705)	253,377

Notes to the consolidated financial statements

31. Financial Risk Management (iii)

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 31 March 2018 £'000
Financial assets			
Cash and cash equivalents	**-**	**24,549**	**24,549**
Derivative financial instruments	**712**	**-**	**712**
Accounts receivable	**-**	**7,089**	**7,089**
Other debtors	**-**	**15,372**	**15,372**
31 March 2018	**712**	**47,010**	**47,722**
Financial liabilities			
Bank loans	**-**	**259,497**	**259,497**
Derivative financial instruments	**699**	**-**	**699**
Accounts payable and accruals	**-**	**17,414**	**17,414**
31 March 2018	**699**	**276,911**	**277,610**

	Held at fair value through profit and loss £'000	Held at amortised cost £'000	Total carrying amount 31 March 2017 £'000
Financial assets			
Cash and cash equivalents	–	25,202	25,202
Accounts receivable	–	4,149	4,149
Other debtors	–	15,372	15,372
31 March 2017	–	44,723	44,723
Financial liabilities			
Bank loans	–	229,051	229,051
Derivative financial instruments	2,972	–	2,972
Accounts payable and accruals	–	15,560	15,560
31 March 2017	2,972	244,611	247,583

31. Financial Risk Management (iv)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to shareholders.

31. Financial Risk Management (iv) continued

Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- changes in the general economic climate;
- local conditions in respective markets, such as oversupply, or a reduction in demand, for commercial space in a specific area;
- competition from other available properties; and
- government regulations, including planning, environmental and tax laws.

While a large number of these factors are outside the control of the management, market and property specific factors relevant to maintain a sustainable income stream within the Group's yield parameters are considered as part of the initial due diligence. Properties and tenant leases are actively managed.

Foreign currency risk

The Group's functional currency is Sterling. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency or exchange rates. At the reporting date, the following table summarises the Group's exposure to foreign currency risk in respect of assets and liabilities held in EUR (Germany) and CHF (Switzerland).

	31 March 2018 £'000	31 March 2017 £'000
Assets		
CHF	**94,875**	132,832
EUR	**292,426**	274,436
Liabilities		
CHF	**53,644**	76,201
EUR	**138,241**	134,263

Foreign currency sensitivity analysis

The sensitivity analysis measures the impact on the Group's exposure in Sterling (based on a change in the reporting date spot rate) and the impact on the Group's Sterling profitability, given a simultaneous change in the foreign currencies to which the Group is exposed at the reporting date.

A 10% strengthening in the Sterling exchange rate against the following currencies at year end would have decreased equity and profits by the amounts shown below. The 10% threshold was selected as a reasonable, worst-case scenario and is considered a prudent threshold. This analysis assumes that all other variables remain constant. For a 10% weakening of Sterling, there would be an equal but opposite impact on the profit and equity and the balance would be positive.

	Equity £'000	Profit or loss £'000
CHF impact	(4,123)	248
EUR impact	(15,418)	(3,371)
	(19,542)	(3,123)

The following exchange rates against GBP were applied during the year:

	Effective average rate for twelve months to 31 March 2018	Period end 31 March 2018
CHF	**0.7599**	0.7481
EUR	**0.8859**	0.8794

Notes to the consolidated financial statements

31. Financial Risk Management (iv) continued

Interest rate risk

The Group's interest rate risk is associated with cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 24, borrowings from credit institutions are protected against movements in interest rates. The Company uses interest rate swaps to manage its interest rate exposure.

31. Financial Risk Management (v)

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	Designated at fair value		
	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 March 2018				
Assets				
Derivative financial instruments	**712**	**-**	**712**	**-**
Total assets	**712**	**-**	**712**	**-**
Liabilities				
Derivative financial instruments	**699**	**-**	**699**	**-**
Total liabilities	**699**	**-**	**699**	**-**
31 March 2017				
Liabilities				
Derivative financial liabilities	2,972	-	2,972	-
Total liabilities	2,972	-	2,972	-

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.

Unobservable inputs

Unobservable inputs for Level 3 investment properties are disclosed in note 16.

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to ordinary shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Stenprop's average loan-to-value ratio ('LTV') ratio at 31 March 2018 was 49.2% (March 2017: 51.6%), including joint ventures and associates and the Group is not subject to any external capital requirements. The Group strategy is to maintain a debt to equity ratio and LTV to ensure that property performance is translated into an enhanced return for shareholders while at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 50% LTV in respect of secured external borrowings is an appropriate target for the Group, given the current market conditions.

32. 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 31 March 2018.

Until his resignation on 2 August 2017, P Arenson a director of the Company, was also a director of Stenham Limited which at his resignation had an indirect beneficial interest of 4.76% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2017: 4.85%).

At 31 March 2018, P Arenson held no interest in the share capital of Stenham Limited (March 2017: 1.13%). His interest in Stenprop Limited is seperately disclosed in note 8.

M Yachad was a non-executive director of the Company until his resignation on 28 February 2018. During the period he was also a non-executive director of Sandown Capital Limited ('SCL'), owned by Sandown Capital International Limited ('SCIL'). He resigned from the board of SCL on 29 November 2017 at which time SCIL had a direct beneficial interest of 6.93% in the shares of the Company (March 2017: 5.98% direct and indirect beneficial interest via Peregrine Holdings Limited on whose board M Yachad sat).

33. Minimum lease payments

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	31 March 2018 £'000	31 March 2017 £'000
Continuing operations		
Within one year	**30,006**	32,536
Between one and two years	**26,849**	30,531
Between two and five years	**57,087**	76,284
After five years	**42,336**	63,304
	156,278	202,656
Discontinuing operations		
Within one year	**7,086**	9,210
Between one and two years	**6,516**	8,282
Between two and five years	**17,779**	20,792
After five years	**27,621**	30,030
	59,002	68,314

34. Contingent liabilities and commitments

As at 31 March 2018. the Group was contractually committed to CHF2.45 million (GBP1.83 million). This reflects a contribution towards capital expenditure in respect of an investment property in Switzerland.

Notes to the consolidated financial statements

35. Events after the reporting period

(i) Disposal of Argyll Street

On 4 June 2018, Stenprop completed the sale of its joint venture interest in Argyll Street in the West End of London by way of a sale of shares. The sale valued the property at £83.4 million and generated net proceeds of £22.8 million.

(ii) MLI Acquisitions

On 24 April 2018, Stenprop completed the acquisition of a fully-let industrial estate in Shrewsbury for £2.9 million. The estate comprises 30 units totalling 44,611 sq ft of industrial space.

On 1 June 2018, Stenprop completed the acquisition of a multi-let industrial estate in Kirkstall, Leeds for £8.1 million. The estate comprises 14 units totalling 111,081 sq ft of industrial space.

(iii) Refinancing

Subsequent to the year end, the €14.8 million loan with DGHyp was refinanced. The loan, relating to the Aldi portfolio, was extended until 30 April 2020. Loan interest is calculated at 1.85% p.a. over the three month Euribor and the terms of the facility allow the borrower to benefit from negative interest rates. At the date of refinance this reduced the all-in interest rate for the first three month interest period to 1.52%.

In May 2018, an amount of £8.4 million was drawn down from The Royal Bank of Scotland plc, secured against the MLI properties located in Shrewsbury, Leeds and Huddersfield, with a term of five years and an interest rate equal to three month LIBOR plus a margin of 2.25 per cent per annum.

(iv) REIT conversion and changes to the board of directors

The Company converted to a UK REIT on 1 May 2018. Following the conversion there have been a number of changes to the board of directors. With effect from the date of conversion, the independent non-executive chairman, Stephen Ball, and executive director, Neil Marais resigned from the board of directors of Stenprop. With effect from the same date, Julian Carey was appointed as executive group property director, Richard Grant was appointed as independent non-executive chairman and Philip Holland was appointed as independent non-executive director and chairman of the audit committee of Stenprop.

(v) Declaration of dividend

On 6 June 2018, the Board declared a final dividend of 4.0 pence per share. The final dividend will be payable in cash or as a scrip dividend by way of an issue of new Stenprop shares. An announcement containing details of the dividend and the timetable will be made in due course.

(vi) Share incentive awards

On 6 June 2018, the Board, on the recommendation of the remuneration committee, approved share-based awards in relation to the Long Term Incentive Plan and the Deferred Share Bonus Plan. Details of awards made to executive directors can be seen in Note 8.

Independent auditors' report

To the shareholders of Stenprop Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Stenprop Limited and its subsidiaries (together "the Group"), which comprise the statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Group as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

There have been no significant changes to our audit approach during our audit of the March 2017 financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter we identified related to the valuation of the Group's investment properties. We outline the risk, our procedures to address the risk and our conclusions in the table below

<table>
<tr><th colspan="2">Conclusions related to principal risk relating to investment property valuation</th></tr>
<tr><td>The valuation of investment properties is inherently judgemental and there can be complexities surrounding the key inputs and assumptions used in valuation models, for example market rents, market yields, tenancy arrangements, vacancy rates, the credit-worthiness of tenants, as well as discount and capitalisation rates used in the discounted cash flows.
The Group's property portfolio is independently valued, by professionally-qualified valuers in each geographic location. Swiss properties valued at €73 million by the directors based on signed letters of intent received from third parties.
Our responses to the risk identified
We have:
• evaluated the design and the implementation of the Group's internal controls over the valuation process, including the provision of data to valuers and management's challenge of valuation reports;
• reconciled all property valuations to the financial statements;
• discussed and challenged key inputs and assumptions with the valuers and management;
• obtained the tenancy schedules used in the valuations and verified tenancy details, on a sample basis, to tenancy agreements;</td><td>Key observations
We concluded that the assumptions applied in arriving at the fair value of the Group's investment properties by external valuer were appropriate and that the resulting valuations were within a reasonable range.</td></tr>
</table>

Conclusions related to principal risk relating to investment property valuation	
• selected a sample of properties which we considered to be of most audit interest and engaged with our real estate valuations specialists in both the UK and Germany to challenge those properties' valuations in detail; • enquired whether the valuers are independent of the Group and assessed the reliability and competency of the valuers; and • evaluated the disclosures in the financial statements are in compliance with IFRS 13 Fair Value Measurement, and IAS 40 Investment Property.	

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. The materiality that we used in the current year was €8.57 million which was determined on the basis of 2% of the Group's net assets. We adopted a lower threshold for testing balances that affect the Group's EPRA earnings. This was set at €2.82 million, which was 10% of the Group's EPRA earnings.

An overview of the scope of our audit
We performed a full scope audit to respond to the risks of material misstatement for the Group and have performed an audit of specified account balances for subsidiaries of the Group. Together these elements account for 100% of the Group's net assets and 100% of profit before tax.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the highlights and commentary and the other elements of the integrated annual report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the integrated annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Becker.

Deloitte LLP

Deloitte LLP
Guernsey

7 June 2017

Consolidated statement of comprehensive income

		Note	Audited Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Net rental income		6	**30,316**	31,596
Management fee income			**3,701**	2,927
Operating costs		7	**(5,975)**	(8,682)
Net operating income			**28,042**	25,841
Fair value movement of investment properties		16	**2,894**	28,471
(Loss)/gain from associates		18	**(11,710)**	1,075
Income from joint ventures		19	**4,083**	7,820
Profit from operations			**23,309**	63,207
Net gain/(loss) from fair value of derivative financial instruments		25	**582**	(2,495)
Net finance costs		9	**(7,137)**	(8,576)
Net foreign exchange gains/(losses)			**319**	(134)
Profit for the year before taxation			**17,073**	52,002
Taxation		10	**(2,680)**	(2,933)
Profit for the year from continuing operations			**14,393**	49,069
Discontinued operations				
Profit for the year from discontinued operations		20	**3,350**	514
Profit for the year			**17,743**	49,583
Profit attributable to:				
Equity holders			**17,477**	49,266
Non-controlling interest derived from continuing operations			**266**	317
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Fair value movement on derivative financial instruments			**–**	519
Foreign currency loss			**(15,026)**	(20,480)
Total comprehensive profit for the year			**2,717**	29,622
Total comprehensive profit attributable to:				
Equity holders			**2,451**	29,305
Non-controlling interest			**266**	317
Earnings per share				
From continuing operations				
IFRS EPS	(cents)	14	**5.00**	17.51
Diluted IFRS EPS	(cents)	14	**4.98**	17.47
From continuing and discontinued operations				
IFRS EPS	(cents)	14	**6.18**	17.70
Diluted IFRS EPS	(cents)	14	**6.16**	17.66

Consolidated statement of financial position

	Note	Audited 31 March 2017 €'000	Audited 31 March 2016 €'000
ASSETS			
Investment properties	16	**550,145**	729,782
Investment in associates	18	**20,883**	39,298
Investment in joint ventures	19	**36,748**	37,620
Other receivables	21	**13,600**	7,406
Total non-current assets		**621,376**	814,106
Cash and cash equivalents	22	**29,461**	36,811
Trade and other receivables	21	**4,757**	6,367
Assets classified as held for sale	20	**158,248**	–
Total current assets		**192,466**	43,178
Total assets		**813,842**	857,284
Equity and liabilities			
Capital and reserves			
Share capital and share premium	12	**395,141**	389,927
Equity reserve		**(10,612)**	480
Retained earnings		**54,997**	63,426
Foreign currency translation reserve		**(13,362)**	1,664
Total equity attributable to equity shareholders		**426,164**	455,497
Non-controlling interest		**2,398**	2,132
Total equity		**428,562**	457,629
Non-current liabilities			
Bank loans	24	**252,563**	178,708
Derivative financial instruments	25	**3,335**	4,173
Other loan and interest		**–**	12
Deferred tax	26	**6,774**	9,705
Total non-current liabilities		**262,672**	192,598
Current liabilities			
Bank loans	24	**15,203**	188,785
Derivative financial instruments	25	**139**	1,769
Accounts payable and accruals	23	**18,189**	16,503
Liabilities directly associated with assets classified as held for sale	20	**89,077**	–
Total current liabilities		**122,608**	207,057
Total liabilities		**385,280**	399,655
Total equity and liabilities		**813,842**	857,284
IFRS net asset value per share	15	**1.53**	1.61

Consolidated statement of changes in equity

	Note	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	12	**5,214**	**(14)**	**–**	**–**	**–**	**5,200**	**–**	**5,200**
Credit to equity for equity-settled share-based payments (note 13)		**–**	**316**	**–**	**–**	**–**	**316**	**–**	**316**
Repurchase of own shares	12	**–**	**(11,394)**	**–**	**–**	**–**	**(11,394)**	**–**	**(11,394)**
Total comprehensive profit/(loss) for the period		**–**	**–**	**17,477**	**(15,026)**	**–**	**2,451**	**266**	**2,717**
Ordinary dividends	11	**–**	**–**	**(25,906)**	**–**	**–**	**(25,906)**	**–**	**(25,906)**
Balance at 31 March 2017		**395,141**	**(10,612)**	**54,997**	**(13,362)**	**–**	**426,164**	**2,398**	**428,562**
Balance at 1 April 2015		374,127	–	37,562	22,144	(519)	433,314	1,815	435,129
Issue of share capital		15,800	(41)	–	–	–	15,759	–	15,759
Credit to equity for equity-settled share-based payments		–	521	–	–	–	521	–	521
Total comprehensive profit for the period		–	–	49,266	(20,480)	519	29,305	317	29,622
Ordinary dividends		–	–	(23,402)	–	–	(23,402)	–	(23,402)
Balance at 31 March 2016		389,927	480	63,426	1,664	–	455,497	2,132	457,629

Consolidated statement of cash flows

	Note	Audited Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Operating activities			
Profit from operations from continuing operations		**23,309**	63,207
Profit from operations from discontinuing operations	20	**5,064**	1,884
		28,373	65,091
Share of loss/(profit) in associates	18	**11,710**	(1,075)
Increase in fair value of investment property	16	**(1,872)**	(22,939)
Share of profit in joint ventures	19	**(4,083)**	(7,820)
Exchange rate losses/(gains)		**319**	(134)
Decrease/(increase) in trade and other receivables		**388**	(119)
Increase/(decrease) in trade and other payables		**2,808**	(510)
Interest paid		**(9,330)**	(10,770)
Interest received		**1,281**	1,942
Net tax paid		**(1,106)**	(1,006)
Net cash from operating activities		**28,488**	22,660
Contributed by: Continuing operations		**25,802**	18,523
Discontinued operations		**2,686**	4,137
Investing activities			
Dividends received from associates		**–**	2,268
Dividends received from joint ventures		**1,778**	420
Purchases of investment property		**–**	(47,561)
Capital expenditure		**(1,921)**	(3,576)
Proceeds on disposal of investment property – discontinued operations	20	**6,270**	6,701
Proceeds on disposal of investment in associate	18	**6,716**	–
Acquisition of investment in joint venture	19	**–**	(26,782)
Net cash from/(used in) investing activities		**12,843**	(68,530)
Financing activities			
New bank loans raised		**–**	60,368
Dividends paid		**(25,906)**	(15,070)
Repayment of borrowings		**(8,978)**	(41,477)
Repurchase of shares		**(11,394)**	–
Financing fees paid		**(203)**	(1,246)
Payments made on swap break		**(101)**	(571)
New loan advances		**(1,222)**	–
Repayment of loan advances		**246**	95
Net cash (used in)/from financing activities		**(47,558)**	2,099
Net decrease in cash and cash equivalents		**(6,227)**	(43,771)
Effect of foreign exchange rate changes		**(392)**	152
Cash and cash equivalents at beginning of the period		**36,811**	80,430
Cash and cash equivalents at end of the period		**30,192**	36,811
Contributed by: Continuing operations	22	**29,461**	33,416
Discontinued operations	22	**731**	3,395

Notes to the consolidated financial statements

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB, the JSE Listings Requirements and the BSX Listing Regulations and applicable Bermuda law. The consolidated financial statements have been prepared on the historical cost basis,except for the revaluation of investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies which are consistent with those applied in the previous annual financial statements are set out below.

Going concern

At the date of signing these financial statements, the Group has positive operating cash flow forecasts and positive net assets. The directors have reviewed the Group's budgets for the year to 31 March 2018, forecasts for the period to September 2018 and the current financial position and, in light of this review, 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 cash flow forecasts take into account projected income and expenses; possible changes in the investment property portfolio, including exposure to tenant credit risk; lease expiries; the raising of additional capital; external debt; refinancings which have occurred and are expected to occur subsequent to the reporting date, and forecast financial loan covenants.

As mentioned earlier in this report, the Nova Eventis shopping centre near Leipzig, in which the Group has a 28.42% interest is currently in the final stages of a sales process. A sale and purchase agreement was signed on 6 February 2017 by the shareholders of the underlying property company, owned by Stenham European Shopping Centre ('SESCF'), an associate of Stenprop, and at which time the buyers paid a deposit of €11 million into an escrow account. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. The likely wind up process of SESCF is expected to take longer than 12 months and the consolidated financial statements of SESCF show the investment property as Held for Sale and its accounts have been prepared on a going concern basis.

The Swiss portfolio, valued at CHF163.9 million after taking into account estimated selling costs, is currently being marketed for sale. The properties are at various stages in the sale process and are expected to be sold within the next six to 12 months. As such, loans have been refinanced on a short-term basis as a rolling credit facility or mature on 31 March 2018. Should a decision be taken not to sell the properties for any reason, the directors anticipate that, given the quality of the property and the strong relationships with Swiss lenders, a refinancing can be secured on favourable terms.

On 7 June 2017, Stenprop announced the acquisition of a portfolio of multi-let industrial properties (the "MLI Portfolio") as well as the management business that has built up and managed the portfolio, C2 Capital Limited (the "C2 Management Platform") for a combined consideration that values the two businesses at £130.5 million. The acquired portfolio assets are financed with a loan facility provided by RBS which matures in June 2022.

The purchase consideration will be ultimately funded out of the proceeds from the sale of the Nova Eventis shopping centre, which is scheduled to complete on 22 June 2017, and certain of the properties in Stenprop's Swiss portfolio that are in the process of being sold. To ensure that it has the cash available to settle the purchase price on completion, Stenprop has secured a twelve month bridging finance facility of €31 million, which attracts an arrangement fee of 1% and interest at 7% per annum. The loan is subject to a group loan to value covenant of 65%. A further twelve month facility of €8 million has been secured at an interest rate of 7% per annum.

The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis. Note 27 to the financial statements includes the Group's objectives, policies and procedures for managing its market, interest and liquidity risk.

2. Adoption of new and revised standards

In the current period the following new and revised Standards and Interpretations have been adopted. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements:

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)	Investment entities: applying the consolidation exception (1 January 2016)
IFRS 5 (amendments)	Annual improvements to IFRS 5 (1 January 2016)
IFRS 7 (amendments)	Annual improvements to IFRS 7 (1 January 2016)
Annual improvements 2012 – 2014 cycle	(1 January 2016)

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 and will be adopted as they become effective.

IFRS 9	Financial instruments (1 January 2018)
IFRS 15	Revenue from contracts with customers (1 January 2018)
IFRS 16	Leases (1 January 2019)
IFRIC 22	Foreign currency transactions and advance consideration (1 January 2018)
IAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses (1 January 2017)
IAS 7 (amendments)	Disclosure Initiative (1 January 2017)
IFRS 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)
IAS 40 (amendments)	Transfers of investment property (1 January 2018)
Annual improvements 2014 – 2016 cycle	(1 January 2017)

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 future period.

3. Significant accounting policies

Basis of consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial instruments: recognition and measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant interest is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and discontinued operations. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Joint ventures

The Group's investment properties are typically held in property-specific special purpose vehicles ('SPVs'), which may be legally structured as joint ventures. In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the venture are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking. The Group considers this position with the evidence available at the time.

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

Revenue recognition

The Group earns returns from investments in direct property assets and management fees. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Revenue includes amounts receivable in respect of property rental income and service charges earned in the normal course of business, net of sales-related taxes.

3. Significant accounting policies continued

Rental income from operating leases is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a significant rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the investment property, including the accrued rent, does not exceed the external valuation. Initial significant direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a lease incentive payment, or surrender premium is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned.

Management fees are recognised in the income statement on an accruals basis.

Service charge income is recognised in the accounting period in which the services are rendered and the related property expenses are recognised in the period in which they are incurred.

Dividend income from listed securities is recognised at the date the dividend is declared. Interest income is recognised in the consolidated statement of comprehensive income under the effective interest method as it accrues.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are expressed in Euros, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference are recognised in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Borrowing costs

Interest costs are recognised in the consolidated statement of comprehensive income using the effective interest rate method.

Borrowing costs directly attributable to arranging finance are amortised over the facility term in the consolidated statement of comprehensive income.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, in those jurisdictions where the property companies are registered, namely Germany, Switzerland and the United Kingdom. In addition, Stenprop Management Limited incurs tax in the United Kingdom.

3. Significant accounting policies continued

Current tax

Tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of the changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investment properties

Properties held to earn rentals and/or for capital appreciation are classified as investment properties. Investment properties comprise both freehold and leasehold land and buildings.

Investment properties are recognised as assets when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions precedent which could prevent completion; and
- the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, determined by the directors and/or based on independent external appraisals.

The Group uses the valuations prepared by its independent valuers as the fair value of its investment properties. These valuations are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards (Red Book). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties.

3. Significant accounting policies continued

The difference between the fair value of a property at the reporting date and its carrying amount prior to re-measurement is included in the consolidated statement of comprehensive income as a valuation surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less.

Expenditure

Expenses are accounted for on an accrual basis.

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another. The classification of financial assets and financial liabilities depends on the nature and purpose of the instrument and is determined at the time of initial recognition. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of comprehensive income.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Euros.

Financial assets

The Group classifies its financial assets as either at fair value through profit and loss or as loans and receivables.

Recognition and derecognition

Loan and receivables, including those relating to the purchase of Stenprop shares (note 21), are measured at amortised cost using the effective interest method, less impairment losses which are recognised in the statement of comprehensive income. Financial liabilities are measured at amortised cost using the effective interest method. In the case of short-term trade receivables and payables, the impact of discounting is not material and cost approximates amortised costs.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership of the asset to another entity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include current assets with maturities or terms greater than 12 months after the reporting dates which are classified as non-current assets.

3. Significant accounting policies continued

Impairment of financial assets
Financial assets, specifically accounts receivable and other debtors, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and present value of the estimated future cash flows, discounted at the financial assets original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectable, it is written off against the provision account. Changes in the carrying amount of the provision account are recognised in the statement of comprehensive income in the period.

For financial assets measured at amortised cost if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Ordinary shares are classed as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
The Group's financial liabilities comprise interest-bearing borrowings, loans and payables and trade payables.

Recognition and derecognition
Financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Derivatives
Interest rate swaps have been initially recognised at fair value, and subsequently re-measured at fair value in accordance with IAS 39, Financial Instruments: Recognition and Measurement. They have been entered into in order to hedge against the exposure to variable interest rate loans as described in note 25. They have been valued by an independent valuer in line with internationally accepted practice.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. It is Group policy not to hedge account. Other derivatives are presented as current assets or current liabilities.

Trade and other receivables
These are valued at their nominal value (less accumulated impairment losses) as the time value of money is immaterial for these current assets. Impairment losses are estimated at the year-end by reviewing amounts outstanding and assessing the likelihood of recoverability.

3. Significant accounting policies continued

Trade and other payables

Trade and other payables are valued at their nominal value as the time value of money is immaterial for these current liabilities.

Dividends

Dividends to the Group's ordinary shareholders are recognised when they are declared. This is when they are approved by the board.

Earnings/(loss) per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the current period and is based on the profit attributable to the ordinary shareholders.

Share-based payments

Deferred Share Bonus Plan

Share options are granted to key management, subject to achieving annual targets, under the Deferred Share Bonus Plan. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these options at grant date over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve included as part of equity reserve in the Statement of Financial Position.

The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Group's share price over the life of the option and other relevant factors. Readers are referred to note 13: share-based payments, where key assumptions are further disclosed. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Share Purchase Plan

As part of the Group's remuneration policy, the Company can award shares to qualifying participants, funded through the advance of loans to the participants. Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six-monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

The loans have full recourse to the participants and as such fall outside of the scope of IFRS 2 and are accounted for as financial instruments under IAS. The participants must charge their shares by way of security for the loan. The loans have full recourse to the participants who waive all rights to compensation for any loss in relation to the Plan.

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.

4. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events 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 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 directors, based on an independent external appraisal. The valuation of certain of the Swiss properties disclosed as Assets Held for Sale has been determined by the directors and is based on offers made to acquire the properties. The directors valuation amounts to CHF77.6 million (2016 independent valuation: CHF77.3 million). 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 years of volatility or low transaction flow in the market. 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.

Associates

The Group holds an investment in Stenham European Shopping Centre Fund Limited ('SESCF'). A sale and purchase agreement was signed on 6 February 2017. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. The likely wind up process of SESCF is expected to take longer than 12 months and 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 has therefore deemed it appropriate to continue to disclose the investment in associate relating to SESCF as a non-current asset. Readers are referred to the commentary (page 4) and the going concern paragraph in note 1 where this is discussed in further detail.

The Group holds an investment in Stenham Berlin Residential Fund Limited ('SBRF') with a shareholding of 5.24%. Although this shareholding represents less than 20% of the voting power, Stenprop has representation on the board of SBRF and is the manager of the fund and as such has significant influence including participation in policy making processes. In addition, Stenprop is the largest single shareholder in SBRF. These factors have been taken into account when assessing the classification of SBRF as an associate.

Deferred tax assets and liabilities

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs. Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. Deferred tax assets and liabilities are presented in note 26.

Notes to the consolidated financial statements

5. 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:

	Continuing operations		Discontinued operation	
	Germany €'000	**United Kingdom €'000**	**Switzerland €'000**	**Total €'000**
(i) Information about reportable segments				
For the year ended 31 March 2017				
Net rental income	12,462	17,854	–	30,316
Fair value movement of investment properties	5,866	(2,972)	–	2,894
Net gain/(loss) from fair value of financial liabilities	431	151	–	582
Loss from associates	(11,710)	–	–	(11,710)
Income from joint ventures	2,702	1,017	–	3,719
Net finance costs	(2,796)	(4,351)	–	(7,147)
Operating costs	(780)	(166)	–	(946)
Net foreign exchange gain	64	–	–	64
Profit for the year from discontinued operations (see note 20)	–	–	3,350	3,350
Taxation	(1,570)	(967)	–	(2,537)
Total profit/(loss) per reportable segments	**4,669**	**10,566**	**3,350**	**18,585**
As at 31 March 2017				
Investment properties	256,088	294,057	–	550,145
Investment in associates	20,883	–	–	20,883
Investment in joint ventures	12,022	24,684	–	36,706
Cash	13,670	14,355	–	28,025
Other	15,196	2,743	–	17,939
Assets classified as held for sale	2,970	–	155,278	158,248
Total assets	**320,829**	**335,839**	**155,278**	**811,946**
Borrowings – bank loans	143,673	124,093	–	267,766
Other	13,286	13,146	–	26,432
Liabilities directly associated with assets classified as held for sale (see note 20)	–	–	89,077	89,077
Total liabilities	**156,959**	**137,239**	**89,077**	**383,275**

5. Operating segments continued

(i) Information about reportable segments continued

	Continuing operations		Discontinued operation	
	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
For the year ended 31 March 2016				
Net rental income	11,713	19,883	–	31,596
Fair value movement of investment properties	12,228	16,242	–	28,470
Net (loss)/gain from fair value of financial liabilities	(175)	(2,319)	–	(2,494)
Income from associates	1,075	–	–	1,075
Income from joint ventures	2,569	4,826	–	7,395
Net finance costs	(2,950)	(5,626)	–	(8,576)
Operating costs	(794)	(288)	–	(1,082)
Net foreign exchange gain	23	–	–	23
Profit for the year from discontinued operations (see note 20)	–	–	514	514
Taxation	(2,337)	(502)	–	(2,839)
Total profit per reportable segments	21,352	32,216	514	54,082
As at 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 consolidated financial statements

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
5. Operating segments continued		
(ii) Reconciliation of reportable segment profit or loss		
Rental income		
Net rental income for reported segments	**30,316**	31,596
Profit or loss		
Fair value movement of investment properties	**2,894**	28,470
Net gain/(loss) from fair value of financial liabilities	**582**	(2,494)
(Loss)/gain from associates	**(11,710)**	1,075
Income from joint ventures	**3,719**	7,395
Net finance costs	**(7,147)**	(8,576)
Operating costs	**(946)**	(1,082)
Net foreign exchange gains	**64**	23
Profit for the year from discontinued operations (see note 20)	**3,350**	514
Taxation	**(2,537)**	(2,839)
Total profit per reportable segments	**18,585**	**54,082**
Other profit or loss – unallocated amounts		
Management fee income	**3,701**	2,927
Income from joint ventures	**364**	425
Net finance income	**10**	–
Tax, legal and professional fees	**(239)**	(446)
Audit fees	**(265)**	(250)
Administration fees	**(257)**	(356)
Non-executive directors	**(159)**	(214)
Staff remuneration costs	**(2,719)**	(4,289)
Other operating costs	**(1,390)**	(2,045)
Net foreign exchange gain	**255**	(157)
Taxation	**(143)**	(94)
Consolidated profit for the year	**17,743**	49,583

	31 March 2017 €'000	Audited 31 March 2016 €'000
5. Operating segments continued		
(iii) Reconciliation of reportable segment financial position		
ASSETS		
Investment properties	**550,145**	729,782
Investment in associates	**20,883**	39,298
Investment in joint venture	**36,706**	37,579
Cash	**28,025**	28,883
Other	**17,939**	13,142
Assets classified as held for sale (see note 20)	**158,248**	–
Total assets per reportable segments	**811,946**	848,684
Other assets – unallocated amounts		
Investment in joint ventures	**42**	41
Cash	**1,436**	7,928
Other	**418**	631
Total assets per consolidated statement of financial position	**813,842**	857,284
LIABILITIES		
Borrowings – bank loans	**267,766**	(367,493)
Other	**26,432**	(29,211)
Liabilities directly associated with assets classified as held for sale (see note 20)	**89,077**	–
Total liabilities per reportable segments	**383,275**	(396,704)
Other liabilities – unallocated amounts		
Other	**2,005**	(2,951)
Total liabilities per consolidated statement of financial position	**385,280**	(399,655)

Notes to the consolidated financial statements

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
6. Net rental income		
Rental income	**41,500**	43,458
Other income – tenant recharges	**7,807**	7,632
Other income	**117**	201
Rental income	**49,424**	51,291
Direct property costs	**(12,499)**	(11,674)
Discontinued operations adjustment (see note 20)	**(6,609)**	(8,021)
Total net rental income	**30,316**	31,596
7. Operating costs		
Tax, legal and professional fees	**780**	1,200
Audit fees	**296**	297
Interim review fees	**37**	43
Administration fee	**402**	466
Investment advisory fees	**510**	519
Non-executive directors	**159**	214
Staff remuneration costs	**2,719**	4,289
Other operating costs	**1,595**	2,259
Discontinued operations adjustment (note 20)	**(523)**	605
	5,975	8,682

8. Employees' and directors' emoluments

The Group had 11 employees (2016: 15) at year end and incurred €2,391,000 (2016: €3,942,000) in wages and salaries and €328,000 (2016: €347,000) in related social security costs and pension charges during the year.

Their aggregate remuneration for the period including that of executive directors is:

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Wages and salaries (excluding key management)	**1,008**	2,396
Key management remuneration	**1,383**	1,546
Social security costs	**219**	246
Other pension costs	**109**	101
	2,719	4,289

As at 31 March 2017 the Group had six directors (2016: 9). The directors of the Company during the financial year and at the date of this report were as follows:

	Appointed	Change in appointment
Non-executive directors		
S Ball (Chairman)	2/10/2014	appointed chairman 1/2/2017
M Yachad	10/12/2014	
P Miller	14/9/2016	
G Leissner (Chairman)	3/12/2012	passed away 16/12/2016
M Fienberg	2/10/2014	resigned 14/9/2016
D Brown	25/9/2013	resigned 4/4/2016
J Keyes	26/10/2012	resigned 23/11/2016
P Hughes	4/4/2016	resigned 23/11/2016
Executive directors		
P Arenson (CEO)	2/10/2014	
P Watson (CFO)	2/10/2014	
N Marais	2/10/2014	

The Group pays remuneration to executive directors which amounted to €1,383,000 (2016: €1,546,000) and non-executive directors which amounted to €159,000 (2016: €214,000) in the year. A breakdown of directors' remuneration is provided below:

	Basic salary €'000	Pension €'000	Other benefits[1] €'000	Cash bonus €'000	Vested share options €'000	Total remuneration 31 March 2017 €'000
Executive directors						
P Arenson	**301**	**30**	**2**	**141**	**171**	**645**
P Watson	**240**	**24**	**–**	**113**	**137**	**514**
N Marais	**150**	**15**	**2**	**38**	**19**	**224**
	691	**69**	**4**	**292**	**327**	**1,383**

Notes to the consolidated financial statements

8. Employees' and directors' emoluments continued

	Basic salary €'000	Pension €'000	Other benefits[1] €'000	Cash bonus €'000	Vested share options €'000	Total remuneration 31 March 2016 €'000
Executive directors						
P Arenson	341	34	1	171	171	717
P Watson	273	27	–	137	137	574
N Marais	171	17	7	43	17	255
	785	78	7	350	325	1,546

[1] *Other benefits relates to the provision of private medical insurance.*

Based on the average GBP:EUR foreign exchange rate over the year of £1:€1.1904 (2016: £1:€1.3658)

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Non-executive directors		
S Ball^	**45**	44
M Yachad*	**19**	11
P Miller (appointed 14 September 2016)	**27**	–
G Leissner (passed away 16 December 2016)	**25**	50
M Fienberg (resigned 14 September 2016)	**21**	75
D Brown (resigned 4 April 2016)	**–**	14
J Keyes (resigned 23 November 2016)	**13**	20
P Hughes (appointed 4 April 2016, resigned 23 November 2016)	**9**	–
	159	214

** these fees were paid to Peregrine SA Holdings Proprietary Limited*
^ these fees were paid to Sphere Management Limited

The above non-executive fees include all management, consulting, technical or other fees paid for such services rendered, including payments to management companies.

On 7 June 2017, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2017			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	**141**	**–**	**–**	**1,108**	**907,842**
Patsy Watson	**113**	**–**	**–**	**886**	**726,274**
Neil Marais	**38**	**14**	**11,348**	**102**	**83,234**
	292	**14**	**11,348**	**2,095**	**1,717,350**

Based on the average exchange rate of £1:€1.1904

8. Employees' and directors' emoluments continued

On 8 June 2016, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2016			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	171	171	115,248	2,600	1,843,972
Patsy Watson	137	137	92,199	2,080	1,475,177
Neil Marais	43	23	15,847	126	89,317
	350	331	223,294	4,806	3,408,466

Based on the average exchange rate of £1:€1.3658

** Share options vest in three equal tranches and are accounted for as share-based payments (see note 3). The first tranche vests on grant. Subsequent tranches will vest in accordance with the rules of the Deferred Share Bonus Plan at the end of the relevant year.*

^ Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six-monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends paid to such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

Directors' interests – beneficial direct and indirect holdings in the Company

	Direct number of shares	% of shares	Indirect number of shares	% of shares	Number of share options held	% of shares
31 March 2017						
S Ball (Chairman)	**–**		**250,000**	**0.09**	**–**	**–**
M Yachad	**–**		**150,000**	**0.06**	**–**	**–**
P Miller	**–**		**21,898**	**0.01**	**–**	**–**
P Arenson (CEO)	**–**		**9,955,994**	**3.47**	**474,908**	**0.17**
P Watson (CFO)	**–**		**3,658,510**	**1.28**	**412,918**	**0.14**
N Marais	**–**		**219,663**	**0.08**	**15,345**	**0.01**
31 March 2016						
G Leissner (Chairman)	–		422,034	0.15	–	
D Brown	–		–		–	
J Keyes	–		–		–	
M Yachad	–		–		–	
M Fienberg	–		114,994	0.04	–	
S Ball	–		250,000	0.09	–	
P Arenson (CEO)	97,783	0.03	8,854,419	3.13	236,894	0.05
P Watson (CFO)	–		2,183,333	0.77	189,515	0.05
N Marais	–		120,283	0.04	19,646	0.01

The directors' interests have not changed from 31 March 2017 to the date of the signing of these financial statements.

Notes to the consolidated financial statements

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
9. Net finance costs		
Interest receivable:		
Cash and cash equivalents	**292**	174
	292	174
Finance costs:		
Bank interest payable	**(9,331)**	(10,787)
Amortisation of facility costs	**(474)**	(478)
	(9,805)	(11,265)
Discontinued operations adjustment (note 20)	**2,376**	2,515
Net finance costs	**(7,137)**	(8,576)
10. Taxation		
(i) Tax recognised in statement of comprehensive income		
Income tax in respect of current year	**1,461**	618
Deferred tax (see note 26)	**2,040**	2,666
Discontinued Operations Adjustment (see note 20)	**(821)**	(351)
Total tax expense	**2,680**	2,933

No tax was recognised on other comprehensive income during the period (2016: Nil).

- Germany 15.825%
- United Kingdom 20%
- Switzerland (depending on the district in which the property is situated). Average rate of 19.6%.

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
(ii) Reconciliation of tax charge for the year		
Continuing operations		
Profit for the year before taxation	**17,073**	52,002
Tax provided at applicable rate in Bermuda	**–**	–
Tax charge in respect of different jurisdictions	**(2,680)**	(2,933)
Profit for the year after taxation	**14,393**	49,069
Discontinuing operations		
Profit for the year before taxation	**4,170**	865
Tax provided at applicable rate in Bermuda	**–**	–
Tax charge in respect of different jurisdictions	**(820)**	(351)
Profit for the year after taxation	**3,350**	514

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
11. Dividends		
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the prior year	**13,411**	11,654
Interim dividend for the current year	**12,495**	11,748
	25,906	23,402

On 18 July 2016, the directors of the Company declared a final dividend of 4.7 cents per share in respect of the year ended 31 March 2016 equating to €13,411,000 (2016: €11,654,000). This was paid in cash on 29 July 2016. An interim dividend of 4.5 cents per share equating to €12,495,000 (2016: €11,748,000) was declared on 23 November 2016 and paid in cash on 17 January 2017.

The directors declared a final dividend on 7 June 2017 for the year ended 31 March 2017, of 4.50 cents per share. The payment of this dividend, which will not have any tax consequences for the Group, is detailed in note 31.

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
12. Share capital			
Authorised			
1,000,000,000 ordinary shares with a par value of €0.000001258 each		**1**	1
Issued share capital			
Opening balance	(shares)	**282,984,626**	272,236,146
Issue of new shares	(shares)	**3,697,254**	10,748,480
Closing number of shares issued	(shares)	**286,681,880**	282,984,626
Share capital		**–**	–
Share premium		**397,999**	392,785
Less: Acquisition/transaction costs		**(2,858)**	(2,858)
Total share premium		**395,141**	389,927

There were no changes made to the number of authorised shares of the Company during the year. 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 at an issue price of €1.41 per share in respect of the Share Purchase Plan and Deferred Share Bonus Plan respectively (refer note 13).

As at 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil). In June and July 2016 the Company repurchased 1,356,567 shares for an aggregate purchase price of €1.8 million. The programme continued in November and December 2016 with the repurchase of a further 7,669,622 shares for an aggregate repurchase price of €9.6 million. The combined average price per share of the repurchased shares was €1.262. The shares were purchased with the benefit of the dividend thereby effectively reducing the average price per share to €1.217. The impact to the equity reserve of €11.4 million can be seen in the Consolidated Statement of Changes in Equity.

Major shareholders

As at the financial year end there were 2,847 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. There is no ultimate controlling party. Known shareholders holding in excess of 5% of the Company's share capital are detailed below:

Beneficial shareholder greater than 5%	Percentage of issued share capital
Peregrine Holdings Limited (direct and indirect interest)	6.51

13. Share-based payments

The Group operates two share incentive plans which are used to attract and retain high-calibre employees to help grow the business. All awards are considered by the Remuneration Committee and are subject to board approval. The incentive plans are discussed in more detail below:

Deferred Share Bonus Plan

The board may grant an award to an eligible employee following a recommendation from the Remuneration Committee over such number of shares that have an aggregate value equal to the deferred bonus. Such share options vest in three equal tranches; The first tranche vests on the date of grant with subsequent tranches vesting at the first and second anniversaries of the relevant year end. Share options may be exercised until the tenth anniversary of the grant date, after which time, they will lapse.

13. Share-based payments continued

The below table summarises the position at year end in terms of the number of share options granted and exercised in the period. All share options were granted at nil-cost. Further details relating to share options issued to executive directors are disclosed in more detail in note 8.

	31 March 2017	31 March 2016
Number of share options		
Outstanding at beginning of year	**356,242**	–
Granted during year	**282,544**	376,059
Exercised during year	**(10,063)**	(27,620)
Other (includes dividend equivalents and forfeited shares)	**35,898**	7,803
Outstanding at end of year	**664,621**	356,242
Exercisable at the end of the year	**575,281**	225,966

The fair value of the options was calculated using the Black-Scholes pricing model. The aggregate of the fair value credit of options granted at 31 March 2017 was €100,424 (2016: €42,110 expense). The table below sets out the assumptions made for the purposes of this valuation.

		31 March 2017	31 March 2016
Stock price at date of grant	(€)	**1.41**	1.43
Stock price at year end	(€)	**1.25**	1.54
Weighted average exercise price		**1.43**	1.30
Compounded risk-free interest rate	(%)	**1.50**	1.50
Volatility	(%)	**28**	22
Expected life	(years)	**10**	10

The Group recognised a total share-based payment expense of €316,000 (2016: €521,000) during the year relating to share-based payment transactions and holds an Equity Reserve at 31 March 2017 of €782,000 (2016: €480,000).

Share Purchase Plan

Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan. The loans have full recourse to the participants who must charge their shares by way of security for the loans.

The below table summarises the position at year end in terms of loans advanced and the number of shares to which they relate. Loans relating to the Share Purchase Plan issued to executive directors are disclosed in more detail in note 8.

		31 March 2017	31 March 2016
Brought forward at start of year	(number of shares)	**5,209,109**	–
Share Purchase Plan shares issued in year	(number of shares)	**3,687,191**	5,209,109
Share Purchase Plan shares redeemed	(number of shares)	**(240,081)**	–
Carried forward at end of year	(number of shares)	**8,656,219**	5,209,109
Stock price at date of grant	(€)	**1.41**	1.43
Share Purchase Plan loans advanced (including accrued interest)	(€'000)	**12,380**	7,406

Other share options

On 30 March 2017 the Company agreed to grant an option to subscribe for two million Stenprop shares to an individual appointed a non-executive director after the year end on 5 April 2017. The exercise price was €1.53 and the option lapses should the individual cease to be a director, or after five years, whichever is sooner. The options only have a dilutive effect when the average market price of ordinary shares exceeds the exercise price of the options. The share price at year end was €1.25, which was below the exercise price.

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
14. Earnings per ordinary share			
Reconciliation of profit for the period to adjusted EPRA[1] earnings			
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266
Adjustment to exclude profit from discontinued operations		**(3,350)**	(514)
Earnings per IFRS income statement from continuing operations attributable to shareholders		**14,127**	48,752
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266
Adjustments to calculate EPRA earnings, exclude:			
Changes in fair value of investment properties		**(1,872)**	(22,939)
Changes in fair value of financial instruments		**(2,064)**	999
Deferred tax in respect of EPRA adjustments (investment properties and financial instruments)		**2,525**	2,666
Adjustments above in respect of joint ventures and associates			
Changes in fair value of investment properties and financial instruments		**12,985**	(2,959)
Deferred tax in respect of EPRA adjustments (investment properties and financial instruments)		**(864)**	39
EPRA earnings attributable to shareholders		**28,187**	27,072
Further adjustments to arrive at adjusted EPRA earnings			
Straight-line unwind of purchased swaps		**954**	1,976
Adjusted EPRA earnings attributable to shareholders		**29,140**	29,048
Weighted average number of shares in issue (excluding treasury shares)[2]		**282,644,639**	278,350,720
Share-based payment award		**956,185**	647,806
Diluted weighted average number of shares in issue		**283,600,824**	278,998,526
Earnings per share from continuing operations			
IFRS EPS	(cents)	**5.00**	17.51
Diluted IFRS EPS	(cents)	**4.98**	17.47
Earnings per share from continuing and discontinued operations			
IFRS EPS	(cents)	**6.18**	17.70
Diluted IFRS EPS	(cents)	**6.16**	17.66
EPRA EPS	(cents)	**9.97**	9.73
Diluted EPRA EPS	(cents)	**9.94**	9.70
Adjusted EPRA EPS	(cents)	**10.31**	10.44
Diluted adjusted EPRA EPS	(cents)	**10.28**	10.41

[1] The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in November 2016, 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 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil).

14. 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.

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000	Revised* year ended 31 March 2015 €'000
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266	37,600
Adjustments to calculate headline earnings, exclude:				
Changes in fair value of investment properties		**(1,872)**	(22,939)	(17,956)
Reversal of gain on acquisition		**–**	–	(9,657)
Changes in fair value of financial instruments		**–**	519	(431)
Deferred tax in respect of headline earnings adjustments (investment properties)		**2,202**	2,666	1,538
Adjustments above in respect of joint ventures and associates				
Changes in fair value of investment properties		**16,254**	(2,529)	1,360
Deferred tax in respect of headline earnings adjustments		**(944)**	(307)	(204)
Headline earnings attributable to shareholders		**33,116**	26,676	12,250
Weighted average number of shares in issue (excluding treasury shares)		**282,644,639**	278,350,720	132,254,338
Share-based payment award		**956,185**	647,806	291,563
Diluted weighted average number of shares in issue		**283,600,824**	278,998,526	132,545,901
Earnings per share				
Headline EPS	(cents)	**11.72**	9.58	9.26
Diluted headline EPS	(cents)	**11.68**	9.56	9.24

* *Readers are referred to the 2015 headline EPS which has been revised since the publication of the 2015 Annual Financial Statements. The revised 2015 Headline EPS is 9.26 cents per share, which differs from that of 8.20 cents published in the 2015 Annual Financial statements, due to the adjustment for deferred tax in respect of headline earnings adjustments. The deferred tax adjustment had originally included all deferred tax but should have adjusted for deferred tax relating only to changes in fair value of investment properties.*

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
15. Net asset value per ordinary share			
Net assets attributable to equity shareholders		**426,164**	455,497
Adjustments to arrive at EPRA net asset value:			
Derivative financial instruments		**3,474**	5,942
Deferred tax		**11,853**	9,705
Adjustments above in respect of non-controlling interests		**1,839**	2,838
EPRA net assets attributable to shareholders		**443,330**	473,982
Number of shares in issue (excluding treasury shares)[1]		**277,655,691**	282,984,626
Share-based payment award		**956,185**	647,806
Diluted number of shares in issue		**278,611,876**	283,632,432
Net asset value per share (basic and diluted)			
IFRS net asset value per share	(Euros)	**1.53**	1.61
Diluted IFRS net asset value per share	(Euros)	**1.53**	1.61
EPRA net asset value per share	(Euros)	**1.60**	1.67
Diluted EPRA net asset value per share	(Euros)	**1.59**	1.67

[1] *As at 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil).*

16. Investment property

The fair value of the consolidated investment properties at 31 March 2017 was €550,145,000 (31 March 2016: €729,782,000). This excludes an amount of €155,900,000 (31 March 2016: €Nil) for properties which have been classified as held for sale, including the entire Swiss portfolio. 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 year ended 31 March 2017 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 bi-annual 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 represent 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.

All investment properties are mortgaged. Details of which can be seen in note 24. As at the date of signing this report, there are no restrictions on the realisability of any of the underlying investment properties, nor on the remittance of income and disposal proceeds.

The key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2017 are detailed in the table below:

Combined portfolio (including share of jointly controlled entities)	% of portfolio by market value (%)	Market value 31 March 2017 (€ million)	Properties	Area (m²)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	Voids by area (%)
UK	34.7	294.1	13	63,555	18.5	5.57	0.05
Germany	30.2	256.3	23	92,264	14.5	4.95	5.37
Assets held for sale	18.4	155.9	12*	47,111	9.6	4.33	4.65
Sub-total	**83.3**	**706.3**	**48**	**202,930**	**42.6**	**5.07**	**3.54**
Share of joint ventures and associates	16.7	141.8	6	49,730	9.9	5.69	5.78
Total	**100.0**	**848.1**	**54**	**252,660**	**52.5**	**5.18**	**3.98**

* *The Burger King space, which is an annexe to the property known as Hermann is not included in the property count, but its inputs have been considered in other measures.*

Notes to the consolidated financial statements

	31 March 2017 €'000	Audited 31 March 2016 €'000
16. Investment property continued		
Opening balance	**729,782**	695,196
Properties acquired	**–**	48,206
Capitalised expenditure	**1,924**	3,604
Disposals through the sale of property	**–**	(6,701)
Foreign exchange movement in foreign operations	**(20,934)**	(33,462)
Net fair value gain on investment property – continuing operations	**2,894**	28,471
Net fair value loss on investment property – discontinued operations (note 20)	**(1,022)**	(5,532)
Transfer to Assets Held for Sale (see note 20)	**(162,499)**	–
Closing balance	**550,145**	729,782
Acquisitions		
Germany		
Stenprop Hermann Limited	**–**	24,458
Stenprop Victoria Limited	**–**	23,748
	–	48,206
Disposals		
United Kingdom		
GGP1 Limited	**–**	(6,701)
	–	(6,701)

17. Subsidiaries, associates and joint ventures

The Group consists of a parent company, Stenprop Limited, incorporated in Bermuda and a number of subsidiaries, associates and joint ventures held directly and indirectly by Stenprop Limited which operate and are incorporated around the world.

Details of the Group's subsidiaries as at 31 March 2017 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
BVI				
Davemount Properties Limited	BVI	Property Investment		**100.00**
Laxton Properties Limited	BVI	Property Investment		**100.00**
Loveridge Properties Limited	BVI	Dormant		**100.00**
Normanton Properties Limited	BVI	Property Investment		**100.00**
Ruby Red Holdings Limited	BVI	Management		**100.00**
SP Corporate Services Limited	BVI	Management		**100.00**
SP Nominees Limited	BVI	Management		**100.00**
SP Secretaries Limited	BVI	Management		**100.00**
Stenprop Management Holdings Limited	BVI	Holding Company	**100.00**	
Stenprop (Germany) Limited	BVI	Holding Company	**100.00**	
Stenprop (Swiss) Limited	BVI	Holding Company	**100.00**	
Stenprop (UK) Limited	BVI	Holding Company	**100.00**	
Stenprop Trafalgar Limited	BVI	Holding Company		**100.00**
Leatherback Property Holdings Limited	BVI	Holding Company		**100.00**
Stenprop Hermann Ltd	BVI	Property Investment		**100.00**
Stenprop Victoria Ltd	BVI	Property Investment		**100.00**
Curaçao				
Anarosa Holdings N.V.	Curaçao	Holding Company		**94.90**
C.S. Property Holding N.V.	Curaçao	Holding Company		**94.90**
Lakewood International N.V.	Curaçao	Holding Company		**89.00**
T.B Property Holdings N.V.	Curaçao	Holding Company		**100.00**
Guernsey				
APF1 Limited (in liquidation)	Guernsey	Dormant	**100.00**	
Bernina Property Holdings Limited	Guernsey	Holding Company		**100.00**
GGP1 Limited	Guernsey	Property Investment	**100.00**	
Kantone Holdings Limited	Guernsey	Property Investment		**100.00**
KG Bleichenhof Grundtuscksverwaaltung GmbH & Co. KG	Germany	Property Investment		**94.90**
LPE Limited	Guernsey	Property Investment		**100.00**
Stenham Paramount Hotel GP Limited	Guernsey	Management		**100.00**
Stenprop Advisers Limited	Guernsey	Management		**100.00**

Notes to the consolidated financial statements

17. Subsidiaries, associates and joint ventures continued

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
Luxembourg				
Algy Properties Sarl	Luxembourg	Property Investment		**100.00**
Bruce Properties Sarl	Luxembourg	Property Investment		**100.00**
Clint Properties Sarl	Luxembourg	Property Investment		**100.00**
David Properties Sarl	Luxembourg	Property Investment		**100.00**
Jimmy Investments Sarl	Luxembourg	Holding Company		**100.00**
Spike Investments S.A.	Luxembourg	Holding Company		**100.00**
Netherlands				
Century 2 BV	Netherlands	Property Investment		**94.90**
Century BV	Netherlands	Property Investment		**94.90**
Isabel Properties BV	Netherlands	Property Investment		**94.90**
Mindel Properties BV	Netherlands	Holding Company		**94.50**
Isle of Man (I oM)				
Stenham Beryl Limited	IoM	Property Investment		**100.00**
Stenham Crystal Limited	IoM	Property Investment		**100.00**
Stenham Jasper Limited	IoM	Property Investment		**100.00**
Gemstone Properties Limited (formerly Stenham Properties (Germany) Limited)	IoM	Holding Company		**100.00**
Switzerland				
Polo Property GmbH	Switzerland	Property Investment		**100.00**
United Kingdom				
Stenprop Management Limited	England	Management		**100.00**

Details of the Group's investments in associates and joint ventures are disclosed in note 18 and note 19 respectively.

18. Investment 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	5.24

** 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.*

The above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3. The judgements exercised are disclosed in note 4.

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

	Stenham European Shopping Centre Fund Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
31 March 2017			
Non-current assets	**165**	**–**	**165**
Assets Held for Sale	**207,666**	**19,716**	**227,382**
Current assets	**7,861**	**22,583**	**30,444**
Non-current liabilities	**–**	**–**	**–**
Current liabilities	**(150,021)**	**(582)**	**(150,603)**
Equity attributable to owners of the Company	**65,671**	**41,717**	**107,388**
Revenue	**19,027**	**59,794**	**78,821**
Profit/(loss) from continuing operations and total comprehensive income	**(50,599)**	**23,330**	**(27,269)**
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

18. Investment 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	Stenham Berlin Residential Fund Limited €'000	Stenpark Management Limited €'000	Total €'000
31 March 2017				
Opening balance	**33,019**	**6,279**	**–**	**39,298**
Share of associates' (loss)/profit*	**(14,333)**	**2,623**	**–**	**(11,710)**
Associate balance sheet adjustment	**18**	**–**	**–**	**18**
Share in associates disposed during the period	**–**	**(6,716)**	**–**	**(6,716)**
Distribution received from associates	**(7)**	**–**	**–**	**(7)**
Closing balance	**18,697**	**2,186**	**–**	**20,883**
31 March 2016				
Opening balance	34,041	5,570	41	39,611
Share in associates acquired during the period	367	–	–	367
Reclassification of associate to joint venture	–	–	(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 owned by Stenham European Shopping Centre, Nova Eventis was valued by the directors of the associate at €208 million less selling costs at 31 March 2017, a 21.5% reduction of the fair value at 31 March 2016 of €265 million. The Stenham Berlin Residential Fund share price increased by 49.2% from €1.24 to €1.85 per share during the year under review.*

Stenham European Shopping Centre Fund Limted ('SESCF')

As mentioned earlier in this report, SESCF, in which the Group has a 28.42% interest is currently in the final stages of a sales process in respect of the Nova Eventis shopping centre. A sale and purchase agreement was signed on 6 February 2017 at which time the buyers paid a deposit of €11 million into an escrow account. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. There are no significant restrictions on the remittance of the disposal proceeds.

Stenham Berlin Residential Fund Limited ('SBRF')

At 31 March 2017 Stenprop had a 5.24% shareholding in SBRF. At 31 March 2016 SBRF'S investments comprised a holding of 3,154,618 shares in ADO Group Limited (a company listed on the Tel Aviv Stock Exchange) and 1,283,283 shares in ADO Properties Sarl (listed on the Frankfurt Stock Exchange). During the year to 31 March 2017 SBRF disposed of its entire holding in ADO Group Limited and 659,415 shares in ADO Properties Limited. These disposals enabled SBRF to buy back 19.5 million of its shares for €1.73 per share at a total cost of €33.7 million in December 2016. This enabled Stenprop to realise €6.7 million from the sale of 3,882,317 shares in SBRF. At 31 March 2017 SBRF's sole investment was its remaining holding of 623,868 shares in ADO Properties Limited. SBRF embarked on a disposal programme to sell these remaining shares and Stenprop's investment in SBRF has been categorised at 31 March 2017 as Assets Held for Sale. At the date of signing these financial statements all remaining shares in ADO Properties Limited held by SBRF had been sold. There are no significant restrictions on the remittance of the disposal proceeds.

19. 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. Where applicable these represent the consolidated results of the respective holding companies.

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
31 March 2017				
Investment property	**35,521**	**–**	**94,689**	**130,210**
Current assets	**526**	**302**	**4,472**	**5,300**
Assets	**36,047**	**302**	**99,161**	**135,510**
Bank loans	**(22,672)**	**–**	**(43,620)**	**(66,292)**
Shareholder loan	**(14,537)**	**–**	**–**	**(14,537)**
Deferred tax	**(529)**	**–**	**–**	**(529)**
Financial liability	**(588)**	**–**	**(1,445)**	**(2,033)**
Current liabilities	**(237)**	**(217)**	**(4,729)**	**(5,183)**
Liabilities	**(38,563)**	**(217)**	**(49,794)**	**(88,574)**
Net assets/(liabilities) of joint ventures	**(2,516)**	**85**	**49,367**	**46,936**
Net assets of joint ventures excluding shareholder loans	**12,021**	**85**	**49,367**	**61,473**
Group share of net assets	**12,021**	**43**	**24,684**	**36,748**
Revenue	**2,753**	**978**	**5,367**	**9,098**
Interest payable	**(1,995)**	**–**	**(1,326)**	**(3,321)**
Tax expense	**(389)**	**–**	**–**	**(389)**
Profit from continuing operations and total comprehensive income excluding interest due to Group	**2,703**	**727**	**2,034**	**5,464**
Share of joint ventures profit due to the Group	**2,703**	**363**	**1,017**	**4,083**

19. Investment in joint ventures continued

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
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 (liabilities)/assets 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

Elysion S.A

Stenprop owns 100% of the shares and shareholder loans in Bernina Property Holdings Limited (Bernina). Bernina in turn owns 50% of the issued share capital and 100% of the shareholder loans of Elysion S.A., a company incorporated in Luxembourg which is the beneficial owner of the Care Home portfolio. The remaining 50% of Elysion S.A. is owned by a joint venture partner who manages the portfolio.

The acquired shareholder loans have attracted, and continue to attract, a 10% compounded interest rate since inception in 2007. The outstanding shareholder loan, which is wholly owned by Stenprop, has been valued at the recoverable balance which is deemed equal to the net assets of the joint venture excluding the shareholder loan.

19. Investment in joint ventures continued

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
31 March 2017				
Opening balance	**10,329**	**41**	**27,250**	**37,620**
Share of joint venture profit	**2,703**	**363**	**1,017**	**4,083**
Distribution received from joint venture	**(1,010)**	**(355)**	**(1,489)**	**(2,854)**
Foreign exchange movement in foreign operations	**–**	**(7)**	**(2,094)**	**(2,101)**
Closing balance	**12,022**	**42**	**24,684**	**36,748**
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

20. Discontinued operations

Management consider 11 properties (the entire Swiss portfolio) and an annexe of a 12th property ('Burger King' element of the Hermann Quartier property) to meet the conditions relating to Assets Held for Sale, as per IFRS 5: Non-current Assets Held for Sale and discontinued operations. The properties are expected to be disposed of during the next financial year. The values have been determined by the directors based on the sale price per a letter of intent, a draft 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 results of the discontinued operations were as follows:

	31 March 2017 €'000	31 March 2016 €'000
Net rental income	**6,609**	8,021
Operating costs	**(523)**	(605)
Net operating income	**6,086**	7,416
Fair value movement of investment properties	**(1,022)**	(5,531)
Profit from operations	**5,064**	1,884
Other gains and losses	**–**	–
Net gain from fair value of derivative financial instruments	**1,482**	1,495
Net finance costs	**(2,376)**	(2,515)
Profit for the year before taxation	**4,170**	865
Taxation	**(820)**	(351)
Profit for the year from discontinued operations	**3,350**	514

The fair value of these properties are shown in the table below:

	31 March 2017 €'000
The fair value of these properties are shown in the table below:	
Investment properties	**155,949**
Cash and cash equivalents	**731**
Trade and other receivables	**1,568**
Total assets classified as held for sale	**158,248**
Bank loans	**82,744**
Deferred tax	**5,079**
Accounts payable and accruals	**1,255**
Liabilities directly associated with assets classified as held for sale	**89,077**

Disposals

On 29 November 2016, the Group disposed of the Clint Properties Sàrl property known as Interlaken, Switzerland, for CHF6.8 million (equating to €6.3 million after disposal costs). There was no gain to the Group as the disposal was made at fair value.

	31 March 2017 €'000	Audited 31 March 2016 €'000
21. Trade and other receivables		
Non-current receivables		
Other debtors	**13,600**	7,403
	13,600	7,403

Non-current other debtors includes €12.38 million of loans advanced under the Share Purchase Plan (see note 13; share-based payments) and a €1.22 million loan advanced on 30 March 2017 used to purchase one million Stenprop shares in the market by a non-executive director, appointed to the board of Stenprop on 5 April 2017.

	31 March 2017 €'000	Audited 31 March 2016 €'000
Current receivables		
Accounts receivable[1]	**4,851**	3,509
Other debtors	**593**	1,935
Prepayments	**601**	923
Transfer to Assets Held for Sale (see note 20)[2]	**(1,288)**	–
	4,757	6,367

1. Included in this balance are provisions for doubtful debts of €272,000 (2016: €101,000)

2. Included in this balance are provisions for doubtful debts of €163,000

	31 March 2017 €'000	Audited 31 March 2016 €'000
22. Cash and cash equivalents		
Cash at bank	**30,192**	36,811
Transfer to Assets Held for Sale (see note 20)	**(731)**	–
	29,461	36,811

Restricted cash

At year end funds totalling €14.5 million (2016: €11.9 million) were restricted. Tenant deposits of €2.8million (2016: €2.7 million) are included in this amount as are net rents held in bank accounts which are secured by the lenders for the purposes of debt repayments and redevelopment, including €11 million (2016: €8.5 million) for the redevelopment of Bleichenhof. As the Group is in compliance with all the terms and conditions of its loans as at the date of signing these financial statements, there are no further restrictions, and any surplus will flow to the Group.

	31 March 2017 €'000	Audited 31 March 2016 €'000
23. Accounts payable and accruals		
Accruals	**3,373**	3,868
Deferred income	**5,763**	5,183
Taxes payable	**2,682**	1,776
Other payables	**7,626**	5,676
Liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(1,255)**	–
	18,189	16,503

Notes to the consolidated financial statements

	31 March 2017 €'000	Audited 31 March 2016 €'000
24. Borrowings		
Opening balance	**367,493**	364,931
Loan repayments	**(4,844)**	(30,608)
New loans	**–**	56,196
Amortisation of loans	**(4,134)**	(7,514)
Capitalised borrowing costs	**(188)**	(1,049)
Amortisation of transaction fees	**459**	378
Foreign exchange movement in foreign operations	**(8,276)**	(14,841)
Adjustment for liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(82,744)**	–
Total borrowings	**267,766**	367,493
Amount due for settlement within 12 months	**97,947**	188,785
Amount due for settlement between one to three years	**92,662**	29,892
Amount due for settlement between three to five years	**159,901**	139,816
Amount due for settlement after five years	**–**	9,000
Liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(82,744)**	–
	267,766	367,493
Non-current liabilities		
Bank loans	**252,563**	178,708
Total non-current loans and borrowings	**252,563**	178,708
The maturity of non-current borrowings is as follows:		
One year to five years	**252,563**	169,708
More than five years	**–**	9,000
	252,563	178,708
Current liabilities		
Bank loans	**97,947**	188,785
Liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**(82,744)**	–
Total current loans and borrowings	**15,203**	188,785
Total loans and borrowings	**267,766**	367,493

24. Borrowings continued

The facilities are secured by debentures and legal charges over the properties to which they correspond. There is no cross-collateralisation of the facilities. The terms and conditions of outstanding loans are as follows:

Facility	Note	Amortising	Loan interest rate	Currency	Maturity date	Nominal value 31 March 2017 €'000	Nominal value 31 March 2016 €'000	Carrying value* 31 March 2017 €'000	Carrying value* 31 March 2016 €'000
United Kingdom									
Laxton Properties Limited		No	LIBOR +1.4%	GBP	08/05/2020	**32,194**	34,846	**31,969**	34,497
Normanton Properties Limited		No	LIBOR +1.4%	GBP	25/03/2019	**43,312**	46,879	**43,205**	46,690
Davemount Properties Limited	1	Yes	LIBOR +2.25%	GBP	26/05/2021	**4,676**	5,445	**4,637**	5,445
LPE Limited		No	LIBOR +2%	GBP	23/03/2020	**35,070**	37,959	**34,626**	37,317
GGP1 Limited	1	No	LIBOR +2.25%	GBP	26/05/2021	**9,773**	10,578	**9,656**	10,563
Switzerland									
Algy Properties Sarl	2	Yes	LIBOR +1.5%	CHF	31/03/2018	**3,028**	3,099	**3,028**	3,099
Bruce Properties Sarl	2	Yes	LIBOR +1.35%	CHF	31/03/2018	**4,447**	4,384	**4,447**	4,384
Clint Properties Sarl	3			CHF		**–**	2,820	**–**	2,820
David Properties Sarl	2	Yes	LIBOR +1.4%	CHF	31/03/2018	**7,225**	7,340	**7,225**	7,340
Kantone Holdings Limited	2	Yes	LIBOR +1.05%	CHF	Note 2	**45,830**	46,787	**45,830**	46,787
Polo Property GmbH	2	Yes	LIBOR +1.15%	CHF	Note 2	**22,213**	22,639	**22,213**	22,639
Germany									
Century BV		Yes	Euribor +1.65%	EUR	31/12/2017	**9,649**	9,911	**9,631**	9,870
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**4,177**	4,291	**4,169**	4,273
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**874**	898	**873**	894
Stenham Beryl Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,377**	5,488	**5,377**	5,488
Stenham Crystal Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**4,490**	4,583	**4,490**	4,583
Stenham Jasper Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,494**	5,608	**5,494**	5,608
Isabel Properties BV		No	Euribor +2.50%	EUR	31/12/2021	**9,000**	9,000	**9,000**	9,000
Bleichenhof GmbH & Co. KG	4	No	1,58%	EUR	28/02/2022	**84,937**	84,937	**84,937**	84,884
Stenprop Hermann Ltd		No	Euribor +1.13%	EUR	30/06/2020	**9,430**	11,050	**9,399**	11,012
Stenprop Victoria Ltd		No	Euribor +1.28%	EUR	31/08/2020	**10,300**	10,300	**10,300**	10,300
						351,496	368,842	**350,506**	367,493

* *The difference between the nominal and the carrying value represents unamortised facility costs.*

1. *On 26 May 2016, Davemount Properties Limited ('Davemount') and GGP1 Limited ('GGP1') refinanced their loan facilities with Santander. Santander have provided a single facility with a five-year term of £12,360,000 split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% (including a swap of 1.21%) which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.*
2. *All of the bank loans in respect of the Swiss properties were due for expiry on 31 March 2017. Given that all of the properties in the Swiss portfolio were held for sale at this date, the loans were re-financed on a short-term basis as follows:*
   - *Algy Properties Sarl extended its loan with Credit Suisse in the sum of CHF3,237,500, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.5 % and no swap (previous facility: LIBOR + 1.3% + 0.91% swap).*
   - *Bruce Properties Sarl extended its loan with Credit Suisse in the sum of CHF4,755,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.35 % and no swap (previous facility: LIBOR + 1.25% + 1.90% swap).*
   - *David Properties Sarl extended its loan with Credit Suisse in the sum of CHF7,725,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.4 % and no swap (previous facility: LIBOR + 1.3% + 1.73% swap).*
   - *Kantone Holdings Limited entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF 49,000,000 at a loan interest rate of LIBOR +1.05 % and no swap (previous facility: LIBOR + 1.05% + 0.7% swap). As each property within the Kantone portfolio is sold, partial repayments of the loan are to be made.*
   - *Polo Properties GmbH entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF 23,750,000 at a loan interest rate of LIBOR +1.15 % and no swap (previous facility: LIBOR + 1.15% + 0.73% swap). As each property within the Polo portfolio is sold, partial repayments of the loan are to be made.*
3. *On 29 November 2016, Clint Properties Sarl ('Clint') sold its sole investment, a property in Interlaken Switzerland. As a condition of the sale Clint repaid, in full, its outstanding loan of CHF3,067,500 with Credit Suisse.*
4. *On 28 February 2017 Kommandtigesellschaft Bleichenhof Grundstucksverwaltung GmbH & Co. ('Bleichenhof') refinanced its €84,937,000 interest only loan facility with Berlin Hyp AG for a five-year term, until 28 February 2022, at an all-in fixed rate of 1.58 % per annum compared to the previous all-in fixed rate of 1.90 % per annum.*

Notes to the consolidated financial statements

25. Derivative financial instruments

In accordance with the terms of the borrowing arrangements and group policy, the Group has entered into interest rate swap agreements. The interest rate swap agreements are entered into by the borrowing entities to convert the borrowings from floating to fixed interest rates and are used to manage the interest rate profile of financial liabilities and eliminate future cash exposure to interest rate fluctuations. It is the Group's policy that no economic trading in derivatives is undertaken. In the current year the Group recognised a total net gain in fair value of financial instruments from continuing and discontinuing operations of €582,000 (2016: €2,495,000 loss) and €1.482,000 (2016: €1,495,000) respectively.

The following table sets out the interest rate swap agreements at 31 March 2016 and 31 March 2017.

Facility	Effective date	Maturity date	Swap rate %	Notional value 31 March 2017 €'000	Fair value 31 March 2017 €'000	Notional value 31 March 2016 €'000	Fair value 31 March 2016 €'000
United Kingdom							
Laxton Properties Limited	14/04/2014	8/05/2020	1,62	**32,194**	**(1,105)**	34,846	(1,232)
Normanton Properties Limited	1/04/2014	25/03/2019	1,50	**43,312**	**(964)**	46,879	(1,285)
LPE Limited	26/03/2015	31/03/2020	1,35	**35,070**	**(872)**	37,959	(891)
GGP1 Limited (novated from APF1 Limited)				**–**	**–**	6,630	(55)
GGP1 Limited (novated from APF1 Limited)				**–**	**–**	1,265	(10)
Switzerland							
Algy Properties Sarl				**–**	**–**	3,522	(62)
Bruce Properties Sarl				**–**	**–**	4,384	(122)
Clint Properties Sarl				**–**	**–**	2,820	(74)
David Properties Sarl				**–**	**–**	7,409	(171)
Kantone Holdings Limited				**–**	**–**	46,787	(721)
Polo Property GmbH				**–**	**–**	22,639	(355)
Germany							
Century BV	1/04/2014	29/12/2017	1,00	**9,649**	**(95)**	9,911	(220)
Century 2 BV	1/04/2014	29/12/2017	1,08	**4,177**	**(44)**	4,291	(102)
Century 2 BV	1/04/2014	29/12/2017	1,85	**874**	**–**	898	–
Stenham Beryl Limited	1/04/2014	30/04/2018	0,83	**5,340**	**(65)**	5,488	(125)
Stenham Crystal Limited	1/04/2014	30/04/2018	0,83	**4,459**	**(54)**	4,583	(105)
Stenham Jasper Limited	1/04/2014	30/04/2018	0,83	**5,456**	**(67)**	5,608	(128)
Isabel Properties BV	30/01/2015	30/12/2021	0,48	**9,000**	**(208)**	9,000	(284)
Total swaps				**149,531**	**(3,475)**	254,919	(5,942)
Maturing within 12 months					**(139)**		(1,769)
Maturing after 12 months					**(3,335)**		(4,173)
Derivative financial instruments – on balance sheet					**(3,475)**		(5,942)
Swaps included in investments in associates and joint ventures							
Regent Arcade House Holdings Ltd	20/05/2015	20/05/2020	1,57	**43,838**	**(1,445)**	47,449	(1,585)
Elysion Braunschweig Sarl	1/04/2014	29/03/2018	2,43	**5,963**	**(115)**	6,125	(240)
Elysion Dessau Sarl	1/04/2014	29/03/2018	2,43	**5,762**	**(110)**	5,918	(230)
Elysion Kappeln Sarl	1/04/2014	31/12/2018	2,80	**6,252**	**(217)**	6,420	(359)
Elysion Winzlar Sarl	1/04/2014	31/12/2018	2,80	**4,168**	**(145)**	4,280	(239)
Prejan Enterprises Limited				**–**	**–**	44,380	(231)
Derivative financial instruments – associates and joint ventures				**65,983**	**(2,032)**	114,572	(2,884)

26. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	31 March 2017 €'000	Audited 31 March 2016 €'000
Opening balance	**(9,705)**	(7,230)
Deferred tax recognised on investment properties	**(2,202)**	(2,667)
Deferred tax recognised on revaluation of financial liabilities	**(323)**	(220)
Deferred tax on tax losses	**377**	412
Adjustment for liabilites directly associated with assets classified as held for sale adjustment (see note 20)	**5,079**	–
Closing balance	**(6,774)**	(9,705)
Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:		
Deferred tax liabilities	**(16,790)**	(14,821)
Deferred tax assets	**4,937**	5,116
Adjustment for liabilities directly associated with assets classified as held for sale adjustment (see note 20)	**5,079**	–
Closing balance	**(6,774)**	(9,705)
Deferred tax opening balance	**9,705**	7,230
Exchange movements	**107**	(191)
Deferred tax liability closing balance	**(11,852)**	(9,705)
Movement in deferred tax	**(2,040)**	(2,666)

27. Financial risk management

The Group is exposed to a variety of financial risks including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to minimise the potential adverse effects on the Group's financial performance. Certain risk exposures are hedged via the use of financial derivatives.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout these audited financial statements where relevant. The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The board has established the Risk Committee which has assumed responsibility for developing and monitoring the Group's risk management policies. The Risk Committee participates in management's process of formulating and implementing the risk management plan and reports on the plan adopted by management to the Board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The board will be responsible for ensuring the adoption of appropriate risk management policies by management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The board will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

To enable the Risk Committee to meet its responsibilities, the Risk Committee has adopted a charter which includes appropriate standards and the implementation of systems of internal control and an effective risk-based internal audit, comprising policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely, reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk arising from deposits with banks is managed through a policy of utilising only independently-rated banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the European financial institutions credit ratings for the six banks in which 81% of the Group's cash is held, are as follows:

	31 March 2017	31 March 2016
ABN AMRO Bank NV	**A**	A
Barclays Private Clients International Limited	**A-**	A-
Berliner Sparkasse	**AA-**	AA-
HSBC Bank plc.	**AA-**	AA-
Santander UK plc.	**A**	A
UBS AG	**A+**	A

The directors are satisfied as to the credit worthiness of the banks where the remaining cash is held.

27. Financial risk management continued

Credit risk continued

At the time of acquisition of a property, and from time to time thereafter, the Company reviews the quality of the contracted tenants to ensure that the tenants meet acceptable covenants. Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables. An allowance for impairment is made where there is an indefinable loss event, which based on previous experience, may give risk to a non-recovery of a receivable.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

At 31 March 2017, trade and other receivables and cash and cash equivalents amounts to €34,218,000 (March 2016: €43,178,000) as shown in the statement of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources, the availability of funding through appropriate and adequate credit lines and managing the ability of tenants to settle within lease obligations. The Group ensures, through the forecasting and budgeting of cash requirements that adequate committed resources are available.

By its nature, the market for investment property is not immediately liquid. As a result of this illiquidity, the Group's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited. Furthermore, where the Group acquires investment properties for which there is not a readily available market, the Group's ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such property investment is exposed may be limited. The Group's short-term liquidity risk is secured by the existence of cash balances, through the fact that rental income exceeds the Group's cost structures and through ensuring that facilities are managed within debt covenants.

The following table details the contractual maturity date of the Group's financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where there Group is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payments that have not been included in the carrying amount of the financial liability. The table also includes a reconciliation to the carrying value in the statement of financial position.

	Less than one month €'000	One to three months €'000	Three to twelve months €'000	One to five years €'000	Over five years €'000	Discount €'000	Total €'000
Interest-bearing loans	**–**	**–**	**97,946**	**252,564**	**–**	**–**	**350,510**
Loan interest	**575**	**1,950**	**5,609**	**14,120**	**–**	**(21,634)**	**620**
Financial liabilities	**–**	**–**	**139**	**3,335**	**–**	**–**	**3,474**
Deferred tax	**–**	**–**	**5,079**	**6,774**	**–**	**–**	**11,853**
Other payables (including tax)	**–**	**4,225**	**6,083**	**–**	**–**	**–**	**10,308**
Accruals	**–**	**–**	**2,753**	**–**	**–**	**–**	**2,753**
Deferred income	**–**	**5,763**	**–**	**–**	**–**	**–**	**5,763**
Liabilities directly associated with assets classified as held for sale	**–**	**(770)**	**(89,250)**	**–**	**–**	**943**	**(89,077)**
As at 31 March 2017	**575**	**11,168**	**28,359**	**276,793**	**–**	**(20,691)**	**296,204**
Interest-bearing loans	5,445	–	183,340	169,708	9,000	–	367,493
Loan interest	531	2,388	6,636	14,056	203	(23,278)	536
Financial liabilities	199	–	1,570	3,889	284	–	5,942
Deferred tax	–	–	–	9,705	–	–	9,705
Other loans and interest	–	–	–	12	–	–	12
Other payables (including tax)	–	2,811	4,641	–	–	–	7,452
Accruals	–	–	3,332		–	–	3,332
Deferred income	–	5,156	27	–	–	–	5,183
As at 31 March 2016	6,175	10,355	199,546	197,370	9,487	(23,278)	399,655

27. Financial risk management continued

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 31 March 2017 €'000
Financial assets			
Cash and cash equivalents	**–**	**29,461**	**29,461**
Trade and other receivables	**–**	**18,357**	**18,357**
	–	**47,818**	**47,818**
Financial liabilities			
Bank loans	**–**	**267,766**	**267,766**
Derivative financial instruments	**3,474**	**–**	**3,474**
Accounts payable and accruals	**–**	**18,189**	**18,189**
As at 31 March 2017	**3,474**	**285,955**	**289,429**

	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
As at 31 March 2016	5,942	384,008	389,950

27. Financial risk management continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to shareholders.

Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- changes in the general economic climate;
- local conditions in respective markets, such as oversupply, or a reduction in demand, for commercial space in a specific area;
- competition from other available properties; and
- government regulations, including planning, environmental and tax laws.

Whilst a large number of these factors are outside the control of the management, market and property specific factors relevant to maintain a sustainable income stream within the Group's yield parameters are considered as part of the initial due diligence. Properties and tenant leases are actively managed.

Foreign currency risk

The Group's functional currency is Euros. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency or exchange rates. At the reporting date, the below table summarises the Group's exposure to foreign currency risk in respect of assets and liabilities held in GBP (United Kingdom) and CHF (Switzerland).

	31 March 2017 €'000	31 March 2016 €'000
Assets		
GBP	**337,187**	371,938
CHF	**155,278**	160,313
Liabilities		
GBP	**138,557**	149,120
CHF	**89,077**	94,894

Foreign currency sensitivity analysis

The sensitivity analysis measures the impact on the Group's exposure in Euros (based on a change in the reporting date spot rate) and the impact on the Group's Euro profitability, given a simultaneous change in the foreign currencies to which the Group is exposed at the reporting date.

A 10% strengthening in the Euro exchange rate against the following currencies at year end would have decreased equity and profits by the amounts shown below. The 10% threshold was selected as a reasonable, worse-case scenario and is considered a prudent threshold. This analysis assumes that all other variables remain constant. For a 10% weakening of the Euro, there would be an equal but opposite impact on the profit and equity and the balance would be positive.

	Equity €'000	Profit or loss €'000
GBP impact	(19,863)	(1,079)
CHF impact	(6,620)	(335)
	(26,483)	(1,414)

Notes to the consolidated financial statements

27. Financial risk management continued

Foreign currency sensitivity analysis continued

The following exchange rates were applied during the year:

	Average rate for 12 months to 31 March 2017	Period end 31 March 2017
CHF	0.9229	0.9353
GBP	1.1904	1.1690

Interest rate risk

The Group's interest rate risk is associated with cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 24, borrowings from credit institutions are protected against movements in interest rates. The Company uses interest rate swaps to manage its interest rate exposure.

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	Designated at fair value		
	€'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
31 March 2017				
Liabilities				
Derivative financial liabilities	**3,474**	**–**	**3,474**	**–**
Total liabilities	**3,474**	**–**	**3,474**	**–**
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.

Unobservable inputs

Investment properties are considered Level 3 and associated unobservable inputs are disclosed in note 16.

27. Financial risk management continued

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity attributable to ordinary shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Stenprop's average loan-to-value ratio ('LTV') ratio at 31 March 2017 was 51.6% (March 2016: 51.6%), including joint ventures and associates and the Group is not subject to any external capital requirements. The Group strategy is to maintain a debt-to-equity ratio and LTV to ensure that property performance is translated into an enhanced return for shareholders whilst at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 50% LTV in respect of secured external borrowings is an appropriate target for the Group, given the current market conditions.

28. 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 31 March 2017.

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 31 March 2017 had an indirect beneficial interest of 4.85% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2016: 4.91%).

At 31 March 2017, P Arenson held an indirect 1.13% interest in the share capital of Stenham Limited (March 2016: 2.58%). His interest in Stenprop Limited is seperately disclosed in note 8.

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 6.51% in the shares of the Company at 31 March 2017 (March 2016: 6.41%).

29. Operating lease commitments

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	31 March 2017 €'000	Audited 31 March 2016 €'000
Continuing operations		
Within one year	**32,536**	32,662
Between one and two years	**30,531**	31,777
Between two and five years	**76,284**	81,790
After five years	**63,304**	72,157
	202,656	218,386
Discontinuing operations		
Within one year	**9,210**	8,011
Between one and two years	**8,282**	7,145
Between two and five years	**20,792**	16,203
After five years	**30,030**	14,532
	68,314	45,891

30. Contingent liabilities and commitments

As at 31 March 2017, the Group was contractually committed to CHF2.5 million (€2.3 million). This reflects a contribution towards capital expenditure in respect of an investment property in Switzerland.

Notes to the consolidated financial statements

31. Subsequent events

(i) Declaration of dividend after reporting date

On 7 June 2017, the directors declared a final dividend of 4.5 cents per share, payable in cash on 4 August 2017.

An announcement containing details of the dividend and the timetable will be made separately.

(ii) Sale of Assets Held for Sale

Burger King

On 25 April 2017, the sale completed on the annexe of the Hermann Quartier property known as Burger King. The annexe was recognised at its sale price per the signed sales and purchase agreement at reporting date. Readers are referred to note 20 where details of this annexe are disclosed as per IFRS 5 Non-current Assets Held for Sale and discontinued operations.

(iii) Signing of sale and puchase agreement of shares in subsidiary of associate

On 6 February 2017, a sale and purchase agreement was signed to sell the shares in the company which owns the underlying property known as Nova Eventis shopping centre. Stenprop owns 28.16% of the underlying investment through Stenham European Shopping Centre Fund Limited ('SESCF'), and 0.26% via a wholly-owned subsidiary, Leatherback Property Holdings Limited. The directors have estimated the fair value of the Nova Eventis shopping centre to be €207.7 million as at 31 March 2017 being the agreed property valuation of €208.5 million per the agreement, less sale costs. The buyers have paid a deposit of €11 million into an escrow account. At the date of signing all closing conditions are met, and completion date is set for 22 June 2017.

(iv) Sale of shares held by associate

Following year end, an associate of the Group, Stenham Berlin Residential Fund Limited ('SBRF') sold all of its shares in its sole investment, ADO Properties SA. Subsequent to this, a voluntary buy back offer was made to all investors in SBRF. Stenprop has participated in this buyback which will result in net sales proceeds of €2.3 million being received by 20 June 2017.

(v) Change to the board of directors

On 6 April 2017, an announcement was made containing details of the appointment of Warren Lawlor as a non-executive director of the board of Stenprop with effect from 5 April 2017.

(vi) Share incentive awards

On 7 June 2017, the directors, on the recommendation of the remuneration committee, approved the following share-based awards:

	Bonus awards under Deferred Share Bonus Plan in respect of the year ended 31 March 2017*		Share Purchase Plan^	
	€'000	Number of shares	Loan €'000	Number of shares
Executive directors	**14**	**11,348**	**2,095**	**1,717,350**
Other staff	**39**	**31,856**	**285**	**233,654**
	53	**43,204**	**2,380**	**1,951,004**

** Share options vest in three equal tranches. The first tranche vests on grant. Subsequent tranches will vest at the relevant year-end in accordance with the rules of the Deferred Share Bonus Plan.*

^ Shares will be issued on 8 June 2017.

Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

31. Subsequent events continued

(vii) Industrial portfolio acquisition

On 7 June 2017 Stenprop announced the acquisition of 100% of the interests in Industrials UK LP which owns a portfolio of multi-let industrial properties (the 'MLI Portfolio') as well 100% as the management business that has built up and managed the portfolio, C2 Capital Limited (the 'C2 Management Platform') for a combined consideration that values the two businesses at £130.5 million.

The MLI Portfolio is made up of 25 separate multi-let industrial estates situated in or near densely populated nodes across the United Kingdom. The portfolio has a gross lettable area of approximately 2 million square feet (200,000 sqm), a diversified base of over 400 tenants and contractual rent (including contractual fixed uplifts) of approximately £9.1 million per annum.

The C2 Management Platform specialises in the acquisition and active management of multi-let industrial estates across the UK. Founded and run by Julian Carey, with the support of five property professionals, the business has been investing on behalf of private and institutional clients since its inception in 2009.

The MLI Portfolio is being acquired with effect from the date of completion of the transaction, which is expected to be 30 June 2017. The purchase price is payable in cash, with a £6.35 million deposit having been paid on exchange of contracts on 6 June 2017 with the balance of the purchase price payable on completion, subject to a further adjustment to take account of any working capital in the structure.

The purchase consideration will ultimately be funded out of the proceeds from the sale of the Nova Eventis shopping centre, which is scheduled to complete on 22 June 2017, and certain of the properties in Stenprop's Swiss portfolio that are in the process of being sold. To ensure that it has the cash available to settle the purchase price on completion, Stenprop has secured a twelve month bridging finance facility of €31 million, which attracts an arrangement fee of 1% and interest at 7% per annum. The loan is subject to a group loan to value covenant of 65%. A further twelve month facility of €8 million has been secured at an interest rate of 7% per annum.

Stenprop will acquire the shares in C2 Capital Limited from Julian Carey for £3.5 million, to be settled by the issue of 3,270,500 Stenprop shares valued at €1.22 per share, adjusted upward or downward in cash for working capital.

The accounting for these transactions will be finalised on completion and more information will be given when Stenprop reports its interim results.

Stenprop is confident that the combination of these acquisitions will provide a strategic foothold and capability in the multi-let industrial estates sector; and that this positioning will enable it to deliver sustainable higher average annual rental growth over the next few years. The acquisition of the MLI Portfolio, together with the acquisition of the C2 Management Platform, represents a rare opportunity to make a substantial strategic investment into an asset class which Stenprop believes is likely to show superior returns over the next few years.

Independent auditor's report

to the members of Stenprop Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Stenprop Limited and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the related notes 1 to 33.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Stenprop Limited and its subsidiaries as at March 31, 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where our engagement letter requires us to report to you if, in our opinion:

- Proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

Deloitte LLP

Deloitte LLP
Chartered Accountants

St Peter Port
Guernsey

8 June 2016

Consolidated statement of comprehensive income

	Note	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Net rental income	6	**39,617**	19,341
Management fee income		**2,927**	1,663
Operating costs	7	**(9,287)**	(5,576)
Net operating income		**33,257**	15,428
Fair value movement of investment properties	17	**22,939**	17,956
Income from associates	19	**1,075**	455
Income from joint ventures	20	**7,820**	778
Profit from operations		**65,091**	34,617
Gain on acquisition	27	**–**	9,657
Other gains and losses	9	**–**	49
Net loss from fair value of financial liabilities	26	**(999)**	(589)
Net finance costs	10	**(11,091)**	(5,485)
Net foreign exchange (losses)/gains		**(134)**	148
Profit for the year before taxation		**52,867**	38,397
Taxation	11	**(3,284)**	(705)
Profit for the year after taxation		**49,583**	37,692
Profit attributable to:			
Equity holders		**49,266**	37,599
Non-controlling interest		**317**	93
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value movement on interest rate swaps		**519**	(431)
Foreign currency translation reserve		**(20,480)**	22,051
Total comprehensive profit for the year		**29,622**	59,312
Total comprehensive profit attributable to:			
Equity holders		**29,305**	59,219
Non-controlling interest		**317**	93

		Cents	Cents
Earnings per share			
IFRS EPS	15	**17.70**	28.43
Diluted IFRS EPS	15	**17.66**	28.37

Results derive from continuing operations.

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Consolidated statement of financial position

	Note	31 March 2016 €'000	Audited as at 31 March 2015 €'000
ASSETS			
Investment properties	17	**729,782**	695,196
Investment in associates	19	**39,298**	39,652
Investment in joint ventures	20	**37,620**	8,506
Other debtors	22	**7,403**	–
Property, plant and equipment		**3**	2
Total non-current assets		**814,106**	743,356
Cash and cash equivalents	23	**36,811**	80,430
Trade and other receivables	22	**6,367**	8,064
Total current assets		**43,178**	88,494
Total assets		**857,284**	831,850
Equity and liabilities			
Capital and reserves			
Share capital	13	**–**	–
Share premium	13	**389,927**	374,127
Equity reserve	14	**480**	–
Retained earnings		**63,426**	37,562
Foreign currency translation reserve		**1,664**	22,144
Cash flow hedge reserve		**–**	(519)
Total equity attributable to equity shareholders		**455,497**	433,314
Non-controlling interest		**2,132**	1,815
Total equity		**457,629**	435,129
Non-current liabilities			
Bank loans	25	**178,708**	296,873
Derivative financial instruments	26	**4,173**	5,108
Other loan and interest		**12**	23
Deferred tax	29	**9,705**	7,230
Total non-current liabilities		**192,598**	309,234
Current liabilities			
Bank loans	25	**188,785**	68,058
Derivative financial instruments	26	**1,769**	1,273
Accounts payable and accruals	24	**16,503**	18,156
Total current liabilities		**207,057**	87,487
Total liabilities		**399,655**	396,721
Total equity and liabilities		**857,284**	831,850
IFRS net asset value per share	16	**1.61**	1.59
EPRA net asset value per share	16	**1.67**	1.65

Consolidated statement of changes in equity

	Share capital €'000	Share premium €'000	Equity reserve €'000	Retained earnings €'000	Foreign currency trans-lation reserve €'000	Cash flow hedge reserve €'000	Attri-butable to equity share-holders €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 April 2015	**–**	**374,127**	**–**	**37,562**	**22,144**	**(519)**	**433,314**	**1,815**	**435,129**
Issue of share capital	**–**	**15,800**	**(41)**	**–**	**–**	**–**	**15,759**	**–**	**15,759**
Credit to equity for equity-settled share-based payments (note 14)	**–**	**–**	**521**	**–**	**–**	**–**	**521**	**–**	**521**
Total comprehensive profit/(loss) for the year	**–**	**–**	**–**	**49,266**	**(20,480)**	**519**	**29,305**	**317**	**29,622**
Ordinary dividends	**–**	**–**	**–**	**(23,402)**	**–**	**–**	**(23,402)**	**–**	**(23,402)**
Balance at 31 March 2016	**–**	**389,927**	**480**	**63,426**	**1,664**	**–**	**455,497**	**2,132**	**457,629**
Balance at 1 April 2014	–	21,131	–	(37)	–	5	21,099	–	21,099
Issue of share capital	–	355,854	–	–	–	–	355,854	–	355,854
Share issue and listing costs	–	(2,858)	–	–	–	–	(2,858)	–	(2,858)
Novation of SWAP contract	–	–	–	–	93	(93)	–	–	–
Total comprehensive profit/(loss) for the year	–	–	–	37,599	22,051	(431)	59,219	93	59,312
Acquisition of non-controlling interest	–	–	–	–	–	–	–	1,722	1,722
Balance at 31 March 2015	–	374,127	–	37,562	22,144	(519)	433,314	1,815	435,129

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Consolidated statement of cash flows

	Note	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Operating activities			
Profit from operations		**65,091**	34,617
Share of profit in associates	19	**(1,075)**	(455)
Increase in fair value of investment property	17	**(22,939)**	(17,956)
Increase in fair value of joint ventures	20	**(7,820)**	(778)
Exchange rate (gains)/losses		**(134)**	148
Increase in trade and other receivables		**(119)**	(3,925)
(Decrease)/Increase in trade and other payables		**(510)**	3,724
Interest paid		**(10,770)**	(5,292)
Interest received		**1,942**	1,229
Tax paid		**(1,006)**	(158)
Net cash from operating activities		**22,660**	11,154
Investing activities			
Dividends received from trading activities		**–**	11
Dividends received from associates		**2,268**	772
Dividends received from joint ventures		**420**	–
Proceeds on disposal of trading investments	21	**–**	369
Purchases of investment property		**(51,137)**	(3,414)
Proceeds on disposal of investment property	17	**6,701**	65,274
Acquisition of investment in an associate	19	**–**	(5,411)
Acquisition of investment in joint venture	20	**(26,782)**	–
Acquisition of subsidiary	28	**–**	(83,913)
Cash obtained on acquisition of subsidiaries	27/28	**–**	42,621
Net cash (used in)/from investing activities		**(68,530)**	16,309
Financing activities			
Dividends paid		**(15,070)**	–
Repayment of borrowings		**(41,477)**	(23,004)
Proceeds on issue of ordinary share capital		**–**	35,000
Listing costs paid		**–**	(1,688)
Financing fees paid		**(1,246)**	(846)
Unutilised facility fee paid		**–**	(59)
SWAP break fee		**(571)**	–
New bank loans raised	25	**60,368**	41,016
Repayment of loan advances		**95**	–
Net cash from financing activities		**2,099**	50,419
Net (decrease)/increase in cash and cash equivalents		**(43,771)**	77,882
Effect of foreign exchange rate changes		**152**	877
Cash and cash equivalents at beginning of the year		**80,430**	1,671
Cash and cash equivalents at end of the year		**36,811**	80,430

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, the JSE Listing Requirements and the BSX Listing Regulations and applicable law. The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies which are consistent with those applied in the previous annual financial statements, and are set out below.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Euros.

Going concern

At the date of signing these accounts, the Group has positive operating cash flow forecasts and positive net assets. The directors have reviewed the Group's budgets for the year to 31 March 2017, forecasts for the period to September 2017 and the current financial position, and, in light of this review, they are satisfied that the Company and the Group have access to adequate resources to meet obligations and continue in operational existence for the foreseeable future, and specifically the 12 months subsequent to the signing of these financial statements.

The cash flow forecasts take into account projected income and expenses; possible changes in the investment property portfolio, including exposure to tenant credit risk; lease expiries; the raising of additional capital; external debt; refinancings which have occurred and are expected to occur subsequent to the reporting date and forecast financial loan covenants. The expiry of the Swiss and Bleichenhof debt during the twelve month period after 31 March 2016 is primarily responsible for the increased level of bank loans shown under Current Liabilities in the consolidated statement of financial position, which at 31 March 2016 is €188.8 million. 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, having successfully negotiated £64.6m of debt on two London properties in May 2015 at reduced rates and with no capital repayments. Given the strength of the assets and the level of existing gearing, Stenprop expects to secure favourable all-in interest rates, with no capital repayments, on refinancing.

As mentioned earlier in this report, the Nova Eventis shopping centre near Leipzig, in which the Group has a 28.4% interest, is currently being marketed for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms. Should a decision be taken not to sell the property for any reason, the directors of SESCF anticipate that, given the quality of the property and the strong relationships with German lenders, a refinancing on favourable terms can be secured. Stenprop agrees with this assessment.

The directors believe that it is therefore appropriate to prepare the accounts on a going-concern basis. Note 30 to the financial statements includes the Group's objectives, policies and procedures for managing its market, interest and liquidity risk.

Notes to the financial statements

2. Adoption of new and revised standards

In the current period the following new and revised standards have been adopted. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements:

- Annual improvement to IFRS 2010 – 2012 cycle
- Annual improvement to IFRS 2011 – 2013 cycle
- IAS 19 Defined benefit plans: Employee contributions

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 14	Regulatory deferral accounts (1 January 2016)
IFRS 15	Revenue from contracts with customers (1 January 2018)
IFRS 11 (amendments)	Accounting for acquisitions of interests in joint operations (1 January 2016)
IFRS 16	Leases (1 January 2019)
IAS 1 (amendments)	Disclosure initiative (1 January 2016)
IAS 7 (amendments)	Disclosure initiative (1 January 2017)
IAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses (1 January 2017)
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation (1 January 2016)
IAS 27 (amendments)	Equity method in separate financial statements (1 January 2016)
IFRS 10 and IAS 28 (amendments)	Sale or contribution of assets between an Investor and its associate or joint venture (deferred indefinitely)
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment entities: Applying the consolidation exemptions (1 January 2016)
Annual improvements to IFRS: 2012 – 2014 cycle (1 January 2016)	Amendment to: IFRS 5/IFRS 7/IAS 19/IAS 34

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.

3. Significant accounting policies

Basis of consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

Business combinations

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured at the aggregate of the fair values, at the date of completion, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquisition and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on acquisition.

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant interest is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Joint ventures
The Group's investment properties are typically held in property-specific special purpose vehicles (SPVs), which may be legally structured as joint ventures. In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the venture are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking. The Group considers this position with the evidence available at the time.

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

Revenue recognition
The Group earns returns from investments in direct property assets and management fees. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Revenue includes amounts receivable in respect of property rental income and service charges earned in the normal course of business, net of sales-related taxes.

Rental income from operating leases is recognised on an accrual basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a significant rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the investment property including the accrued rent does not exceed the external valuation. Initial significant direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a lease incentive payment, or surrender premium is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned.

Management fees are recognised in the income statement on an accrual basis.

3. Significant accounting policies continued

Revenue recognition continued
Service charge income is recognised in the accounting period in which the services are rendered and the related property expenses are recognised in the period in which they are incurred.

Dividend income from listed securities is recognised at the date the dividend is declared. Interest income is recognised in the consolidated statement of comprehensive income under the effective interest method as it accrues.

Foreign currencies
The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are expressed in Euros, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Borrowing costs
Interest costs are recognised in the consolidated statement of comprehensive income using the effective interest rate method.

Borrowing costs directly attributable to arranging finance are amortised over the facility term in the consolidated statement of comprehensive income.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax, in those jurisdictions where the property companies are registered, namely Germany, Switzerland and the United Kingdom. In addition, Stenprop Management Limited incurs tax in the United Kingdom.

Current tax
Tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Non-controlling interest
Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of the changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investment properties
Properties held to earn rentals and/or for capital appreciation are classified as investment properties. Investment properties comprise both freehold and leasehold land and buildings.

Investment properties are recognised as assets when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions precedent which could prevent completion, and
- the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value.

The Group uses the valuations prepared by its independent valuers as the fair value of its investment properties. These valuations are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards (Red Book). This is an internationally accepted basis of valuation. The valuations are based upon assumptions including contractual and estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties.

The difference between the fair value of a property at the reporting date and its carrying amount prior to remeasurement is included in the consolidated statement of comprehensive income as a valuation surplus or deficit.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Expenditure
Expenses are accounted for on an accrual basis.

Financial instruments
Classification
A financial instrument is a contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another. The classification of financial assets and financial liabilities depends on the nature and purpose of the instrument and is determined at the time of initial recognition. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

3. **Significant accounting policies** continued

Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of comprehensive income.

Financial assets

The Group classifies its financial assets as either at fair value through profit and loss or as loans and receivables.

Recognition and derecognition

Purchases and sale of listed securities are recognised on the trade date which is when the Group commits to purchase or sell the assets. Other financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

After initial recognition, the Group measures the financial assets designated at FVTPL at fair values without any deduction for transaction costs it may incur on their disposal.

The fair value of quoted financial assets is their bid price at the financial year-end. If the market for a financial asset is not active, the fair value is estimated using valuation techniques. These include a review of recent arm's length transactions, references to current fair market value of another instrument that is substantially the same as that being valued and discounted cash flow analysis. Where discounted cash flow analysis is used, estimated future cash flows are based on management's estimates and the discount rate is a market-related rate at the financial year-end for a financial asset with similar terms and conditions. Where other pricing models are used, inputs are based on observable market indicators at the financial year-end.

Realised and unrealised gains and losses arising from changes in fair value of financial assets at FVTPL are included in the statement of comprehensive income in the period in which they arise.

Loan and receivables are measured at amortised cost using the effective interest method, less impairment losses which are recognised in the statement of comprehensive income. Financial liabilities are measured at amortised cost using the effective interest method. In the case of short-term trade receivables and payables, the impact of discounting is not material and cost approximates amortised cost.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership of the asset to another entity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include current assets with maturities or terms greater than 12 months after the reporting dates which are classified as non-current assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and present value of the estimated future cash flows, discounted at the financial assets original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectable, it is written off against the provision account. Changes in the carrying amount of the provision account are recognised in the statement of comprehensive income in the period.

For financial assets measured at amortised cost if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Ordinary shares are classed as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
The Group's financial liabilities comprise interest-bearing borrowings, loans and payables and trade payables.

Recognition and derecognition
Financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Derivatives
Interest rate swaps have been initially recognised at fair value, and subsequently remeasured at fair value in accordance with IAS 39, Financial Instruments: Recognition and Measurement. They have been entered into in order to hedge against the exposure to variable interest rate loans as described in note 26. They have been valued by an Independent valuer in line with internationally accepted practice.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Significant accounting policies continued

Trade and other receivables

These are valued at their nominal value (less accumulated impairment losses) as the time value of money is immaterial for these current assets. Impairment losses are estimated at the year-end by reviewing amounts outstanding and assessing the likelihood of recoverability.

Trade and other payables

Trade and other payables are valued at their nominal value as the time value of money is immaterial for these current liabilities.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and where appropriate, the risks specific to the obligation.

Dividends

Dividends to the Group's ordinary shareholders are recognised when they are declared. This is when they are approved by the board.

Earnings/(loss) per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the current period and is based on the profit attributable to the ordinary shareholders.

Share-based payments

Share options were granted to key management as part of the acquisition of the management companies in October 2014, and subsequently under the Deferred Share Bonus Plan. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these options at grant date over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve, included as part of the equity reserve in the statement of financial position.

The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Group's share price over the life of the option and other relevant factors. Readers are referred to note 14 share-based payments, where key assumptions are further disclosed. Full IFRS 2: Share-based payments disclosure is not required as management considers the impact to be immaterial . The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

4. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events 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.

Business combinations

In accounting for the Stenham Transaction (being the acquisition of the property companies and management companies detailed in note 27), the directors have been required to make a number of key judgements, namely the acquisition date for the transaction, whether to account for the transaction as separate individual transactions or as one transaction, the fair value of assets and liabilities acquired, and the fair value of actual and deferred consideration.

Investment properties
The Group's investment properties are stated at estimated fair value, determined by 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 years of volatility or low transaction flow in the market. 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. In the UK, the Group's valuers, JLL have noted that the uncertainty surrounding the outcome of the UK's membership of the EU is impacting some occupier and investment decisions. While these influences are expected to lift if there is a decision to remain in the EU, if the decision is to exit, the current uncertainty may continue which could lead to reduced investment volumes and liquidity.

Associates
The Group holds an investment in 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 current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms. Should a decision be taken not to sell the property for any reason, the directors of SESCF anticipate that, given the quality of the property, relationship with German lenders and the existing level of gearing, a refinancing on favourable terms can be secured. As such, 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. Readers are referred to the commentary (page 6) and the going concern paragraph in note 1 where this is discussed in further detail.

Hedge accounting
As at 31 March 2015, the Group designated certain derivative hedging instruments as cash flow hedges. The effective portion of changes in the fair value of derivatives that were designated and qualified as cash flow hedges were recognised in other comprehensive income. The gain or loss relating to the ineffective portion was recognised immediately in profit or loss.

On 30 September 2015, the Group discontinued hedge accounting for all interest rate swaps and as such any gain or loss is recognised immediately in the statement of comprehensive income. The decision was taken in order to reduce the costs associated with the initial and ongoing assessment of hedge effectiveness as well as to simplify financial derivative reporting requirements. Whilst this is not strictly in accordance with IFRS, the directors do not consider departure to be material. At the time of this designation, the loss accumulated in equity of €519,000 was immediately recognised in the statement of comprehensive income.

Deferred tax assets and liabilities
Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Deferred tax assets and liabilities are presented in note 29.

5. 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
For the year ended 31 March 2016				
Net rental income	11,713	19,883	8,021	39,617
Fair value movement of investment properties	12,228	16,242	(5,531)	22,939
Net (loss)/gain from fair value of financial liabilities	(175)	(2,319)	1,495	(999)
Income from associates	1,075	–	–	1,075
Income from joint ventures	2,569	4,826	–	7,395
Net finance costs	(2,950)	(5,626)	(2,515)	(11,091)
Operating costs	(794)	(288)	(605)	(1,687)
Total profit per reportable segments	23,666	32,718	865	57,249
As at 31 March 2016				
Investment properties	252,510	321,532	155,740	729,782
Investment in associates	39,298	–	–	39,298
Investment in joint ventures	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)

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5. Operating segments continued

i) Information about reportable segments continued

	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
For the year ended 31 March 2015				
Net rental income	4,860	10,547	3,934	**19,341**
Fair value movement of investment properties	2,059	16,375	(478)	**17,956**
Net loss/(gain) from fair value of financial liabilities	34	242	(865)	**(589)**
Income from associates	246	–	–	**246**
Income from joint ventures	778	–	–	**778**
Net finance costs	(1,463)	(3,096)	(926)	**(5,485)**
Operating costs	(396)	(807)	(231)	**(1,434)**
Gain on acquisition	5,668	20,295	3,057	**29,020**
Total profit per reportable segments	11,786	43,556	4,491	**59,833**
As at 31 March 2015				
Investment properties	191,704	336,235	167,257	**695,196**
Investment in associates	39,611	–	–	**39,611**
Investment in joint venture	8,506	–	–	**8,506**
Cash	46,687	27,083	4,558	**78,328**
Other	2,763	2,111	910	**5,784**
Total assets	289,271	365,429	172,725	**827,425**
Borrowings – bank loans	(125,417)	(144,372)	(95,142)	**(364,931)**
Other	(5,403)	(12,892)	(9,763)	**(28,058)**
Total liabilities	(130,820)	(157,264)	(104,905)	**(392,989)**

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000

5. Operating segments continued

ii) Reconciliation of reportable segment profit or loss

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Rental income		
Net rental income for reported segments	**39,617**	19,341
Profit or loss		
Fair value movement of investment properties	**22,939**	17,956
Net loss from fair value of financial liabilities	**(999)**	(589)
Income from associates	**1,075**	246
Income from joint ventures	**7,395**	778
Net finance costs	**(11,091)**	(5,485)
Operating costs	**(1,687)**	(1,434)
Gain on acquisition	**–**	29,020
Total profit per reportable segments	**57,249**	59,833
Other profit or loss – unallocated amounts		
Management fee income	**2,927**	1,664
Income from associates	**–**	209
Income from joint ventures	**425**	–
Loss on acquisition	**–**	(19,364)
Tax, legal and professional fees	**(446)**	(213)
Audit fees	**(250)**	(313)
Administration fees	**(356)**	(188)
Non-executive directors	**(214)**	(97)
Staff remuneration costs	**(4,289)**	(2,073)
Other operating costs	**(2,045)**	(1,258)
Other gains and losses	**–**	49
Net foreign exchange gain/(loss)	**(134)**	148
Consolidated profit before taxation	**52,867**	38,397

	31 March 2016 €'000	Audited as at 31 March 2015 €'000
5. Operating segments continued		
iii) Reconciliation of reportable segment financial position		
ASSETS		
Investment properties	**729,782**	695,196
Investment in associates	**39,298**	39,611
Investment in joint venture	**37,579**	8,506
Cash	**28,883**	78,328
Other	**13,142**	5,784
Total assets per reportable segments	**848,684**	827,425
Other assets – unallocated amounts		
Investment in associates	**41**	41
Cash	**7,928**	2,102
Other	**631**	2,282
Total assets per consolidated statement of financial position	**857,284**	831,850
LIABILITIES		
Borrowings – bank loans	**(367,493)**	(364,931)
Other	**(29,211)**	(28,058)
Total liabilities per reportable segments	**(396,704)**	(392,989)
Other liabilities – unallocated amounts		
Other	**(2,951)**	(3,732)
Total liabilities per consolidated statement of financial position	**(399,655)**	(396,721)

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
6. Net rental income		
Rental Income	**43,458**	20,602
Other income – tenant recharges	**7,632**	2,896
Other income	**201**	669
	51,291	24,167
Direct property costs	**(11,674)**	(4,826)
Total net rental income	**39,617**	19,341
7. Operating costs		
Tax, legal and professional fees	**1,200**	757
Audit fees	**340**	303
Administration fees	**466**	219
Investment advisory fees	**519**	641
Non-executive directors (refer note 8)	**214**	97
Staff remuneration costs (refer note 8)	**4,289**	2,073
Other operating costs	**2,259**	1,486
	9,287	5,576

Notes to the financial statements

8. Employees' and directors' emoluments

The Group had 15 (2015: 20) employees at year end and incurred €3,942,000 (2015: €1,866,000) in wages and salaries and €347,000 (2015: €207,000) in related social security costs and pension charges during the year.

Their aggregate remuneration for the period including that of executive directors is:

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Wages and salaries (excluding key management)	**2,396**	1,456
Key management remuneration	**1,546**	410
Social security costs	**246**	120
Other pension costs	**101**	87
	4,289	2,073

The comparative figures relate to the period 2 October 2014, being the effective date of the acquisition of the management companies, to 31 March 2015. No bonuses were paid in the prior year.

As at 31 March 2016 the Group had 9 directors (2015: 9). The directors of the Company during the financial year and at the date of this report were as follows:

	Appointed	Change in appointment
Non-executive directors		
G Leissner (Chairman)	03/12/2012	
D Brown*	25/09/2013	04/04/2016
J Keyes	26/10/2012	
M Yachad	10/12/2014	
M Fienberg	02/10/2014	
S Ball	02/10/2014	
P Hughes	04/04/2016	
Executive directors		
P Arenson (CEO)	02/10/2014	
P Watson (CFO)	02/10/2014	
N Marais	02/10/2014	

* *D Brown resigned on 4 April 2016*

The Group pays remuneration to executive directors which amounted to €1,546,000 (2015: €410,000) and non-executive directors which amounted to €214,000 (2015: €97,000) for the period. A breakdown of directors' remuneration is provided below:

8. Employees' and directors' emoluments continued

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Executive directors		
P Arenson (appointed 2 October 2014)	**718**	181
P Watson (appointed 2 October 2014)	**574**	143
N Marais (appointed 2 October 2014)	**254**	86
	1,546	410

Directors' emoluments include basic salary and bonus, vested share options, pension contributions and other benefits. The comparative figures relate to the period 2 October 2014, being the effective date of acquisition of the management companies, to 31 March 2015. No bonuses were paid in the prior year.

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Non-executive directors		
J Keyes	**20**	12
G Leissner	**50**	25
D Brown (resigned 4 April 2016)	**14**	8
M Fienberg (appointed 2 October 2014)	**75**	23
S Ball (appointed 2 October2014)	**44**	19
M Yachad (appointed 10 December 2014)	**11***	3*
P Hughes (appointed 4 April 2016)	**–**	–
H Esterhuizen (resigned 2 October 2014)	**–**	3
C Josling (resigned 2 October 2014)	**–**	3
S Melnick (resigned 2 October 2014)	**–**	1
	214	97

** These fees were paid to Peregrine SA Holdings Proprietary Limited.*

The above non-executive fees include all management, consulting, technical or other fees paid for such services rendered, including payments to management companies.

Notes to the financial statements

8. Employees' and directors' emoluments continued

On 8 June 2016, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2016			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	**158**	**158**	**115,248**	**2,600**	**1,843,972**
Patsy Watson	**127**	**127**	**92,199**	**2,080**	**1,475,177**
Neil Marais	**40**	**22**	**15,847**	**126**	**89,317**
	325	**307**	**223,294**	**4,806**	**3,408,466**

Based on the year end exchange rate of £1:€1.2653

On 10 June 2015, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2015			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	171	256	179,266	3,813	2,666,667
Patsy Watson	137	205	143,413	3,122	2,183,333
Neil Marais	53	21	14,341	158	110,428
	361	482	337,020	7,093	4,960,428

Based on the year end exchange rate of £1:€1.3672

* *Share options vest in three equal tranches and are accounted for as share-based payments (see note 3). The first tranche vests on grant. Subsequent tranches will vest in accordance with the rules of the Deferred Share Bonus Plan at the end of the relevant year.*

^ *Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends paid to such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.*

8. Employees' and directors' emoluments continued

Directors' interests - Beneficial direct and indirect holdings in the Company

	Direct number of shares	% of shares	Indirect number of shares	% of shares	Number of share options held	% of shares
31 March 2016						
G Leissner (Chairman)	**–**		**422,034**	**0.15**	**–**	
D Brown	**–**		**–**		**–**	
J Keyes	**–**		**–**		**–**	
M Yachad	**–**		**–**		**–**	
M Fienberg	**–**		**114,994**	**0.04**	**–**	
S Ball	**–**		**250,000**	**0.09**	**–**	
P Arenson (CEO)	**97,783**	**0.03**	**8,854,419**	**3.13**	**236,894**	**0.05**
P Watson (CFO)	**–**		**2,183,333**	**0.77**	**189,515**	**0.05**
N Marais	**–**		**120,283**	**0.04**	**19,646**	
31 March 2015						
G Leissner (Chairman)	–		422,034	0.16	–	
D Brown	–		–		–	
J Keyes	–		–		–	
M Yachad	–		–		–	
M Fienberg	–		114,994	0.04	–	
S Ball	–		250,000	0.09	–	
P Arenson (CEO)	97,783	0.04	4,774,041	1.75	145,782*	0.05
P Watson (CFO)	–		–		145,782*	0.05
N Marais	–		–		–	

**In terms of the Stenham Transaction (detailed in note 27) 145,782 ordinary share options valued at €200,000 at the time of the transaction, were awarded to each of P Watson and P Arenson on 2 October 2014 at a strike price of €1.37. These share options vest over a two-year period on 30 September 2015 and 30 September 2016 respectively, subject to the directors still being in the employ of the Group at vesting date. None of the options available for exercise had been exercised at 31 March 2016.*

The Directors' interests have not changed to the date of the signing of these financial statements.

Notes to the financial statements

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
9. Other gains and losses		
Loss on disposal of subsidiaries	**–**	(25)
Dividends received from investments	**–**	8
Fair value movement on financial investments (refer note 21)	**–**	66
	–	49
10. Net finance costs		
Interest receivable:		
Cash and cash equivalents	**174**	9
	174	9
Finance costs		
Bank interest payable	**(10,787)**	(5,137)
Unutilised facility fee	**–**	(59)
Amortisation of facility costs	**(478)**	(298)
	(11,265)	(5,494)
Net finance costs	**(11,091)**	(5,485)

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
11. Taxation		
(i) Tax recognised in profit and loss		
Income tax in respect of current year	**618**	578
Deferred tax (see note 29)	**2,666**	127
Total tax expense	**3,284**	705

No tax was recognised on other comprehensive income during the period (2015: nil).

The Company is subject to the standard rate of corporate income tax of 0% in Bermuda. As the tax expense arises in jurisdictions outside of Bermuda, a full tax reconciliation of the relationship between the tax expense and accounting loss has not been included in these financial statements. The Group incurs tax on rental income from its investment properties, after deduction for allowable rental expenses. The rate of corporate income tax depends on the jurisdiction in which the property is situated being:

- Germany 15.825%
- United Kingdom 20%
- Switzerland (depending on the district in which the property is situated). Average rate of 19.6%.

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
(ii) Recognition of tax charge for the year		
Profit for the year before taxation	**52,867**	38,397
Tax provided at applicable rate in Bermuda	**–**	–
Tax charge in respect of different jurisdictions	**(3,284)**	(705)
Profit for the year after taxation	**49,583**	37,692

	31 March 2016 €'000	Audited 31 March 2015 €'000
12. Dividends		
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the prior year	**11,654**	–
Interim dividend for the current year	**11,748**	–
	23,402	–

On 11 June 2015, the directors of the Company declared a final dividend of 4.2 cents per share in respect of the year ended 31 March 2015 equating to €11,654,000 (2014: nil). This was paid on 16 July 2015. An interim dividend of 4.2 cents per share equating to €11,748,000 (2015: €nil) was declared on 26 November 2015 and paid on 25 January 2016. Both dividends were offered to shareholders as cash, with a scrip alternative. In respect of this scrip dividend offering, a scrip dividend take up of 29.48% of the final dividend and 41.5% of the interim dividend was recorded and new ordinary shares issued to shareholders accordingly. This is further detailed in note 13.

The Directors declared a final dividend on 8 June 2016 for the year ended 31 March 2016, of 4.70 cents per share which is payable in cash, on 29 July 2016. The payment of this dividend will not have any tax consequences for the Group.

Notes to the financial statements

	31 March 2016 €'000	Audited 31 March 2015 €'000
13. Share capital		
Authorised		
1,000,000,000 ordinary shares with a par value of €0.000001258 each	**1**	1

	Year ended 31 March 2016	Audited for the year ended 31 March 2015
Issued share capital		
Opening balance	**272,236,146**	15,986,003
Issue of new shares	**10,748,480**	256,250,143
Closing number of shares issued	**282,984,626**	272,236,146

	€'000	€'000
Share capital	**–**	–
Share premium	**392,785**	376,985
Less: Acquisition/transaction costs	**(2,858)**	(2,858)
Total share premium	**389,927**	374,127

There were no changes made to the number of authorised shares of the Company during the year under review. Stenprop Limited has one class of share; all shares rank equally and are fully paid. With effect from 5 October 2015, the Johannesburg Stock Exchange (JSE) approved the transfer of the Company's listing from the JSE's AltX to the JSE's Main Board. The transfer does not affect the Company's current listing on the Bermuda Stock Exchange (BSX).

The Company has 282,984,626 (March 2015: 272,236,146) ordinary shares in issue at the reporting date which have dual primary listings on the BSX the JSE.

On 11 June 2015, a dividend of 4.2 cents per share was declared in respect of the year ended 31 March 2015. The record date for the dividend was 10 July 2015. On the payment date, 16 July 2015 the owners of 277,463,048 shares were entitled to receive the dividend resulting in an overall dividend payment of €11,654,000. From this total, 2,257,894 new ordinary shares were issued in respect of the scrip dividend offering for the year ended 31 March 2015, representing a scrip dividend take up of 29.48%.

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 a Share Purchase Plan and Deferred Share Bonus Plan respectively.

On 31 March 2016, 9,827 new ordinary shares were issued in respect of the Deferred Share Bonus Plan. These shares subsequently listed on the BSX and JSE at an issue price of €1.54 per share on 5 April 2016.

On 26 November 2015, the Company announced an interim dividend of 4.2 cents per share in respect of the six months to 30 September 2015. On 25 January 2016, the Company announced a 41.5% take up of the scrip dividend for which 3,253,857 new Stenprop shares were issued at an issue price of €1.49854 per share.

Major shareholders

As at the financial year end there were 3,185 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. Known shareholders holding in excess of 5% of the Company's share capital are detailed below:

Beneficial shareholder greater than 5%	Percentage of issued share capital
Peregrine Holdings Limited (direct and indirect interest)	6.41

14. Share-based payments

The Group operates two share incentive plans which are used to attract and retain high-calibre employees to help grow the business. Awards are recommended by the remuneration committee and are subject to board approval. The incentive plans are discussed in more detail below:

Deferred share bonus plan

The board may grant an award to an eligible employee following a recommendation from the remuneration committee over such number of shares that have an aggregate value equal to the deferred bonus. Such share options vest in three equal tranches. The first tranche vests on the date of grant with subsequent tranches vesting at the first and second anniversaries of the relevant year-end. Share options may be exercised until the tenth anniversary of the grant date, after which time they will lapse.

The below table summarises the position at year end in terms of the number of share options granted and exercised in the period. All share options were granted at nil cost. Further details relating to share options issued to executive directors are disclosed in note 8.

	31 March 2016	31 March 2015
Number of share options		
Outstanding at beginning of year	**–**	–
Granted during year	**376,059**	–
Exercised during year	**(27,620)**	
Other	**7,803**	–
Outstanding at end of year	**356,242**	–
Exercisable at the end of the year	**225,966**	–

The fair value of the options was calculated using the Black Scholes pricing model. The aggregate of the fair value expense of options granted at 31 March 2016 was €42,110 (2015: n/a). The table below sets out the assumptions made for the purposes of this valuation.

Stock price at year end	(€)	**€1.54**	n/a
Weighted average exercise price		**–**	n/a
Compounded risk-free interest rate	(%)	**1.50**	n/a
Volatility	(%)	**22**	n/a
Expected life	(years)	**10**	n/a

The Group recognised a total share based payment expense of €521,000 (2015: nil) during the year relating to share-based payment transactions and holds an Own Shares Equity Reserve at 31 March 2016 of €480,000 (2015: nil).

Share purchase plan

Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

The below table summarises the position at year end in terms of loans advanced and the number of shares to which they relate. Loans relating to the Share Purchase Plan issued to executive directors are disclosed in more detail in note 8.

		31 March 2016	31 March 2015
Share purchase plan (issued 30 June 2015)	(number of shares)	**5,209,109**	–
Share purchase plan loans advanced (including accrued interest)	(€'000)	**7,403**	–

Other share options

At the time of the Stenham Transaction, 2 October 2014, the Company committed to issue 291,564 ordinary shares at a strike price of €1.37 to two directors, the value of which was €400,000 at the time. These share options vest over a two-year period on 30 September 2015 and 30 September 2016, subject to the directors still being in the employ of the Group at vesting date. At the year end, half of the options had vested and none had been exercised. Although this represents a share-based payment under IFRS 2: Share-based payments, this has been treated as a cost of the shares issued as part of the Stenprop Transaction and has been classified as a liability. This treatment is not consistent with the Group's policy to recognise the fair value of share-based payments in a share-based payment reserve over the vesting period; however, the directors consider the impact of the difference in treatment to be immaterial.

Notes to the financial statements

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
15. Earnings and net asset value per ordinary share		
Reconciliation of profit for the period to adjusted EPRA[1] earnings		
Earnings per IFRS income statement attributable to shareholders	**49,266**	37,599
Adjustments to calculate EPRA earnings exclude:		
Changes in fair value of investment properties	**(22,939)**	(17,956)
Reversal of provision for selling costs	**–**	–
Reversal of gain on acquisition	**–**	(9,657)
Reversal of impairment of goodwill	**–**	–
Changes in fair value of financial instruments	**999**	589
Deferred tax in respect of EPRA adjustments	**2,666**	127
Adjustments above in respect of joint ventures and associates		
Changes in fair value	**(2,959)**	1,057
Deferred tax in respect of EPRA adjustments	**39**	(158)
EPRA earnings attributable to shareholders	**27,072**	11,601
Further adjustments to arrive at Adjusted EPRA earnings		
Straight-line unwind of purchase swaps	**1,976**	1,244
Adjusted earnings attributable to shareholders	**29,048**	12,845
Weighted average number of shares in issue	**278,350,720**	132,254,338
Share-based payment award (note 14)	**647,806**	291,563
Diluted weighted average number of shares in issue	**278,998,526**	132,545,901

	cents	cents
Earnings per share		
IFRS EPS	**17.70**	28.43
Diluted IFRS EPS	**17.66**	28.37
EPRA EPS	**9.73**	8.77
Diluted EPRA EPS	**9.70**	8.75
Adjusted EPRA EPS	**10.44**	9.71
Diluted adjusted EPRA EPS	**10.41**	9.69

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.*

15. Earnings and net asset value per ordinary share continued

Straight-line unwind of purchase 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 breaks costs was calculated at 1 April 2014 and the purchase consideration for the property companies was reduced accordingly to reflect this liability.

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Reconciliation of profit for the period to headline earnings		
Earnings per IFRS income statement attributable to shareholders	**49,266**	37,599
Adjustments to calculate headline earnings, exclude:		
Changes in fair value of investment properties	**(22,939)**	(17,956)
Reversal of provision for selling costs	**–**	–
Reversal of gain on acquisition	**–**	(9,657)
Reversal of impairment of goodwill	**–**	–
Changes in fair value of financial instruments	**519**	(431)
Deferred tax in respect of headline earnings adjustments	**2,666**	127
Adjustments above in respect of joint ventures and associates		
Changes in fair value of investment properties	**(2,529)**	1,360
Deferred tax	**(307)**	(204)
Headline earnings attributable to shareholders	**26,676**	10,838

	cents	cents
Earnings per share		
Headline EPS	**9.58**	8.20
Diluted headline EPS	**9.56**	8.18

Notes to the financial statements

	31 March 2016 €'000	Audited 31 March 2015 €'000
16. Net asset value per share		
Net assets attributable to equity shareholders	**455,497**	433,314
Adjustments to arrive at EPRA net asset value:		
Derivative financial instruments	**5,942**	6,381
Deferred tax	**9,705**	7,230
Adjustments above in respect of joint ventures and associates	**2,838**	2,504
EPRA net assets attributable to shareholders	**473,982**	449,429
Number of shares in issue	**282,984,626**	272,236,146
Share-based payment award (note 14)	**647,806**	291,563
Diluted number of shares in issue	**283,632,432**	272,527,709

	cents	cents
Net asset value per share (basic and diluted)		
IFRS net asset value per share	**1.61**	1.59
EPRA net asset value per share	**1.67**	1.65

17. Investment property

The fair value of the consolidated investment properties at 31 March 2016 was €729,782,000 (31 March 2015: €695,196,000). The carrying amount of an 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 year ended 31 March 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 valuation process and results are held between the senior management and the external valuers on a bi-annual 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 IFRS13 and use significant "unobservable" inputs. 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.

All investment properties are mortgaged. Details of which can be seen in note 25.

17. Investment property continued

The key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2016 are detailed in the table below:

Combined portfolio (including share of jointly controlled entities)

	Percentage of portfolio by market value (%)	Market value 31 March 2016 (€ million)	Properties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	Voids by area (%)
United Kingdom	36.1	321.5	13	63,506	19.0	5.32	1.8
Germany	28.3	252.6	23	92,041	14.5	5.18	2.8
Switzerland	17.5	155.7	13	48,799	8.5	4.51	17.3
Subtotal	**81.9**	**729.8**	**49**	**204,346**	**42.0**	**5.10**	**5.9**
Share of joint ventures and associates	18.1	161.2	6	49,727	10.8	5.65	2.0
Total	**100.0**	**891.0**	**55**	**254,073**	**52.8**	**5.20**	**5.2**

	31 March 2016 €'000	Audited 31 March 2015 €'000
Opening balance	**695,196**	33,281
Properties acquired through the acquisition of subsidiaries	**–**	661,151
Properties acquired	**48,206**	–
Capitalised expenditure	**3,604**	3,414
Disposals through the sale of property	**(6,701)**	(65,273)
Foreign exchange movement in foreign operations	**(33,462)**	44,667
Net fair value gains on investment property	**22,939**	17,956
Closing balance	**729,782**	695,196

	31 March 2016 €'000	Audited 31 March 2015 €'000
17. Investment property continued		
Acquisitions		
United Kingdom		
Laxton Properties Limited	–	81,536
Normanton Properties Limited	–	95,232
Davemount Properties Limited	–	10,195
LPE Limited	–	83,919
Loveridge Properties Limited	–	55,808
Switzerland		
Algy Properties S.a.r.l.	–	4,328
Bruce Properties S.a.r.l.	–	7,910
Clint Properties S.a.r.l.	–	5,832
David Properties S.a.r.l.	–	12,609
Kantone Holdings Limited	–	78,621
Polo Property GmbH	–	35,904
Germany		
KG Bleichenhof Grundtuscksverwaaltung GmbH & Co. KG	–	119,400
Century BV	–	16,200
Century 2 BV	–	8,550
Stenham Beryl Limited	–	10,252
Stenham Crystal Limited	–	8,514
Stenham Jasper Limited	–	10,341
Isabel Properties BV	–	16,000
Stenprop Hermann Limited	**24,458**	–
Stenprop Victoria Limited	**23,748**	–
	48,206	661,151
Disposals		
United Kingdom		
Loveridge Properties Limited	–	(65,273)
GGP1 Limited, Leigh	**(6,701)**	–
	(6,701)	(65,273)

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 shopping 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.

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.

Prior year disposals

On 23 March 2015, the Group disposed of the only property owned by Loveridge Properties Limited, known as Chiswell Street, London for £48.255 million (equating to €65.2 million after disposal costs). The proceeds of the sale were utilised to settle the outstanding Lloyds facility of £12.925 million (circa €18 million). At 31 March 2016, Loveridge Properties Limited remains a dormant subsidiary of the Group.

18. Subsidiaries, associates and joint ventures

The Group consists of a parent company, Stenprop Limited, incorporated in Bermuda, and a number of subsidiaries, associates and joint ventures held directly and indirectly by Stenprop Limited which operate and are incorporated around the world.

Details of the Group's subsidiaries as at 31 March 2016 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
BVI				
Davemount Properties Limited	BVI	Property investment		100.00
Laxton Properties Limited	BVI	Property investment		100.00
Loveridge Properties Limited	BVI	Dormant		100.00
Normanton Properties Limited	BVI	Property investment		100.00
Ruby Red Holdings Limited	BVI	Management		100.00
SP Corporate Services Limited	BVI	Management		100.00
SP Nominees Limited	BVI	Management		100.00
SP Secretaries Limited	BVI	Management		100.00
Stencap1 Limited	BVI	Dormant		100.00
Stencap2 Limited	BVI	Dormant		100.00
Stencap3 Limited	BVI	Dormant		100.00
Stencap4 Limited	BVI	Dormant		100.00
Stenham Property Holdings Limited	BVI	Holding company	100.00	
Stenprop (Germany) Limited	BVI	Holding company	100.00	
Stenprop (Swiss) Limited	BVI	Holding company	100.00	
Stenprop (UK) Limited	BVI	Holding company	100.00	
Stenprop Trafalgar Limited	BVI	Holding company		100.00
Leatherback Property Holdings Limited	BVI	Holding company		100.00
Stenprop Hermann Limited	BVI	Property investment		100.00
Stenprop Victoria Limited	BVI	Property investment		100.00
Curacao				
Anarosa Holdings N.V.	Curacao	Holding company		94.90
C.S. Property Holding N.V.	Curacao	Holding company		94.90
Lakewood International N.V.	Curacao	Holding company		89.00
T.B Property Holdings N.V.	Curacao	Holding company		100.00
Guernsey				
APF1 Limited (in liquidation)	Guernsey	Dormant	100.00	100.00
Bernina Property Holdings Limited	Guernsey	Holding company		100.00
GGP1 Limited	Guernsey	Property investment	100.00	
Kantone Holdings Limited	Guernsey	Property investment		100.00
KG Bleichenhof Grundtuscksverwaaltung GmbH & Co. KG	Germany	Property investment		94.90
LPE Limited	Guernsey	Property investment		100.00
Stenham Paramount Hotel GP Limited	Guernsey	Management		100.00
Stenprop Advisers Limited (formerly Stenham Property Finance Limited)	Guernsey	Management		100.00

18. Subsidiaries, associates and joint ventures continued

Details of the Group's subsidiaries as at 31 March 2016 *continued:*

Name	Place of incorporation	Principal activity	% equity owned by Company	Subsidiary
Luxembourg				
Algy Properties S.a.r.l.	Luxembourg	Property investment		100.00
Bruce Properties S.a.r.l.	Luxembourg	Property investment		100.00
Clint Properties S.a.r.l.	Luxembourg	Property investment		100.00
David Properties S.a.r.l.	Luxembourg	Property investment		100.00
Jimmy Investments S.a.r.l.	Luxembourg	Holding company		100.00
Spike Investments S.A.	Luxembourg	Holding company		100.00
Netherlands				
Century 2 BV	Netherlands	Property investment		94.90
Century BV	Netherlands	Property investment		94.90
Isabel Properties BV	Netherlands	Property investment		94.90
Mindel Properties BV	Netherlands	Holding company		94.50
Stenprop Management BV (formerly Stenham Property Management BV)	Netherlands	Management		100.00
Isle of Man				
Stenham Beryl Limited	IoM	Property investment		100,00
Stenham Crystal Limited	IoM	Property investment		100.00
Stenham Jasper Limited	IoM	Property investment		100.00
Gemstone Properties Limited (formerly Stenham Properties (Germany) Limited)	IoM	Holding company		100.00
Switzerland				
Polo Property GmbH	Switzerland	Property investment		100.00
United Kingdom				
ApexHi UK Limited	UK	Dormant	100.00	
Stenprop Management Limited (formerly Stenham Property Limited)	England	Management		100.00

Details of the Group's investments in associates and joint ventures are disclosed in note 19 and note 20 respectively.

19. Investment 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**	**10.44**

** 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.*

The above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

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
31 March 2016				
Non-current assets	**–**	**–**	**55,672**	**55,672**
Assets held for sale	**265,286**	**–**	**–**	**265,286**
Current assets	**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**
31 March 2015				
Non-current assets	275,000	–	53,121	328,121
Current assets	16,188	153	562	16,903
Non-current liabilities	(160,217)	(71)	–	(160,288)
Current liabilities	(11,218)	–	(444)	(11,662)
Equity attributable to owners of the Company	119,753	82	53,239	173,074
Revenue	21,122	1,159	–	22,281
Profit from continuing operations and total comprehensive income	4,557	884	158	5,599

Notes to the financial statements

19. Investment 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
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)**
Foreign exchange movement in foreign operations	**–**	**–**	**–**	**–**
Closing balance	**33,019**	**–**	**6,279**	**39,298**
31 March 2015				
Opening balance	–	–	–	–
Share in associates acquired during the period	35,704	32	5,411	41,147
Share of associates' profit*	87	209	159	455
Distribution received from associates	(1,750)	(210)	–	(1,960)
Foreign exchange movement in foreign operations	–	10	–	10
Closing balance	34,041	41	5,570	39,652

** 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 €265 million at 31 March 2016, a 3.6% reduction of the fair value at 1 April 2015 of €275 million. The Stenham Berlin Residential Fund share price increased by 13% from €1.10 to €1.24 per share during the year under review.*

Stenham European Shopping Centre Fund Limited ('SESCF')

On 18 September 2015, as a result of a scrip dividend paid by SESCF, the Group's holding in the entity increased from 28.40% to 28.42%.

In January 2016, external property agents were appointed to market the sole asset owned by SESCF, known as Nova Eventis, for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms.

Stenpark

On 30 September 2015, management reclassified Stenpark Management Limited from an associate to a joint venture to more accurately reflect the substance of this investment. Refer note 20. The net asset value of Stenpark Management Limited at this date was €41,000.

20. Investment in joint ventures

Details of the Group's joint ventures as at 31 March 2016 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
Luxembourg				
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 S.A.	Luxembourg	Holding 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

20. Investment in joint ventures continued

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
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**
31 March 2015				
Investment property	33,563	–	–	33,563
Current assets	339	–	–	339
Assets	33,902	–	–	33,902
Bank loans	(23,776)	–	–	(23,776)
Shareholder loan	(13,524)	–	–	(13,524)
Deferred tax	(153)	–	–	(153)
Financial liability	(1,268)	–	–	(1,268)
Current liabilities	(199)			(199)
Liabilities	(38,920)	–	–	(38,920)
Net assets/(liabilities) of joint ventures	(5,018)	–	–	(5,018)
Net assets of joint ventures excluding shareholder loans	8,506	–	–	8,506
Group share of net assets	8,506	–	–	8,506
Revenue	2,796	–	–	2,796
Interest payable	(2,037)	–	–	(2,037)
Tax expense	(75)			(75)
Profit from continuing operations and total comprehensive income excluding interest due to Group	1,314	–	–	1,314
Share of joint ventures profit due to the Group	778	–	–	778

20. Investment in joint ventures continued

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

	Elysion S.A. 31 March 2016 €'000	Stenpark Management Limited 31 March 2016 €'000	Stenprop Argyll Limited 31 March 2016 €'000	Total 31 March 2016 €'000
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 venture	**(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**
31 March 2015				
Opening balance	–	–	–	–
Reclassification of associate to joint venture	–	–	–	–
Share in joint ventures acquired during the period	8,948	–	–	8,948
Share of joint venture profit	778	–	–	778
Distribution received from joint ventures	(1,220)	–	–	(1,220)
Foreign exchange movement in foreign operations	–	–	–	–
Closing balance	8,506	–	–	8,506

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.

Prior period acquisitions

On 1 October 2014 Stenprop completed the acquisition of 100% of the shares and shareholder loans in Bernina Property Holdings Limited ("Bernina"). Bernina in turn owns 50% of the issued share capital and 100% of the shareholder loans of Elysion S.A., a company incorporated in Luxembourg which is the beneficial owner of the Care Home portfolio. The remaining 50% of Elysion S.A. is owned by a joint venture partner who manages the portfolio.

The acquired shareholder loans have attracted, and continue to attract, a 10% compound interest rate since inception in 2007. The outstanding shareholder loan which is wholly owned by Stenprop has been valued at the recoverable balance which is deemed equal to the net assets of the joint venture excluding the shareholder loan.

	31 March 2016 €'000	Audited 31 March 2015 €'000
21. Investments		
Opening balance	**–**	287
Trading investments additions at cost	**–**	–
Fair value movement	**–**	66
Foreign exchange movement in foreign operations	**–**	16
Disposal	**–**	(369)
Fair value	**–**	–

Trading investments, comprising a portfolio of four listed Real Estate Investment Trusts ("REIT") were disposed of on 13 February 2015 for a value of €369,000.

22. Trade and other receivables

	31 March 2016 €'000	Audited 31 March 2015 €'000
Non-current receivables		
Other debtors	**7,403**	–
	7,403	–

Non-current other debtors relate solely to loans advanced under the Share Purchase Plan (see note 14, share based payments).

	31 March 2016 €'000	Audited 31 March 2015 €'000
Current receivables		
Accounts receivable*	**3,509**	2,634
Other debtors	**1,935**	3,911
Prepayments	**923**	1,519
	6,367	8,064

** Included in this balance are provisions for doubtful debts of €101,000 (2015: €34,000).*

23. Cash and cash equivalents

	31 March 2016 €'000	Audited 31 March 2015 €'000
Cash at bank	**36,811**	80,430
	36,811	80,430

Restricted cash

At year end funds totalling €11.9 million (2015: €9.0 million) were restricted. Tenant deposits of €2.7 million (2015:€1.6 million) are included in this amount as are net rents held in bank accounts which are secured by the lenders for the purposes of debt repayments and redevelopment, including €8.5 million (2015: €5.8 million) for the redevelopment of Bleichenhof. As the Group is in compliance with all the terms and conditions of its loans as at the date of signing these financial statements, there are no further restrictions, and any surplus will flow to the Group.

24. Accounts payable and accruals

	31 March 2016 €'000	Audited 31 March 2015 €'000
Accruals	**3,868**	2,772
Deferred income	**5,183**	5,754
Taxes payable	**1,776**	2,194
Other payables	**5,676**	7,436
	16,503	18,156

	31 March 2016 €'000	Audited 31 March 2015 €'000
25. Borrowings		
Opening balance	**364,931**	12,586
Acquisitions (note 27)	**–**	313,643
Loan repayments	**(30,608)**	(17,774)
New loans	**56,196**	40,454
Amortisation of loans	**(7,514)**	(5,416)
Capitalised borrowing costs	**(1,049)**	(622)
Amortisation of transaction fees	**378**	22
Foreign exchange movement in foreign operations	**(14,841)**	22,038
Total borrowings	**367,493**	364,931
Amount due for settlement within 12 months	**188,785**	68,058
Amount due for settlement between one to three years	**29,892**	232,201
Amount due for settlement between three to five years	**139,816**	56,132
Amount due for settlement after five years	**9,000**	8,540
	367,493	364,931
Non-current liabilities		
Bank loans	**178,708**	296,873
Total non-current loans and borrowings		
The maturity of non-current borrowings is as follows:		
One year to five years	**169,708**	288,333
More than five years	**9,000**	8,540
	178,708	296,873
Current liabilities		
Bank loans	**188,785**	68,058
Total current loans and borrowings	**188,785**	68,058
Total loans and borrowings	**367,493**	364,931

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25. Borrowings continued

The facilities are secured by debentures and legal charges over the properties to which they correspond. There is no cross-collaterisation of the facilities. The terms and conditions of outstanding loans are as follows:

Facility	Notes	Amortising	Loan interest rate	Currency	Maturity date	Nominal value 31 March 2016 €'000	Nominal value 31 March 2015 €'000	Carrying value* 31 March 2016 €'000	Carrying value* 31 March 2015 €'000
United Kingdom									
Laxton Properties Limited	3	No	LIBOR +1.4%	GBP	08/05/2020	**34,846**	30,283	**34,497**	30,283
Normanton Properties Limited	4	No	LIBOR +1.4%	GBP	29/05/ 2020	**46,879**	51,099	**46,690**	51,100
Davemount Properties Limited	2	Yes	LIBOR +2.1%	GBP	24/04/2016	**5,445**	8,354	**5,445**	8,354
LPE Limited		No	LIBOR +2%	GBP	23/03/2020	**37,959**	41,016	**37,317**	40,453
GGP1 Limited	1	No	LIBOR +2.5%	GBP	22/12/2016	**10,578**	14,219	**10,563**	14,181
Switzerland									
Algy Properties S.a.r.l.		Yes	LIBOR +1.3%	CHF	31/03/2017	**3,099**	3,823	**3,099**	3,823
Bruce Properties S.a.r.l.		Yes	LIBOR +1.25%	CHF	31/03/2017	**4,384**	4,628	**4,384**	4,628
Clint Properties S.a.r.l		Yes	LIBOR +1.3%	CHF	31/03/2017	**2,820**	3,044	**2,820**	3,044
David Properties S.a.r.l.		Yes	LIBOR +1.3%	CHF	31/03/2017	**7,340**	7,956	**7,340**	7,956
Kantone Holdings Limited		Yes	LIBOR +1.05%	CHF	31/03/2017	**46,787**	51,082	**46,787**	51,082
Polo Property GmbH		Yes	LIBOR +1.15%	CHF	31/03/2017	**22,639**	24,609	**22,639**	24,609
Germany									
Century BV		Yes	Euribor +1.65%	EUR	31/12/2017	**9,911**	10,174	**9,870**	10,174
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**4,291**	4,404	**4,273**	4,404
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**898**	922	**894**	922
LGI Properties Beryl Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,488**	5,636	**5,488**	5,636
LGI Properties Crystal Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**4,583**	4,707	**4,583**	4,707
LGI Properties Jasper Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,608**	5,759	**5,608**	5,759
Isabel Properties BV		No	Euribor +2.50%	EUR	31/12/2021	**9,000**	9,000	**9,000**	9,000
Bleichenhof GmbH & Co. KG		No	1.9%	EUR	31/12/2016	**84,937**	84,937	**84,884**	84,816
Stenprop Hermann Ltd	5	No	Euribor +1.13%	EUR	30/06/2020	**11,050**	–	**11,012**	–
Stenprop Victoria Ltd	6	No	Euribor +1.28%	EUR	31/08/2020	**10,300**	–	**10,300**	–
						368,842	365,652	**367,493**	364,931

* *The difference between the nominal and the carrying value represents unamortised facility costs, which have arisen since the completion of the Stenham Transaction (note 27).*

1. *On 20 January 2016, the Group disposed of one of the eight properties owned by GGP1 Limited known as Leigh, UK , for £5.365 million. The proceeds of the sale were utilised to part pay down the outstanding Santander facility of £10.4 million by £2.04 million.*
2. *On 26 May 2016, Davemount Properties Limited ("Davemount") and GGP1 Limited ("GGP1") refinanced their loan facilities with Santander. Santander have provided a single facility with a 5 year term of £12,360,000 split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% (including a swap of 1.21%), which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.*
3. *On 8 May 2015, Laxton Properties Limited 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.*
4. *On 29 May 2015, Normanton Properties Limited 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 2.9% per annum. The previous all-in rate on the loan was 4.96%.*
5. *On 24 August 2015, Stenprop Hermann Limited entered into a facility agreement to borrow €11,050,000. An interest rate of EURIBOR plus a margin of 1.13% was agreed and the interest-only loan is repayable in full on 30 June 2020.*
6. *On 24 November 2015, Stenprop Victoria Limited entered into a facility agreement to borrow €10,300,000. An interest rate of EURIBOR plus a margin of 1.28% was agreed and the interest-only loan is repayable in full on 31 August 2020.*

26. Derivative financial instruments

In accordance with the terms of the borrowing arrangements and group policy, the Group has entered into interest rate swap agreements. The Interest rate swap agreements are entered into by the borrowing entities to convert the borrowings from floating to fixed interest rates and are used to manage the interest rate profile of financial liabilities and eliminate future exposure to interest rate fluctuations. It is the Group's policy that no economic trading in derivatives is undertaken. The Group recognised a total net loss from fair value of financial instruments of €999,000 in the current year (2015: €589,000).

The following table sets out the interest rate swap agreements at 31 March 2016.

Facility	Effective date	Maturity date	Swap rate %	Notional value 31 March 2016 €'000	Fair value 31 March 2016 €'000	Notional value 31 March 2015 €'000	Fair value 31 March 2015 €'000
United Kingdom							
Laxton Properties Limited	01/04/2014	08/05/2020	1.62	**34,846**	(1,232)	**30,283**	(692)
Normanton Properties Limited	01/04/2014	25/03/2019	1.50	**46,879**	(1,285)	**51,099**	(1,273)
LPE Limited	26/03/2015	31/03/2020	1.35	**37,959**	(891)	**41,016**	(252)
GGP1 Limited (novated from APF1 Limited)	02/04/2015	22/12/2016	1.70	**6,630**	(55)	**7,164**	(121)
GGP1 Limited (novated from APF1 Limited)	02/04/2015	22/12/2016	1.66	**1,265**	(10)	**1,367**	(22)
Switzerland							
Algy Properties S.a.r.l.	01/04/2014	31/03/2017	0.91	**3,522**	(62)	**3,823**	(129)
Bruce Properties S.a.r.l.	01/04/2014	31/03/2017	1.90	**4,384**	(122)	**4,628**	(254)
Clint Properties S.a.r.l	01/04/2014	31/03/2017	1.75	**2,820**	(74)	**2,967**	(135)
David Properties S.a.r.l.	01/04/2014	20/02/2017	1.73	**7,409**	(171)	**7,885**	(331)
Kantone Holdings Limited	01/04/2014	31/03/2017	0.70	**46,787**	(721)	**51,082**	(1,513)
Polo Property GmbH	01/04/2014	31/03/2017	0.73	**22,639**	(355)	**24,609**	(744)
Germany							
Century BV	01/04/2014	29/12/2017	1.00	**9,911**	(220)	**10,174**	(267)
Century 2 BV	01/04/2014	29/12/2017	1.08	**4,291**	(102)	**4,404**	(126)
Century 2 BV	01/04/2014	29/12/2017	1.85	**898**	–	**922**	1
LGI Properties Beryl Limited	01/04/2014	30/04/2018	0.83	**5,488**	(125)	**5,636**	(135)
LGI Properties Crystal Limited	01/04/2014	30/04/2018	0.83	**4,583**	(105)	**4,707**	(113)
LGI Properties Jasper Limited	01/04/2014	30/04/2018	0.83	**5,608**	(128)	**5,759**	(138)
Isabel Properties BV	30/01/2015	30/12/2021	0.48	**9,000**	(284)	**9,000**	(137)
Total swaps – on balance sheet				**254,919**	(5,942)	**266,525**	(6,381)
Maturing within 12 months					(1,769)		(1,273)
Maturing after 12 months					(4,173)		(5,108)
Derivative financial instruments					(5,942)		(6,381)
Swaps included in investments in associates and joint ventures					–		–
Regent Arcade House Holdings Limited	20/05/2015	20/05/2020	1.57	**47,449**	(1,585)	**–**	–
Elysion Braunschweig S.a.r.l	01/04/2014	29/03/2018	2.43	**6,125**	(240)	**6,282**	(302)
Elysion Dessau S.a.r.l	01/04/2014	29/03/2018	2.43	**5,918**	(230)	**6,072**	(287)
Elysion Kappeln S.a.r.l	01/04/2014	31/12/2018	2.80	**6,420**	(359)	**6,584**	(407)
Elysion Winzlar S.a.r.l	01/04/2014	31/12/2018	2.80	**4,280**	(239)	**4,389**	(271)
Prejan Enterprises Limited	01/04/2014	25/07/2016	0.80	**44,380**	(231)	**45,897**	(540)
Total swaps				**114,572**	(2,884)	**335,749**	(8,188)

Notes to the financial statements

27. Business combinations

Prior period

On 1 October 2014 and 2 October 2014 the Company completed the acquisition of:

- Various property companies which collectively at he time of the transaction, held an interest in forty five properties in Germany, Switzerland and the United Kingdom (the 'property companies');
- The Stenham Property management business;
- Various cash holding entities, and
- The external investment manager, Apex Hi (UK) Limited.

The total purchase consideration for the acquisition of the property companies was calculated with reference to the net asset value of the property companies as at 31 March 2014 and amounted to €281.0 million. The purchase consideration for the Stenham Property management business was €15.6 million and the purchase consideration for Apex Hi (UK) Limited was €3.8 million. The purchase consideration for the cash holding subsidiaries was €18.4 million.

The purchase consideration for the acquisitions was funded by the issue of 232,916,809 new Stenprop ordinary shares to the value of €318,791,000 on the Bermudian share register at an issue price of €1.37 per share, which was the Euro equivalent of the net asset value per share of Stenprop as at 31 March 2014.

Deferred consideration which remains outstanding at year end, and which relates to the acquisition of the Stenham property management business is estimated to be €936,000 and relates to the vendor's right to receive a share of pre-existing exit and performance fees on certain assets managed by the acquired business on behalf of third parties.

The companies acquired on 1 October 2014 were:

Name	Place of incorporation	Ownership (%)
Stencap 1 Limited	BVI	100
Stencap 2 Limited	BVI	100
Davemount Properties Limited	BVI	100
Loveridge Properties Limited	BVI	100
Laxton Properties Limited	BVI	100
Normanton Properties Limited	BVI	100
Kantone Holdings Limited	Guernsey	100
Spike Investments S.A	Lux	100
Stencap 3 Limited	BVI	100
Stencap 4 Limited	BVI	100
Bernina Property Holdings Limited	Guernsey	100
Lakewood International N.V	Curaçao	89
TB Property Holdings N.V	Curaçao	100
Leatherback Properties Limited	BVI	100
Stenham Properties (Germany) Limited	IoM	100
Anarosa Holdings N.V	Curaçao	94.9
CS Property Holding N.V	Curaçao	94.9
Stenham European Shopping Centre Fund Limited	Guernsey	28.12
The following management companies were acquired on 2 October 2014:		
Stenham Property Holdings Limited	BVI	100
Stenprop Advisers Limited (formerly Stenham Property Finance Limited)	Guernsey	100
Stenprop Management Limited (formerly Stenham Property Limited)	England	100
ApexHi UK Limited	UK	100

27. Business combinations continued

A summary of properties acquired as part of the Stenham Transaction is provided below:

	Stenprop (UK) Limited	Stenprop (Swiss) Limited	Stenprop (Germany) Limited	Total
Effective date of acquisition	01/10/2014	01/10/2014	01/10/2014	
Number of properties (100%)	6	13	20	39
Number of properties (94.9%)			1	1
Number of properties in joint ventures (50%)			4	4
Number of properties in associates (28%)			1	1
	6	13	26	45

Fair value on completion date of properties and management companies acquired:

A summary of the fair value of assets and liabilities and the net cash position arising from the business combination is included in the table below:

	Stenprop (UK) Limited €'000	Stenprop (Swiss) Limited €'000	Stenprop (Germany) Limited €'000	Management Companies €'000	Total €'000
Investment properties	242,771	145,204	189,570		577,545
Investment in associate			35,082	32	35,114
Investment in joint venture			8,948	–	8,948
Property, plant and equipment			–	10	10
	242,771	145,204	233,600	42	621,617
Net working capital	(6,456)	(1,258)	(1,261)	1,385	(7,590)
External debt	(102,379)	(84,197)	(127,066)	–	(313,642)
Deferred tax	–	(3,722)	(2,811)	–	(6,533)
Derivative financial instruments	(1,773)	(1,880)	(812)	–	(4,465)
Non-controlling interest	–	–	(1,750)	–	(1,750)
	132,163	54,147	99,900	1,427	287,637
Gain on acquisition					(9,657)*
Net assets acquired					277,980
Purchase consideration					
Share issue (EUR)					318,791
Deferred consideration					1,445
Less cash					(42,256)
Total consideration					277,980

** The composition of the Gain on acquisition is detailed on page 99 of the 2015 Integrated Annual Report.*

Stenprop (UK) Limited, Stenprop (Swiss) Limited and Stenprop (Germany) Limited were incorporated during the period to hold the acquired assets (note 28).

27. Business combinations continued

Notional goodwill of €19,374,000 arose as a result of the acquisition of the Stenham Property Holdings Limited group and ApexHi (UK) Limited (the management companies). The acquisition of the management companies was contingent on the completion of the purchase of the property companies and was therefore considered a linked transaction in terms of IFRS 3: Business combinations. From a group perspective, the fair value of the combined identifiable net assets on acquisition date exceeded the summation of the consideration paid. A net gain on acquisition arose on acquisition date from the internalisation of management and the uplift in the value of the various property companies in the six-month period between the effective date of the sale (on which the assets were fair valued for purposes of the transaction), and the acquisition date, No goodwill is therefore recognised in the Group accounts.

Intangible assets

Management have measured the fair value of all assets and liabilities acquired as at the date of acquisition, including any assets or liabilities which may not have been recognised in the underlying company balance sheets. The value of any intangible assets acquired as at the date of the transaction is considered immaterial and has not been recognised.

28. Acquisition of subsidiaries and joint ventures

During the period the Group incorporated the following companies:

Name	Jurisdiction	Incorporation date	Cost €'000	Net assets acquired €'000
Acquisition of Hermann Quartier (refer note 17):				
Stenprop Hermann Limited	**BVI**	**24/04/2015**	**–**	**–**
Acquisition of Victoria Centre (refer note 17):				
Stenprop Victoria Limited	**BVI**	**24/04/2015**	**–**	**–**
Acquisition of Regent Arcade House Holdings Limited (refer below):				
Stenprop Argyll Limited (joint venture)	**BVI**	**17/02/2015**	**–**	**–**

Acquisition of 25 Argyll Street

On 20 May 2015, the Group acquired 50% of the issued share capital of the property owning company, Regent Arcade House Holdings Limited which owns the property known as 25 Arygll Street. The interest was acquired by Stenprop Argyll Limited, a wholly-owned subsidiary and was structured as a joint venture.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed of Regent Arcade House Holdings Limited are as set out in the table below:

	€'000
Investment properties	**94,898**
Net working capital	**(490)**
Net identifiable assets	**94,408**
Satisfied by:	
Cash	**47,834**
Bank loan	**47,449**
	95,283
Less: Cash and cash equivalent balances acquired	**(875)**
	94,408

Prior period

During the prior period the Group incorporated the following companies:

Name	Jurisdiction	Incorporation date	Cost $	Net assets acquired $
Stenham Transaction (refer note 27)				
Stenprop (UK) Limited	BVI	01/07/2014	100	100
Stenprop (Germany) Limited	BVI	01/07/2014	100	100
Stenprop (Swiss) Limited	BVI	01/07/2014	100	100
Acquisition of Trafalgar Court (refer below)				
Stenprop Trafalgar Limited	BVI	07/01/2015	100	100

28. Acquisition of subsidiaries and joint ventures continued

Acquisition of Trafalgar Court

On 26 March 2015, the Group acquired 100% of the issued share capital of the property owning company, LPE Limited, which owns the property known as Trafalgar Court. The acquisition was funded from capital raised in the private placement on 22 March 2015.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	€'000
Investment properties	83,919
Net working capital	(371)
Net identifiable assets	83,548
Satisfied by:	
Cash	43,460
Bank loan	41,016
Borrowing costs*	(563)
	83,913
Less: Cash and cash equivalent balances acquired	(365)
	83,548

** The capitalised borrowing costs which will be expensed over the life of the facility, have been offset against the cost of the investment.*

	31 March 2016 €'000	Audited 31 March 2015 €'000
29. Deferred tax		
The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.		
Opening balance	**(7,230)**	–
Deferred tax recognised on investment properties	**(2,667)**	(11,919)
Deferred tax recognised on revaluation of financial liabilities	**(220)**	625
Deferred tax on tax losses	**412**	4,064
Closing balance	**(9,705)**	(7,230)
Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:		
Deferred tax liabilities	**(14,821)**	(11,943)
Deferred tax assets	**5,116**	4,713
Closing balance	**(9,705)**	(7,230)
Deferred tax opening balance	**7,230**	–
Deferred tax liability acquired (note 27)	**–**	6,533
Exchange movements	**(191)**	570
Deferred tax liability closing balance	**(9,705)**	(7,230)
Movement in deferred tax	**(2,666)**	(127)

30. Financial risk management

The Group is exposed to a variety of financial risks including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to minimise the potential adverse effects on the Group's financial performance. Certain risk exposures are hedged via the use of financial derivatives.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout these audited financial statements where relevant. The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established a Risk Committee to develop and monitor the Group's risk management policies. The Risk Committee participates in management's process of formulating and implementing the risk management plan and reports on the plan adopted by management to the board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The board will is responsible for ensuring the adoption of appropriate risk management policies by management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

To enable the Risk Committee to meet its responsibilities, the Risk Committee has adopted a charter which includes appropriate standards and the implementation of systems of internal control and an effective risk-based internal audit, comprising policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely, reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk arising from deposits with banks is managed through a policy of utilising banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the Standard & Poors European financial institutions credit ratings for the six banks in which 78% of the Group's cash is held are as follows:

	31 March 2016	31 March 2015
ABN AMRO Bank NV	**A**	A
Barclays Private Clients International Limited	**A-**	A
Berliner Sparkasse	**AA-**	AA
HSBC Bank plc.	**AA-**	AA-
Santander UK plc.	**A**	A
UBS AG	**A**	A

The directors are satisfied as to the credit worthiness of the banks where the remaining cash is held.

At the time of acquisition of a property, and from time to time thereafter, the Company reviews the quality of the contracted tenants to ensure that the tenants meet acceptable covenants. Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables. An allowance for impairment is made where there is an indefinable loss event, which based on previous experience, may give risk to non recovery of a receivable.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

At 31 March 2016, trade and other receivables and cash and cash equivalents amounted to €43,178,000 (March 2015: €88,494,000) as shown in the statement of financial position.

30. Financial risk management continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources, the availability of funding through appropriate and adequate credit lines and managing the ability of tenants to settle within lease obligations. The Group ensures, through the forecasting and budgeting of cash requirements, that adequate committed resources are available.

By its nature, the market for investment property is not immediately liquid. As a result of this illiquidity, the Group's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited. Furthermore, where the Group acquires investment properties for which there is not a readily available market, the Group's ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such property investment is exposed may be limited. The Group's short-term liquidity risk is secured by the existence of cash balances, through the fact that rental income exceeds the Group's cost structures and through ensuring that facilities are managed within debt covenants.

The following table details the contractual maturity date of the Group's financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where the Group is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payments that have not been included in the carrying amount of the financial liability. The table also includes a reconciliation to the carrying value in the statement of financial position.

	Less than one month €'000	One to three months €'000	Three to twelve months €'000	One to five years €'000	Over five years €'000	Discount €'000	Total €'000
Interest-bearing loans	**5,445**	**–**	**183,340**	**169,708**	**9,000**	**–**	**367,493**
Loan interest	**531**	**2,388**	**6,636**	**14,056**	**203**	**(23,278)**	**536**
Financial liabilities	**199**	**–**	**1,570**	**3,889**	**284**	**–**	**5,942**
Deferred tax	**–**	**–**	**–**	**9,705**	**–**	**–**	**9,705**
Other loans and interest	**–**	**–**	**–**	**12**	**–**	**–**	**12**
Other payables (including tax)	**–**	**2,811**	**4,641**	**–**	**–**	**–**	**7,452**
Accruals	**–**	**–**	**3,332**	**–**	**–**	**–**	**3,332**
Deferred income	**–**	**5,156**	**27**	**–**	**–**	**–**	**5,183**
As at 31 March 2016	**6,175**	**10,355**	**199,546**	**197,370**	**9,487**	**(23,278)**	**399,655**
Interest-bearing loans	–	–	68,058	288,333	8,540	–	364,931
Loan interest	510	2,736	8,177	16,217	470	(27,590)	520
Financial liabilities	–	–	1,273	4,971	137	–	6,381
Deferred tax	–	–	–	7,230	–	–	7,230
Other loans and interest	–	–	–	23	–	–	23
Other payables (including tax)	–	3,122	6,508	–	–	–	9,630
Accruals	30	302	1,920	–	–	–	2,252
Deferred income	919	4,835	–	–	–	–	5,754
As at 31 March 2015	1,459	10,995	85,936	316,774	9,147	(27,590)	396,721

Notes to the financial statements

30. Financial risk management continued

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 other comprehensive income €'000	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				
Loans	**–**	**–**	**367,493**	**367,493**
Other loans and interest	**–**	**–**	**12**	**12**
Interest rate swaps	**–**	**5,942**	**–**	**5,942**
Accounts payable and accruals	**–**	**–**	**16,503**	**16,503**
As at 31 March 2016	**–**	**5,942**	**384,008**	**389,950**

	Held at fair value through other comprehensive income €'000	Held at fair value through profit and loss €'000	Held at amortised cost €'000	Total carrying amount 31 March 2015 €'000
Financial assets				
Cash and cash equivalents	–	–	80,430	80,430
Accounts receivable	–	–	2,634	2,634
Other debtors	–	–	3,911	3,911
	–	–	86,975	86,975
Financial liabilities				
Loans	–	–	364,931	364,931
Other loans and interest	–	–	23	23
Interest rate swaps	519	5,862	–	6,381
Accounts payable and accruals	–	–	18,156	18,156
As at 31 March 2015	519	5,862	383,110	389,491

30. Financial risk management continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to shareholders.

Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- changes in the general economic climate;
- local conditions in respective markets, such as oversupply, or a reduction in demand, for commercial space in a specific area;
- competition from other available properties; and
- government regulations, including planning, environmental and tax laws.

Whilst a large number of these factors are outside the control of the management, market and property-specific factors relevant to maintain a sustainable income stream within the Group's yield parameters are considered as part of the initial due diligence. Properties and tenant leases are actively managed.

Foreign currency risk

The Group's functional currency is Euros. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency or exchange rates. At the reporting date, the below table summarises the Group's exposure to foreign currency risk in respect of assets and liabilites held in GBP (United Kingdom) and CHF (Switzerland).

	31 March 2016 €'000	31 March 2015 €'000
Assets		
GBP	**371,938**	367,995
CHF	**160,313**	172,725
Liabilities		
GBP	**149,120**	159,369
CHF	**94,894**	104,905

Foreign currency sensitivity analysis

The sensitivity analysis measures the impact on the Group's exposure in Euros (based on a change in the reporting date spot rate) and the impact on the Group's Euro profitability, given a simultaneous change in the foreign currencies to which the Group is exposed at the reporting date.

A 10% strengthening in the Euro exchange rate against the following currencies at year end would have decreased equity and profits by the amounts shown below. This analysis assumes that all other variables remain constant. For a 10% weakening of the Euro, there would be an equal but opposite impact on the profit and equity and the balance would be positive.

	Equity €'000	Profit or loss €'000
GBP impact	(22,282)	(2,988)
CHF impact	(6,542)	(51)
	(28,824)	(3,039)

30. Financial risk management continued

The following exchange rates against the Euro were applied during the year:

	Average rate for 12 months to 31 March 2016	Period end 31 March 2016
CHF	**0.931954**	0.914700
GBP	**1.365830**	1.265300

Interest rate risk

The Group's interest rate risk is associated with cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 26, borrowings from credit institutions are protected against movements in interest rates. The company uses interest rate swaps to manage its interest rate exposure.

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	Designated at fair value		
	€'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
31 March 2016				
Assets				
Investment properties	**729,782**	**–**	**–**	**729,782**
Total assets	**729,782**	**–**	**–**	**729,782**
Liabilities				
Derivative financial liabilities	**5,942**	**–**	**5,942**	**–**
Total liabilities	**5,942**	**–**	**5,942**	**–**
31 March 2015				
Assets				
Investment properties	695,196	–	–	695,196
Total assets	695,196	–	–	695,196
Liabilities				
Derivative financial liabilities	6,381	–	6,381	–
Total liabilities	6,381	–	6,381	–

30. Financial risk management continued

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.

Unobservable inputs

Unobservable inputs for Level 3 investment properties are disclosed in note 17.

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity attributable to ordinary shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Stenprop's average loan to value ratio ("LTV") ratio at 31 March 2016 was 51.6% (2015: 53.8%), including joint ventures and associates and the Group is not subject to any external capital requirements. The Group strategy is to maintain a debt to equity ratio and LTV to ensure that property performance is translated into an enhanced return for shareholders whilst at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 50% LTV in respect of secured external borrowings is an appropriate target for the Group, given current market conditions.

31. 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.

P Arenson and M Fienberg, both directors of the Company, are also directors of Stenham Limited which at 31 March 2016 had an indirect beneficial interest of 4.91% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2015: 5.1%).

At 31 March 2016, P Arenson held an indirect 2.58% interest in the share capital of Stenham Limited (March 2015: 4.49%). His interest in Stenprop Limited is separately disclosed in note 8.

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 6.41% in the shares of the Company at 31 March 2016.

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. SP Corporate Services Limited, the director of RAHHL is a wholly-owned subsidiary of the Group, as are Stenprop Management Limited and Stenprop Advisors Limited which act as Property Manager and Administrator respectively to RAHHL. The Group earns fees of €181,000 per annum for these services.

32. Operating lease commitments

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	31 March 2016 €'000	Audited 31 March 2015 €'000
Within one year	**40,673**	41,440
Between one and two years	**38,922**	39,479
Between two and five years	**97,993**	105,129
After five years	**86,690**	98,840
	264,278	284,888

Notes to the financial statements

33. Subsequent events

(i) Declaration of dividend after reporting date

On 8 June 2016, the directors declared a final dividend of 4.70 cents per share, payable in cash on 29 July 2016.

An announcement containing details of the dividend and the timetable will be made separately.

(ii) Share incentive awards

On 8 June 2016, the directors, on the recommendation of the remuneration committee, approved the following share based awards:

	Bonus awards under Deferred Share Bonus Plan in respect of the year ended 31 March 2016*		Share Purchase Plan^	
	€'000	Number of shares	€'000	Number of shares
Executive directors	307	223,294	4,806	3,408,466
Other staff	81	59,250	393	278,725
	388	282,544	5,199	3,687,191

** Share options vest in three equal tranches. The first tranche vests on grant. Subsequent tranches will vest at the relevant year-end in accordance with the rules of the Deferred Share Bonus Plan.*

^ Shares will be issued on 9 June 2016

Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

(iii) Refinance of Davemount and GGP1 portfolios

On 26 May 2016, Davemount Properties Limited ("Davemount") and GGP1 Limited ("GGP1") refinanced their loan facilities with Santander. Santander have provided a single facility of £12,360,000 for a five year period, split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.

(iv) Lease signed at Euston House

In May 2016, a new six year lease was signed at Euston House for 11,787 square feet, representing one floor and 11% of the space. The new tenant will pay an annual rent of just under £0.7 million equating to £58.50 per square foot per annum from August 2017 onwards. Prior to that the tenant will pay half rent of £0.345 million per annum. The previous tenant paid £27.50 per square foot per annum on unrefurbished space. Stenprop spent approximately £1.4 million on the refurbishment of the space. The building is now fully let.

Part 6
VALUATION REPORT

Presented overleaf

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Our ref UKLON479500
Direct line +44 (0) 203 147 1497
roger.meeds@eu.jll.com

Stenprop Limited
180 Great Portland Street,
London W1W 5QZ

Private & Confidential

8th June 2018

Dear Sirs,

Stenprop Limited Portfolio Valuation

Introduction

In accordance with our signed engagement letter with Stenprop Limited & Numis Securities Limited (the "Company" or the "Client"), dated 5th April 2018, we, Jones Lang LaSalle Limited, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "Schedule"), in order to advise you of our opinion of the Fair Value (as defined below) as at 6th June 2018, of the Freehold, Leasehold or Part Freehold, Part Leasehold (as appropriate) interests in each of these properties (the "Properties").

The effective valuation date is 6th June 2018.

Comparison to March 2018 year end valuation

We have reviewed the portfolio and consider that any changes in value that may have occurred during the period from our accounts valuation date of 31 March 2018 and the effective valuation date above, to be *de minimis*.

This does not apply to those properties acquired during the period between the 31 March 2018 accounts valuation date and the effective valuation date. These properties are shown separately at purchase price.

Purpose of Valuation

You have advised us that the valuation is in connection with an admission to the Specialist Fund Segment of the London Stock Exchange. The shares admitted in London will continue to be held by the existing investors of the Client. We understand that our valuation will be published in the prospectus (the "Prospectus") in relation to the admission

Compliance

We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book) and comply with the Prospectus Rules published by the Financial Conduct Authority and paragraphs 128-130 of the ESMA update of the CESR recommendations: The consistent implementation of the European Commission's Regulation (EC) No 809/2004 implementing the Prospective Directive (ESMA/2013/319).

In accordance with the RICS Red Book requirements on disclosure for regulated purpose valuations, we confirm that:

- The fee income JLL received from the Client in the last financial year did not exceed 5% of the total fee income of JLL in the last financial year.
- JLL has been appointed as External valuer to the Company since 2014.

Reliance

Our Report shall be addressed to the Company and Numis. We acknowledge that the Company and Numis will each rely on the Report. We acknowledge further that shareholders or prospective shareholders may, *inter alia*, rely on the Report in the form that is incorporated in the Prospectus.

Valuation approach

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream we have reflected the current rent (gross rent) payable to lease expiry, at which point the valuer has assumed that each unit of occupation will be let at their opinion of Market Rent. The valuer has made allowances for voids and rent free periods where appropriate, as well as deducting non-recoverable costs where applicable. The comparable method is used to select the appropriate yield, which has been adjusted for the location of the building, specification, tenant credit quality, lease terms and lot size amongst other factors.

Confidentiality and Publication

In accordance with our normal practice, we confirm that the report is addressed for the specific purpose to which it refers. Except as expressly set out in the section entitled "Responsibility" below, no responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part nor any references thereto may be published in any document, statement or circular nor in any communication with third parties without our prior written approval (which shall be at our sole discretion) and our approval of the form and context in which it will appear. We have agreed that a copy of our report may be made available in a Prospectus.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values, as at the 6th June 2018, of the Freehold, Leasehold and Part Freehold, Part Leasehold interests as summarised in the Schedule, and including Kirkstall Park, Leeds and Greenwood Industrial Estate, Shrewsbury at their respective purchase prices, is:

UK

£325,245,000

(THREE HUNDRED AND TWENTY FIVE MILLION TWO HUNDRED AND FORTY FIVE THOUSAND POUNDS)

Switzerland

CHF 124,160,000

(ONE HUNDRED AND TWENTY FOUR MILLION ONE HUNDRED AND SIXTY THOUSAND SWISS FRANCS)

Germany

€ 323,890,000

(THREE HUNDRED AND TWENTY THREE MILLION EIGHT HUNDRED AND NINETY THOUSAND EUROS)

There are no negative values to the report.

A list of the individual properties is set out as an Appendix.

Realisation Costs

Our Valuation Report is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the RICS Red Book to be a "supposition taken to be true" ("assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations in this Valuation Report, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

We have made no "Special Assumptions". We define that term in accordance with the RICS Red Book as 'an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date'.

Inspections

We inspected the Properties between March 2017 and May 2018. We have undertaken external inspections of those properties acquired after 31 March 2018.

Information

We have made an assumption that the information which the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have not had sight of a Certificate of Title in preparing our Valuation Report.

Floor Areas

We have been provided with floor areas by the Company and have assumed that these are gross or net, as applicable, and have been prepared in accordance with the RICS' Code of Measuring Practice. As agreed we have relied upon these floor areas for the purposes of this valuation exercise. For the avoidance of doubt we have not measured any part of the properties or undertaken check measurements.

Plant and Machinery

Landlords' fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have not had sight of a Certificate of Title We have made the assumption that there are no adverse Town Planning, Highway or other schemes or proposals, which would materially impact our opinion of value.

We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

We have not made written or oral enquiries of local planning authorities.

Tenure and Tenancies

We have not read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation Report and the Schedule are provided for the Purpose. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents.

For the purposes of Prospectus Rule 5.5.3R (2) (f), we are responsible for this Valuation Report and schedule and accept responsibility for the information contained in this Valuation Report and confirm to the best of our knowledge, having taken all reasonable care to ensure that such is the case, that the information contained in this Valuation Report and summary is in accordance with the facts and contains no omissions likely to affect its import.

We have prepared this Valuation Report for inclusion in the Prospectus and, save as provided in this Valuation Report or as required under Prospectus Rule 5.5.3R (2) (f), we do not accept any liability in relation to the information contained in the Prospectus or any other information provided by the Company or any other party in connection with the placement, offer or listing. The Valuation Report may not be reproduced or used other than for the Purpose without our prior written consent. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of Commission Regulation (EC) 809/2004.

Yours faithfully,

Roger Meeds BSc (Hons) MRICS
Director

For and on behalf of
Jones Lang La Salle Limited

Fergus Power BSc (Hons) MRICS
Director

For and on behalf of
Jones Lang La Salle Limited

Appendix

Schedule of Properties

UK Multi - Let Industrial ('MLI') Properties

Property	Tenure	Aggregate Value as at 31 March 2018	Inspection Date
Lion Business Park,Dering Way,Gravesend,	FH		10/04/2018
Poulton Close Business Centre,Dover	FH		17/04/2017
Dana Industrial Estate,Transfesa,Paddock Wood	FH		10/04/2018
Davey Close Trade Park,Colchester	FH		23/05/2017
Greenway Business Par,Great Horwood	FH		07/11/2017
Rivermead Industral Estate,Pipers Way,Thatcham	FH		09/03/2018
Sovereign Business Park,Hawkins Lane,Burton	FH		03/04/2017
Wholesale District, Clarke Rd,Nottingham	LH		13/03/2018
Eurolink 31,Normanton	FH		27/04/2017
Rawdon Network Centre,Marquis Drive, Swadlincote	FH		31/03/2017
Wharton Street Industial Estate, Aston	FH		31/03/2017
Wainwright St Industrial Estate, Aston	LH		31/03/2017
Argyle Business Centre,Argyle Street, Aston	FH		31/03/2017
Cuckoo Trade Park,Cuckoo Road, Aston	LH		31/03/2017
Redbrook Business Park, Barnsley	FH		03/04/2017
Compass Industrial Estate,Speke	FH		06/03/2018
Shire Court, Mansfield	FH		03/04/2017
Lea Green Business Park,Eurolink,St Helens,	FH		05/04/2017
Capital Business Park , Cardiff	FH		09/05/2018
Anniesland Business Park,Glasgow	FH		08/12/2017
Sherwood Network Centre, Ollerton	FH		03/04/2017
Caldene Business Centre, Halifax	FH		04/04/2017
Imex Business Centre, Loanhead	FH		03/04/2017
Boaler Street,Tulloch Street,Liverpool	FH		05/04/2017
Croft Business Park,Carrock & Mosedale Roads, Bromborough	FH		10/04/2018
Souterhead Industrial Estate, Aberdeen	FH		11/12/2017
Venture Park, Peterborough	FH		13/03/2018
Coningsby Park, Stirling Way, Bretton, Peterborough	FH		13/03/2018
Globe Park, Moss Bridge Road, Rochdale	LH		13/12/2017
Ellis Hill, Leeds Road, Huddersfield	FH		15/05/2018
Total UK MLI Properties		**£147,755,000**	

UK Multi - Let Industrial ('MLI') Properties - acquired post Valuation Date

Property	Tenure	Aggregate Purchase Price	Inspection Date
Kirkstall Park, Leeds	FH		17/05/2018
Greenwood Industrial Estate, Shrewsbury	FH		28/02/2018
Total UK MLI Properties acquired post Valuation Date		**£11,090,000**	

UK & Guernsey Non- MLI Properties

Property	Tenure	Aggregate Value as at 31 March 2018	Inspection Date
Davemount Portfolio			
192-196 The Marlowes,Hemel Hempstead	FH&LH		05/05/2016
65 Victoria Street, Grimsby	FH		24/01/2018
81-85 Park Street, Walsall	FH		26/03/2018
Total Davemount Portfolio		**£6,600,000**	
GGP1 Portfolo			
Unit 11 Ashby Park, Ashby de la Zouch	LH		26/03/2018
Unit 35,Merthyr Tydfil Industrial Park,Pentrebach, Merthyr Tydfil	FH		21/03/2018
Rose Kiln Court,Rose Kiln Lane Reading	FH		05/05/2016
1 Europa Drive,Shepcote Business Park, Sheffield	FH		08/02/2018
Wainright Road, Worcester	FH		26/03/2018
Total GGP1 Portfolio		**£20,400,000**	
Euston House, 24, Eversholt Street, London, N1	FH	**£79,550,000**	30/08/2017
Trafalgar Court, Guernsey	FH	**£59,850,000**	08/03/2018
Total UK & Guernsey Non- MLI Properties		**£166,400,000**	
Total UK & Guernsey Properties (including post-Valuation acquisitions)		**£325,245,000**	

Switzerland

Property	Tenure	Valuation as at 31 March 2018	Inspection date
Altendorf, Zürcherstrasse	FH	CHF 26'450'000	20/03/18
Arlesheim, Fabrikmattenweg	LH	CHF 12'690'000	19/03/18
Baar, Oberdorfstrasse	FH (Condominium)	CHF 20'430'000	20/03/18
Chiasso, Via Livio	FH (Condominium)	CHF 8'650'000	21/03/18
Lugano, Pazzallo, Via Pian Scairolo	FH	CHF 20'930'000	21/03/18
Sissach. Gelterkinderstrasse	FH	CHF 3'820'000	19/03/18
Montreux, Grand Rue	FH (Condominium)	CHF 25'290'000	15/03/18
Vevey, Place de la Gare	FH	CHF 5'900'000	15/03/18
Total Swiss Properties		**CHF 124'160'000**	

Germany

Property	Tenure	Valuation as at 31 March 2018	Inspection date
Aldi Portfolio			
ALDI, Dingolfing, Gewerbehof 1	FH		14.03.18
ALDI, Brackenheim, Maulbronner Straße 24	FH		15.03.18
ALDI, Jettingen, Gutmeisterweg 2	FH		Desktop
ALDI , Neuberg an der Donau, Nördliche Grünauerstr. 2	FH		15.03.18
ALDI, Endingen, Maria-Theresia-Str. 1	FH		22.03.18
ALDI, Neckartenzlingen, Robert-Bosch-Straße 2	FH		21.03.18
ALDI, Gaertringen, Max-Planck-Straße 36	FH		21.03.18
ALDI, Rain an der Lech, Erlenweg 5	FH		15.03.18
ALDI, Kehl, Allensteiner Straße 21	FH		22.03.18
ALDI, Pleisweiler-Oberhofen, Im Weidfeld 2	FH		21.03.18
ALDI, Öhringen, Steinsfeldle 20	FH		15.03.18
ALDI, Untermeitingen, Lagerlechfelder Straße 32	FH		14.03.18
ALDI, Lorsch, In der Diesterwiese 2	FH		21.03.18
ALDI, Pfaffenhofen an der Ilm, Martin-Binder-Ring 20	FH		14.03.18
Total Aldi portfolio		**€ 32,840,000**	
Bikemax Portfolio			
Bikemax, Ludwigsburg, Porschestraße 8	FH		16.03.18
Bikemax, Frankfurt, Hanauer Landstraße 435	FH		16.03.18
Bikemax, Marburg, Cölberstraße 17	FH		09.03.18
Bikemax, Sindelfingen, Hanns-Martin-Schleyer-Straße 4	FH		16.03.18
Bikemax, Kassel, Heiligenröder Straße 21	FH		09.03.18
Total Bikemax portfolio		**€ 27,710,000**	
Care Homes Portfolio			
Care Home, Braunschweig, Hannoversche Straße 40	FH		21.03.18
Care Home, Dessau, Bernburger Straße 19	FH		21.03.18
Care Home, Kappeln, Konsul-Lorentzen-Straße 3	FH & LH		19.03.18
Care Home, Winzlar, Langes Feld 4	FH		21.03.18
Total Care Homes Portfolio		**€ 39,340,000**	
Bleichenhof, Hamburg Bleichenbrucke 9 -11 (94.9% ownership interest)	LH	€ 148,800,000	20.03.18
Neukoelln Carree Berlin, Grenzallee 4	LH	€ 21,900,000	15.03.18
Hermann Quartier, Berlin, Hermannstraße 158a	FH	€ 23,600,000	15.03.18
Victoria Centre, Berlin, Marktstraße 6	FH	€ 29,700,000	16.03.18
Total German Properties		**€ 323,890,000**	

Part 7
THE REIT REGIME AND TAXATION

Sections A and B of this Part 7 are intended as a general guide only, are not an exhaustive summary of all applicable legislation in relation to the matters outlined therein, do not apply to all classes of Shareholder (for example, traders) and are based of the Company's understanding of current UK, South African and Guernsey tax law and the published practice of HMRC (in the UK) and the Director of Income Tax (in Guernsey), each of which is subject to change, possibly with retrospective effect. They do not constitute advice.

SECTION A: THE UK REIT REGIME

1 SUMMARY

1.1 Principal tax advantage of REIT status

The principal tax advantage of REIT status is that the REIT, which in this case, and for the purposes of this Part 7, will be the Company as principal company of a REIT Group following UK Admission and notification to HMRC, will be exempt from UK corporation tax on both rental profits and chargeable gains on direct disposals of properties held for the purposes of its Property Rental Business. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Section A for more information). It should be noted that the sale of shares by a REIT or member of a REIT Group in a property-owning company will continue to be subject to UK corporation tax.

1.2 Principal tax disadvantages of REIT status

The principal tax disadvantages of REIT status are as follows:

(a) in order for it to remain a REIT, the REIT will have to comply with the various tests outlined in paragraph 2.2 of this Section A on an ongoing basis; and

(b) withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 2.2 of Section B of this Part 7 for further details).

Overall, the Board believes that the tax advantage of REIT status outweighs the tax disadvantages.

1.3 Dividend policy under REIT regime

The Company will have to meet a minimum distribution test for each accounting period that it is a REIT or the principal company of a REIT Group. This minimum distribution test requires the Company to distribute at least 90 per cent. of the income profits of the Property Rental Business for each accounting period. As a REIT Group, the REIT's Property Rental Business profits are the sum of the group's UK Property Rental Business profits as shown in the Group financial statements. The Board believes that the Company's dividend policy will enable the Company to meet this minimum distribution requirement.

1.4 The substantial shareholder rule

Under the REIT regime, a tax charge may be levied on the Company if it makes a distribution to or in respect of a substantial shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the REIT regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to a person who is a substantial shareholder. The charge is not triggered merely because a Shareholder is a substantial shareholder, or if the person beneficially entitled to the dividend is a substantial shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the substantial shareholder, and not just that part of the dividend attributable to Ordinary Shares held by the substantial shareholder in excess of 10 percent. of the Company's issued share capital. See paragraph 2.3.2 of this Section A below for further information.

1.5 **Non-close company condition**

As mentioned below in paragraph 2.2.1 of this Section A, the Company must not be a close company other than only by virtue of having as a participator an institutional investor. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership which is a collective investment scheme, a registered social landlord, an open-ended investment company or the foreign equivalent of an open-ended investment company, a person with sovereign immunity from UK corporation or income tax, and a UK REIT or the foreign equivalent of a UK REIT. However, the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Company will lose its REIT status at the end of the three-year period. If the non-close company requirement is not met at any time after the first day following the first three year period, the Company will cease to be a REIT at the end of the accounting period preceding the accounting period in which the breach began or, if later, the end of the first three year period. Loss of REIT status would have a material impact on the Company because of the loss of tax benefits conferred by the REIT regime.

Although the Board does not expect the close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of this condition may be disregarded if the reason for the breach is because the Company and any subsidiaries become members of another group REIT or if the breach is the result of anything done (or not done) by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began.

1.6 **Exit from the REIT regime**

The Company can give notice to HMRC at any time that it wants to leave the REIT regime. The Board retains the right to decide to exit the REIT regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the Company and the Shareholders. If the Company voluntarily leaves the REIT regime within ten years of joining and disposes of any property or other asset that was involved in its Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a result of the deemed disposal on entry into the REIT regime, movement into the ring fence or exit from the REIT regime would be disregarded in calculating the gain or loss on the disposal. It is important to note that the Company cannot guarantee continued compliance with all of the REIT conditions and that the REIT regime may cease to apply in some circumstances. HMRC may require the Company or REIT Group to exit the REIT regime if:

(a) it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt to avoid tax, as sufficiently serious;

(b) the Company or members of its REIT Group has committed a certain number of breaches of the conditions within a specified period; or

(c) HMRC has given the Company or members of its REIT Group two or more notices in relation to the avoidance of tax by the Company or members of its REIT Group within a ten year period.

The Company or REIT Group may lose its status as a REIT from the first day of joining the REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the REIT status may not apply for the whole period. In addition, the Company or REIT Group would automatically lose REIT status if any of the following were to occur:

(a) the Company ceases to be solely UK resident for tax purposes;

(b) the Company becomes an open-ended company;

(c) the conditions for REIT status relating to the share capital of the Company are breached;

(d) the conditions for REIT status relating to the prohibition on entering into loans with abnormal returns are breached;

(e) the shares forming the Company's ordinary share capital are not admitted to trading on a recognised stock exchange on the first day of accounting period and throughout the remainder of that period. If this condition is not met in relation to an accounting period and the failure has not arisen as a result of the principal company of the REIT Group becoming a member of another group UK REIT, the REIT Group will be treated as having ceased to be a UK REIT at the end of the previous accounting period. Therefore, Shareholders should note that it is possible that the Company or REIT Group could lose its status as a REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a REIT); or

(f) throughout an accounting period the shares forming the ordinary share capital are not either (i) included in the Official List or officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states; or (ii) traded on a recognised stock exchange. Although note that this listing/trading requirement is relaxed in the REIT Group's first three accounting periods.

Future changes in legislation may cause the Company to lose its REIT status.

If the Company or REIT Group is required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how the Company or REIT Group should be taxed, including in relation to the date on which the Company or REIT Group is treated as exiting the REIT regime. In some circumstances HMRC can impose a charge which claws back all benefits of having been within the REIT regime.

2 THE REIT REGIME

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change. They do not constitute advice.

2.1 Overview

The UK REIT regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

Investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not most UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a REIT whereas they do not suffer if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see paragraph 2.2 of this Section A below), REITs will not pay UK corporation tax on the profits of their Property Rental Business. Instead, distributions in respect of the Property Rental Business will be treated for UK tax purposes as property income in the hands of shareholders. However, UK corporation tax will still be payable in the normal way in respect of income and gains from any Residual Business (generally including any property trading business) not included in the Property Rental Business.

While within the REIT regime, the Property Rental Business will be treated as a separate business for UK corporation tax purposes to the Residual Business, and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).

A REIT will be required to distribute to its shareholders (by way of a dividend in cash or by way of an issue of share capital in lieu of a cash dividend), generally on or before the filing date for the REIT's tax return for the accounting period in question, at least 90 per cent. of the REIT Group's income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period and 100 per cent. of any property income distributions received from other UK REITs. Failure to meet this requirement will result in a UK corporation tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings profits distributed up to the required level.

In this Part 7, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in paragraph 2 of Section B of this Part 7.

2.2 Qualification as a REIT

A company or group becomes a REIT by correctly serving notice on HMRC before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and/or REIT Group must satisfy certain conditions set out in Part 12 of the CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company and/or REIT Group must satisfy the conditions set out in paragraphs 2.2.1 to paragraph 2.2.4 of this Section A below.

2.2.1 Company conditions

The principal company of a REIT Group must be a solely UK tax-resident company whose ordinary shares are admitted to trading on a recognised stock exchange, which includes the Specialist Fund Segment of the London Stock Exchange and the principal company of a REIT Group must not be an open-ended investment company. Additionally, throughout an accounting period the shares forming the ordinary share capital of the principal company of the REIT Group must either be (i) included in the Official List or officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states; or (ii) traded on a recognised stock exchange. This listing/trading requirement is relaxed in the REIT Group's first three accounting periods. After the first three years, the principal company of a REIT Group must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor (as to the meaning of institutional investor see paragraph 1.5 of this Section A above). Broadly, a close company is a UK resident company controlled by five or fewer participants, or by participants who are directors. A participant is a person having a share or interest in the income or capital of a company.

2.2.2 Share capital restrictions

The principal company of a REIT Group must have only one class of ordinary shares in issue and the only other shares it may issue are particular types of non-voting restricted preference shares.

2.2.3 Interest restrictions

The principal company of a REIT Group must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. A loan is not treated as carrying results-dependant interest by reason only that the terms of the loan provide for interest to reduce if the results improve or to increase if the results deteriorate. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.2.4 Conditions for the Property Rental Business

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which the Company is to be treated as a REIT or the principal company of a REIT Group:

- the Property Rental Business must, throughout the accounting period, involve at least three properties;

- throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;

- at least 90 per cent. of the amounts shown in the financial statements of the REIT Group as income profits (broadly, calculated using normal tax rules) and 100 per cent. of any property income distributions received from other UK REITs must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the "**90 per cent. distribution test**"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to substantial shareholders (as described in paragraph 2.3.2 of this Section A below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;

- the income profits arising from the Property Rental Business must represent at least 75 per cent. of the REIT Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and

- at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the "**75 per cent. assets test**"). Cash held on deposit and gilts may be added to the value of assets relating to the Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

2.2.5 Investment in other REITs

Any distribution of profits or gains of the Property Rental Business by a REIT received by another REIT are treated as tax exempt profits of the Property Rental Business of the investing REIT. The investing REIT would be required to distribute 100 per cent. of such distributions to its shareholders. For the purposes of the 75 per cent. assets test, the investment by a REIT in the shares of another REIT will be included as an asset of the investing REIT's Property Rental Business.

2.3 Effect of becoming a REIT

2.3.1 Tax savings

As a REIT, the member or members of the REIT Group will not pay UK corporation tax on profits and gains from the Property Rental Business. UK corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades and letting of administrative property which is temporarily surplus to requirements.

The member or members of the REIT Group would also continue to pay indirect taxes such as VAT, stamp duty land tax and stamp duty and payroll taxes (such as national insurance) in the normal way.

2.3.2 **The substantial shareholder rule**

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a "substantial shareholder". The additional tax charge will be calculated by reference to the whole dividend paid to a substantial shareholder, and not just by reference to the proportion which exceeds the 10 per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for tax purposes in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply to nominees.

This tax charge will not be incurred if the REIT has taken "reasonable steps" to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the REIT's articles of incorporation to address this requirement. The Articles are consistent with such provisions.

2.3.3 **Dividends**

When a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: first, in respect of the income profits out of which a PID can be paid and which have not been distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the REIT regime. Any remaining balance will be attributed to any other profits and will be a Non-PID Dividend.

2.3.4 **Interest cover ratio**

A tax charge will arise if, in respect of any accounting period, the ratio of the Company's income profits (before the offset of capital allowances, losses from previous accounting periods and certain other financing costs) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums and the financing expense implicit in payments made under finance leases. The corporation tax charge is capped at a maximum of 20 per cent. of the profits of the Property Rental Business for the accounting period in question.

2.3.5 **OECD Base Erosion and Profit Shifting, tax deductibility of corporate interest**

Rules restricting the deductibility of interest expense for UK corporation tax purposes were introduced by the Finance (No.2) Act 2017. In summary, the rules cap deductions for interest expenditure of companies within the scope of UK corporation tax to 30 per cent. of a UK group's "tax-EBITDA". This is subject to an optional different "Group-ratio" which is based on the activities of the worldwide group and an exemption for certain property letting businesses (the "public infrastructure exemption").

These rules can apply to a UK REIT notwithstanding that the Property Rental Business of the REIT should be exempt from UK corporation tax and can result in increased PID distribution requirements.

2.3.6 **Property development and property trading by a REIT**

A property development undertaken by the REIT for the purposes of the investment business can be within the Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the relevant company becomes or becomes a member of a REIT; and (b) the date of the acquisition of the development property, and the REIT sells the development property within three years of completion of the development, the property will be treated as never having been part of the Property Rental Business for the purposes of calculating any gain arising on disposal of the property. Any gain will be chargeable to corporation tax.

If the REIT disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Property Rental Business for the purposes of calculating any profit arising on disposal of the property. Any profit will be chargeable to corporation tax.

2.3.7 **Certain tax avoidance arrangements**

If HMRC believes that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

2.3.8 **Movement of assets in and out of the Property Rental Business**

In general, where an asset owned by a REIT and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

2.3.9 **Joint ventures**

If a REIT is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company is carrying on a Property Rental Business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the "**JV company**") and certain other conditions are satisfied, the REIT may, by giving notice to HMRC, elect for the relevant proportion of the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test, the 75 per cent. profits test and the 75 per cent. assets test to the extent of the REIT's interest in the JV company. Note that these rules also apply to joint venture groups.

The REIT’s share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Property Rental Business, including offshore trusts or partnerships, should automatically fall within the REIT tax exemption, and will count towards the 75 per cent. profits and assets tests, provided the REIT is entitled to at least 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT’s share of the Property Rental Business profits arising will count towards the 90 per cent. distribution test.

2.3.10 **Acquisitions and takeovers**

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the income profits of its Property Rental Business and chargeable gains on disposal of properties in the Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the income profits of its Property Rental Business and chargeable gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax-free as they are deemed to have been made at a time when the company was still in the REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

SECTION B: TAXATION

1 **INTRODUCTION**

As a UK REIT, the Group is able to benefit from a tax exemption on its UK Property Rental Business income and UK capital gains on direct disposal of UK property provided that it meets certain conditions.

A UK REIT is required to distribute at least 90 per cent. of the Rental Business profits in each accounting period to shareholders, in the form of a PID, within 12 months of the end of that accounting period. Depending on the precise circumstances and nature of income in the Group, any additional dividend above the 90 per cent. minimum PID may be treated as either a PID or Non-PID. The Company currently expects that future dividend payments may comprise either a mixture of both PID and Non-PID or solely a PID, depending on the circumstances at the time. The amount of PID and any Non-PID elements of each dividend will be shown on the associated tax certificates that will be provided to Shareholders.

Shareholders should note that the tax treatment of PID and Non-PID dividends differs. Profits distributed as a PID will not have been taxed in the Group and therefore will be subject to the deduction of (currently) 20 per cent. withholding tax by the Company on distribution (certain Shareholders e.g. UK companies and UK pension funds are entitled to receive PIDs gross of tax). The treatment of the income in the hands of Shareholders will depend on their nature and tax residence.

Any Non-PID dividends will be treated in the same way as dividends paid by non-UK REIT companies.

The tax treatment for the various categories of Shareholders has been summarised below.

2 UK TAX RESIDENT SHAREHOLDERS

2.1 UK tax treatment of PIDs

UK tax resident Shareholders will be taxed on PIDs as property rental income separate from any other property rental business. The gross amount of the PID will be subject to UK tax with a credit for UK withholding tax deducted from the payment by the Company (see paragraph 2.2 of this Section B below).

2.2 Withholding tax on PIDs

Subject to limited exceptions, the Company will be required to withhold tax at source from its PIDs at the UK basic rate of income tax, currently 20 per cent.

As a result, a basic rate individual taxpayer should have no further tax to pay. By contrast, a higher rate individual taxpayer (taxable at the rate of 40 per cent.) or an additional rate taxpayer (taxable at the rate of 45 per cent.) will have a further 20 per cent. and 25 per cent. respectively of UK income tax to pay. An individual, who does not pay tax, for example because of personal allowances, may reclaim the tax withheld in their tax return.

PIDs are normally paid gross to Shareholders that are within the charge to UK corporation tax (i.e. UK tax resident companies and UK permanent establishments of non-UK resident companies). For these Shareholders, PIDs will be treated as profits of a separate UK property business subject to corporation tax, currently 19 per cent. (reducing to 17 per cent. from April 2020).

2.3 Gross payment of PIDs for certain categories of Shareholders

Under the UK REIT rules, certain categories of Shareholders are entitled to receive PIDs without tax being withheld (subject to having completed the relevant exemption form). Shareholders qualifying for gross payment are principally:

(a) UK resident companies and UK permanent establishments of non-UK resident companies;

(b) UK public bodies;

(c) UK charities;

(d) UK pension funds; and

(e) managers of ISAs, PEPs and Child Trust Funds.

Where a registered holding has mixed beneficial owners including non-qualifying Shareholders, the PID will be paid net of 20 per cent. tax.

Individuals and all non-UK residents will not qualify for gross payment.

2.3.2 Tax treatment of Non-PID Dividends

Other Non-PID dividends paid by REITs out of non-exempt income, being residual (non-property rental business) income and non-property rental business gains are treated as ordinary dividends and are not subject to withholding tax.

2.3.3 Disposal or deemed disposal of Shares

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

2.4 UK taxation of chargeable gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,700 for the tax year 2018-2019. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) during the tax year 2018-2019.

Shareholders who are individuals and who are temporarily non-UK resident may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax on chargeable gains arising on a disposal of their Ordinary Shares. Indexation allowance may reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss. The Finance Act 2018 introduced legislation so that when a company makes a capital gain on or after 1 January 2018, the indexation allowance that is applied in order to determine the amount of the chargeable gain will be calculated only up to December 2017.

2.5 UK stamp duty and stamp duty reserve tax ("SDRT")

The following comments in this paragraph 2.5: (i) apply regardless of whether Shareholders are UK tax resident; and (ii) are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of Ordinary Shares by the Company.

Most transfers of Ordinary Shares are expected to be settled within the CREST system and there should not be a stamp duty liability on the basis they are effected by executing a transfer instrument. Where there is: (a) a written transfer of Ordinary Shares; (b) a written agreement to transfer an equitable interest in Ordinary Shares; or (c) a receipt or similar instrument evidencing such transfer or agreement, that instrument may be subject to UK stamp duty (generally at the rate of 0.5 per cent., rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer), though provided such instrument is executed and retained outside the UK, in practice stamp duty generally should not need to be paid on such an instrument.

Provided that Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer Ordinary Shares should not be subject to UK SDRT. The Company does not intend to maintain a share register in the UK.

2.6 Individual Savings Accounts ("ISAs") and Self-Invested Personal Pensions ("SIPPs")

It is expected that the Ordinary Shares will be eligible for inclusion in an ISA. The subscription limit for an ISA account is £20,000 (for the tax year 2018/2019).

Investments held in ISAs will be free of UK tax on both capital gains and income. Sums received by a Shareholder on a disposal of Ordinary Shares will not count towards the Shareholder's annual limit, but a disposal of Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Subject to the rules of the trustees of the SIPP, the Ordinary Shares should be eligible for inclusion in a SIPP provided, broadly, that the pension scheme member (or a connected person) does not occupy or use any residential property held by the Company and the SIPP in question does not hold (directly or indirectly) 10 per cent. or more of any of the Ordinary Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.

For your particular tax position, you should consult your professional adviser.

3 FOREIGN SHAREHOLDERS

Where a Shareholder who is resident for tax purposes outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding. The tax treatment of South African tax resident Shareholders and Guernsey tax resident Shareholders is dealt with in paragraphs 4 and 5 of this Section B below.

Non-resident Shareholders in countries with double tax treaties with the UK, which provide for withholding tax on dividends at a rate lower than 20 per cent., may be able to make claims for repayment of the difference from HMRC.

Non-PID dividends paid by the Company will be taxed in the same way as normal corporate dividends paid by a UK company, whether in the hands of individual or corporate Shareholders.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or, in the case of a Shareholder which is a body corporate, a permanent establishment with which their Shares are connected). The UK Government has proposed that from April 2019, gains arising to non-UK residents on the disposal of shares which derive their value from UK property investments may be charged to UK tax where certain conditions are met. This is broadly expected to apply where the following two conditions are present:

(i) a sale of shares where the seller has held an interest of 25 per cent. or more in the relevant company at some point in the five years leading up to the sale (interests held by related parties would be aggregated for this purpose); and

(ii) at the date of disposal, at least 75 per cent. of the market value of the gross assets of the company derive from UK land.

For the purpose of calculating a disposal of the Shares, the base cost would be rebased to the market value in April 2019. Certain tax treaties may override this treatment (effectively sheltering these disposals from UK corporation tax).

Shareholders who are not resident in the UK for tax purposes may be subject to foreign taxation on capital gains depending on their circumstances.

An individual Shareholder who has ceased to be resident for tax purposes and who disposes of all or part of their shares during that period of temporary non-residence may be liable on their return to the UK to UK tax on chargeable gains arising during the period of absence, subject to any available exemption or relief.

4 SOUTH AFRICAN TAX RESIDENT SHAREHOLDERS

The following paragraphs are intended only as a general guide in respect of certain limited aspects of the South African income taxation of the receipt of PID and non-PID cash distributions and are based on current South African legislation, which is subject to change at any time (possibly with retrospective effect). The paragraphs do not constitute advice and apply only to Shareholders who are resident in South Africa and who are the beneficial owners of Ordinary Shares and the relevant distributions. Furthermore, they apply only in relation to Ordinary Shares that are listed on the Main Board.

If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction outside South Africa, you should consult an appropriate professional adviser without delay.

4.1 UK withholding tax

As referred to above, under UK law the Company will be required to withhold UK income tax at source at the basic rate (currently 20 per cent.) from its PIDs.

The South Africa-UK double tax treaty, subject to certain exemptions, provides for a withholding tax rate of 15 per cent. on PIDs. Therefore, subject to a successful claim being made to HMRC, South African tax resident Shareholders will be able to obtain repayment of 5 per cent. of the UK tax withheld on the PID from HMRC.

No UK withholding tax will be charged on non-PID distributions.

4.2 Treatment of PIDs

The taxation of a PID for South African tax purposes will depend on whether the PID is a "foreign dividend" as defined in section 1 of the Income Taxes Act, No. 58 of 1962. The analysis below assumes this will be the case.

4.2.1 South African Shareholders who are individuals

No South African income tax will be payable on the PID, although Shareholders who are individuals will be subject to South African dividend withholding tax at a rate of 20 per cent. (see paragraph 4.4 of this Section B below). The dividend withholding tax may be reduced by the foreign withholding tax suffered on the foreign dividend, subject to certain administrative requirements being met. As the net UK WHT applied to the PIDs should be 15 per cent. (subject to a successful claim being made under the South Africa-UK double tax treaty as detailed above), the South African dividend withholding tax would be reduced to 5 per cent., provided the administrative requirements are satisfied.

4.2.2 **South African corporate Shareholders**

A South African corporate Shareholder in the Company will be exempt from South African income tax on the PID and South African dividend withholding tax provided that the South African resident company is the beneficial owner of the foreign dividends, and the Company or its regulated intermediary is (by the date determined by the Company or its regulated intermediary, or where no such date is determined, by the date of payment of the foreign dividend) in possession of declaration and undertaking forms relating to the beneficial ownership of the foreign dividends.

On the above basis, no additional South African income tax or dividends tax should arise on the PID. The only incidence of tax will be the 15 per cent. net UK withholding tax on the assumption that a successful claim has been made to and processed by the UK authorities under the UK-South Africa double tax treaty.

4.2.3 **South African tax-exempt Shareholders**

No South African income tax is payable by income tax exempt entities such as qualifying retirement funds and approved public benefit organisations on receipts of PID distributions. In addition, such bodies are exempt from South African dividend withholding tax provided the Company or its regulated intermediary is (by the date determined by the Company or its regulated intermediary, or where no such date is determined, by the date of payment of the foreign dividend) in possession of declaration and undertaking forms relating to the beneficial ownership of the foreign dividends.

There is generally no provision to enable the PID to be paid gross to such bodies and therefore the UK withholding tax will be withheld on distributions to such bodies, currently at a rate of 20 per cent. Assuming the Shareholder is able to make a successful claim to HMRC under the UK-South African double tax treaty the net tax suffered will be 15 per cent.

4.3 **Treatments of non PIDs**

The taxation of a non-PID for South African tax purposes will depend on whether the non-PID is a "foreign dividend" as defined in section 1 of the Income Tax Act, No. 58 of 1962. The analysis below assumes this will be the case.

4.3.1 **South African Shareholders who are individuals**

Non-PID distributions will not be subject to UK withholding taxes. Assuming such distributions are treated as foreign dividends in South Africa, they will not be chargeable to South African income tax but will be subject to South African dividends withholding tax at a rate of 20 per cent. However, no credit will be available to a South African resident Shareholder on the underlying UK or overseas corporate income taxes charged on the income and gains from which the foreign dividends are paid.

4.3.2 **South African corporate Shareholders**

South African corporate Shareholders will be exempt from South African income tax on non-PID distributions. They will also be exempt from South African dividend withholding tax provided that the South African company is the beneficial owner of the foreign dividends, and the Company or its regulated intermediary is (by the date determined by the Company or its regulated intermediary, or where no such date is determined, by the date of payment of the foreign dividend) in possession of declaration and undertaking forms relating to the beneficial ownership of the foreign dividends.

On the above basis, no income tax or dividend withholding tax charge should arise in South Africa and the only incidence of tax will be the underlying UK or overseas corporate income tax.

4.3.3 **South African tax-exempt Shareholders**

No South African income tax will be payable by income tax exempt entities or entities such as qualifying retirement funds and approved public benefit organisations on receipts of non-PID distributions. In addition, such entities are exempt from South African dividend withholding tax provided the Company or its regulated intermediary is (by the date determined by the Company or its regulated intermediary, or whether no such date is determined, by the date of payment of the non-PID) in possession of declaration and undertaking forms relating to the beneficial ownership of the foreign dividends.

4.4 **South African dividend withholding tax**

South African dividend withholding tax applies to foreign dividends paid by the Company to certain South African residents because the Company will be a non-South African tax resident company which is listed on the JSE.

The Company will be obliged to withhold the South African dividends tax on foreign dividend payments to South African residents and pay the tax which has been withheld over to the South African Revenue Service unless an exemption applies and the necessary administrative requirements are met (for example if the beneficial owner is a SA retirement fund or SA resident company).

The Company will also be obliged to submit a dividend tax declaration form to the South African Revenue Service in respect of these foreign dividends.

4.5 **South African taxation on the disposal of shares in the Company**

South African residents are subject to income tax on their world-wide income.

The disposal of Ordinary Shares by a South African resident Shareholder will, in general, be subject to income tax in South Africa.

The South African income tax consequences arising from the disposal by a South African resident Shareholder of Ordinary Shares will depend on whether the Ordinary Shares are held on revenue (e.g. dealers in securities) or capital account.

Corporate South African tax resident Shareholders will, in general, be subject to tax on any gain on the disposal of the Ordinary Shares at:

- the current statutory income tax rate of 28 per cent. if such Ordinary Shares are held on revenue account; and
- an effective rate of 22.4 per cent. if the Ordinary Shares are held on capital account.

Individual South African tax resident Shareholders will be subject to income tax on a sliding scale ranging from 18 per cent. to 45 per cent. on any gains made on the disposal of Ordinary Shares which are held on revenue account. If the Ordinary Shares which are disposed of are held by an individual on capital account, the effective income tax rate on the disposal of the Ordinary Shares will not exceed 18 per cent.

South African tax resident trusts will be subject to income tax at 45 per cent. on any gains made on the disposal of the Ordinary Shares which are held on revenue account or at an effective rate of 36 per cent. if the Ordinary Shares are held on capital account. Special trusts, as defined in section 1 of the Income Tax Act, No. 58 of 1962, will be subject to a maximum effective income tax rate of 18 per cent. if the Ordinary Shares are held on capital account.

If the Shareholder is exempt from income tax in South Africa, no South African income tax will apply on the disposal of Ordinary Shares in the Company.

4.6 **Securities transfer tax**

South African securities transfer tax ("**STT**") is payable, generally, by the purchaser on the transfer of Ordinary Shares in the Company. STT is payable at a rate of 0.25 per cent. on the higher of the consideration paid or the market value of securities transferred.

There are a number of exemptions from STT which should be considered. These exemptions depend on the circumstances surrounding the transfer or the nature of the parties.

5 **GUERNSEY TAX RESIDENT SHAREHOLDERS**

5.1 **The Company**

The Company has applied for and has been granted an exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided that the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will continue to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted.

Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise in this case.

5.2 **UK withholding tax**

As referred to above, under UK law the Company will be required to withhold UK income tax at source at the basic rate (currently 20 per cent.) from its PIDs.

The Guernsey-UK double tax treaty does not provide for relief from this UK withholding tax, but as a general matter Shareholders who are resident in Guernsey will be able to obtain a credit for this UK withholding tax against any liability for Guernsey income tax in relation to PIDs received from the Company.

5.3 **Treatment of PIDs**

5.3.1 **Guernsey resident Shareholders who are individuals**

Guernsey resident Shareholders will in general, depending on their circumstances, be subject to Guernsey income tax at a rate of 20 per cent. on the gross amount of the PIDs received from the Company. However, such Shareholders will be able to obtain a credit against their Guernsey income tax liability relating to the PIDs for the UK withholding tax suffered on the PIDs.

5.3.2 **Guernsey resident corporate Shareholders**

Guernsey resident corporate Shareholders will in general, depending on their circumstances, be subject to Guernsey income tax at a rate of 0 per cent. on the gross amount of the PIDs received from the Company.

5.4 **Treatments of non-PIDs**

5.4.1 **Guernsey resident Shareholders who are individuals**

Guernsey resident Shareholders will in general, depending on their circumstances, be subject to Guernsey income tax at a rate of 20 per cent. on the gross amount of the non-PIDs received from the Company.

5.4.2 **Guernsey resident corporate Shareholders**

Guernsey resident corporate Shareholders will in general, depending on their circumstances, be subject to Guernsey income tax at a rate of 0 per cent. on the gross amount of the non-PIDs received from the Company.

5.5 **Guernsey dividend withholding tax**

Provided that the Company maintains exempt status, PIDs and non-PIDs made to Shareholders will be free of Guernsey withholding tax and reporting requirements.

Where the Company makes a PID or non-PID to Shareholders that are Guernsey tax resident individuals the Company will only need to report the relevant details of those distributions.

5.6 **Other Guernsey taxes**

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Ordinary Shares in the Company.

5.7 **FATCA**

On 13 December 2013 the Chief Minister of Guernsey signed the US-Guernsey IGA regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements may be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations may also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Where relevant the Company will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from 1 January 2019) proceeds from the sale of property that could give rise to US source income and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with local guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are "regularly traded" on an established securities market, such as the Specialist Fund Segment, are not considered financial accounts and are not subject to reporting. For these purposes, Ordinary Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Ordinary Shares on an ongoing basis. Notwithstanding the foregoing, an Ordinary Share will not be considered "regularly traded" and will be considered a financial account if the Shareholder is not a financial institution acting as an intermediary. Such Shareholders will be required to provide information to the Company to allow it to satisfy its obligations under FATCA, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Shareholders that own Ordinary Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

5.8 **CRS**

On 13 February 2014, the OECD released the CRS designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed this multilateral agreement and in total over 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS. Guernsey adopted the CRS with effect from 1 January 2016.

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements may be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations may also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Where relevant the Company will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance which is supplemented by guidance issued by the OECD.

Under the CRS, there is currently no reporting exemption for securities that are "regularly traded" on an established securities market, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Shareholders that own Ordinary Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

5.9 **Request for information**

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Company will be able to satisfy such obligations.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company.

Part 8
ADDITIONAL INFORMATION

1 **RESPONSIBILITY**

The Company and the Directors (whose names appear on page 44 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 **INCORPORATION AND STATUS OF THE COMPANY**

2.1 The Company was registered in Guernsey on 23 March 2018 as a non-cellular company limited by shares with registered number 64865. The Company was previously incorporated as a company limited by shares and registered in Bermuda on 26 October 2012 with registration number 47031. The Company migrated to Guernsey on 23 March 2018.

2.2 The principal legislation under which the Company operates is the Companies Law.

2.3 The Company's legal and commercial name is Stenprop Limited. The Company was formerly known as GoGlobal Properties Limited.

2.4 The registered office of the Company is at Kingsway House, Havilland Street, St. Peter Port, Guernsey GY1 2QE. The telephone number of the Company's registered office is +44 (0) 1481 740571. The Company's head office is at 180 Great Portland Street, London, W1W 5QZ.

3 **SHARE CAPITAL OF THE COMPANY**

3.1 As at the Latest Practicable Date the issued share capital of the Company comprises 291,718,476 Ordinary Shares, all of which are fully paid and of which 9,026,189 are held in treasury. Under the Companies Law, treasury shares do not carry the right to vote at annual general meetings or other general meetings of the Company.

3.2 The following changes to the issued share capital of the Company have occurred since 1 April 2015:

(a) On 30 June 2015 the Company issued 5,209,109 Ordinary Shares pursuant to the Share Purchase Plan and 17,793 Ordinary Shares pursuant to the Deferred Share Bonus Plan at an issue price of EUR 1.43 per share. This resulted in the Company's overall issued share capital at such date being 277,463,048 Ordinary Shares (none of which were held in treasury). The total number of Ordinary Shares with voting rights at such date was 277,463,048.

(b) Pursuant to a scrip dividend offering made on 11 June 2015, the Company issued 2,257,894 Ordinary Shares on 16 July 2015, at an issue price of EUR 1.52142 per share, resulting in the Company's overall issued share capital at such date being 279,720,942 Ordinary Shares (none of which were held in treasury). The total number of Ordinary Shares with voting rights at such date was 279,720,942.

(c) Pursuant to a scrip dividend offering on 26 November 2015, the Company issued 3,253,857 Ordinary Shares on 25 January 2016 at an issue price of EUR 1.49854 per share, resulting in the Company's overall issued share capital at such date being 282,974,799 Ordinary Shares (none of which were held in treasury). The total number of Ordinary Shares with voting rights at such date was 282,974,799.

(d) On 31 March 2016 the Company issued 9,827 Ordinary Shares pursuant to the Deferred Share Bonus Plan at an issue price of EUR 1.54, resulting in the Company's overall issued share capital at such date being 282,984,626 Ordinary Shares (none of which were held in treasury). The Company held nil treasury shares. The total number of Ordinary Shares with voting rights at such date was 282,984,626.

(e) On 9 June 2016 the Company issued 3,687,191 Ordinary Shares pursuant to the Share Purchase Plan and 10,063 Ordinary Shares pursuant to the Deferred Share Bonus Plan at an issue price of EUR 1.41 per share, resulting in the Company's overall issued share capital at such date being 286,681,880 Ordinary Shares (none of which were held in treasury). The total number of Ordinary Shares with voting rights at such date was 286,681,880.

(f) During June and July 2016 the Company repurchased 1,356,567 Ordinary Shares for an aggregate purchase price of EUR 1.8 million pursuant to the Share Purchase Plan and transferred such repurchased shares to treasury. This resulted in the Company's overall issued share capital at such date being 286,681,880 Ordinary Shares of which 1,356,567 were held in treasury. The total number of Ordinary Shares with voting rights at such date was 285,325,313.

(g) During November and December 2016 the Company repurchased a further 7,669,622 shares for an aggregate purchase price of EUR 9.6 million pursuant to the Share Purchase Plan and transferred such repurchased shares to treasury. This resulted in the Company's overall issued share capital at such date being 286,681,880 Ordinary Shares of which 9,026,189 were held in treasury. The total number of Ordinary Shares with voting rights at such date was 277,655,691.

(h) On 8 June 2017 the Company issued 1,752,359 Ordinary Shares pursuant to the Share Purchase Plan and 13,737 Ordinary Shares pursuant to the Deferred Share Bonus Plan at an issue price of EUR 1.22 per share, resulting in the Company's overall issued share capital at such date being 288,447,976 Ordinary Shares of which 9,026,189 were held in treasury. The total number of Ordinary Shares with voting rights at such date was 279,421,787.

(i) On 7 July 2017 the Company issued 3,270,500 Ordinary Shares to Julian Carey in satisfaction of the consideration of £3,270,000 for the acquisition of C2 Capital Limited. This resulted in the Company's overall issued share capital at such date being 291,718,476 Ordinary Shares of which 9,026,189 were held in treasury. The total number of Ordinary Shares with voting rights at such date was 282,692,287.

3.3 The following is a reconciliation of the number of issued Ordinary Shares for the period from 1 April 2015 to the Latest Practicable Date:

Date	Description	Issued Ordinary Shares (including treasury shares)
1 April 2015	Share capital as at 1 April 2015	272,236,146
30 June 2015	5,209,109 Ordinary Shares issued in respect of the Share Purchase Plan	277,445,255
30 June 2015	17,793 Ordinary Shares issued in respect of the Deferred Share Bonus Plan	277,463,048
16 July 2015	2,257,894 Ordinary Shares issued pursuant to a scrip dividend alternative	279,720,942
25 January 2016	3,253,857 Ordinary Shares issued pursuant to a scrip dividend alternative	282,974,799
31 March 2016	9,827 Ordinary Shares issued pursuant the Deferred Share Bonus Plan	282,984,626
9 June 2016	3,687,191 Ordinary Shares issued pursuant to the Share Purchase Plan	286,671,817
9 June 2016	10,063 Ordinary Shares issued pursuant to the Deferred Share Bonus Plan	286,681,880
June and July 2016	1,356,567 Ordinary Shares repurchased by the Company	286,681,880
November and December 2016	7,669,622 Ordinary Shares repurchased by the Company	286,681,880
8 June 2017	1,752,359 Ordinary Shares issued pursuant to the Share Purchase Plan	288,434,239
8 June 2017	13,737 Ordinary Shares issued pursuant to the Deferred Share Bonus Plan	288,447,976
7 July 2017	3,270,500 Ordinary Shares issued in consideration for the acquisition of C2 Capital Limited	291,718,476
6 June 2018	Share capital as at the Latest Practicable Date	291,718,476

3.4 On 7 March 2018 the following resolution, *inter alia*, was passed at the Special General Meeting:

THAT, conditional upon the Company adopting the Articles, the directors be and are hereby authorised, in accordance with Article 5.7 of the Articles, subject to the provisions of the JSE Listings Requirements, to issue equity securities (as defined in the Articles) for cash and/or to sell equity securities held as treasury shares for cash as if Article 5.2 of the Articles did not apply to any such issue or sale, provided that such authority shall be limited to the issue of up to 29,171,848 Ordinary Shares in the capital of the Company (representing approximately 10 per cent. of the issued share capital of the Company as at 2 February 2018, being the latest practicable date before publication of the notice of meeting) and shall expire at the conclusion of the next annual general meeting or, if earlier, on the date which is 15 months from the date on which this resolution is passed (unless previously renewed, revoked or varied by the Company), save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be issued after such expiry and the directors shall be entitled to issue equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

3.5 On 13 September 2017 the following resolution, *inter alia*, was passed at the 2017 AGM:

THAT the Company or any of its subsidiaries be and are hereby authorised by way of a general authority to repurchase the Company's ordinary shares, pursuant to the terms of the Bermuda Companies Act 1981, as amended ("**Bermuda Companies Act**"), the JSE Listings Requirements, the Listing Regulations of the Bermuda Stock Exchange ("**BSX Listing Regulations**") and subject to the following provisions:

(a) any of the Company's shares which are repurchased pursuant to this resolution shall be held by the Company as treasury shares pursuant to its bye-laws and section 42B of the Bermuda Companies Act and shall be reserved for re-issuance;

(b) this general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this resolution;

(c) the Company (or any subsidiary) is duly authorised by its bye-laws to do so;

(d) repurchases in the aggregate in any one financial year may not exceed 20 per cent. of the Company's issued share capital as at the date of passing this resolution;

(e) in determining the price at which the Company's ordinary shares can be repurchased by the Company or any of its subsidiaries pursuant to this general authority, the maximum premium at which such shares may be repurchased will be 10 per cent. of the weighted average of the market value on the primary exchange on which the Company's securities are listed over the five business days immediately preceding the repurchase of such shares;

(f) the Company (or any subsidiary) may, at any point in time, only appoint one agent to effect repurchases of the Company's shares on its behalf;

(g) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to commencement of the prohibited period;

(h) an announcement will be made by the Company as soon as (i) the Company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3 per cent. of the number of shares in issue as at the date of passing this resolution and (ii) in respect of each 3 per cent., in aggregate, of the Company's share capital which is repurchased by the Company thereafter, and such announcements shall contain full details of any such repurchases; and

(i) the Board must resolve that the repurchase is authorised, the Company has passed the solvency and liquidity test under section 42B(6) of the

Bermuda Companies Act and the JSE Listings Requirements at the date of the repurchase and that there have been no material changes to the financial position of the Group between the date of the solvency and liquidity test and the repurchase.

3.6 As at the Latest Practicable Date the Company held 9,026,189 Ordinary Shares in treasury, which represented 3.09 per cent. of the Company's issued share capital as at such date.

3.7 Other than the issue of Ordinary Shares on the exercise of awards made under the Share Incentive Plans and the Share Purchase Plan as described in paragraph 7 below, the Company has no present intention to issue any new shares in the share capital of the Company.

3.8 The Company does not have in issue any securities not representing share capital.

3.9 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.10 Save as disclosed in this paragraph 3, there has been no issue of share or loan capital of the Company or any other member of the Group (other than intra-group issues by wholly owned subsidiaries) in the three years immediately preceding the date of this document and, other than on the exercise of any awards made under the Share Incentive Plans and the Share Purchase Plan as described in paragraph 7 below and pursuant to the scrip alternative announced by the Company on 7 June 2018, no such issues are proposed.

3.11 No commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this document.

3.12 Save as disclosed in paragraphs 7, 8.1 and 10.3.4 of this Part 8, no share or loan capital of the Company or any other member of the Group is under option or has been agreed conditionally or unconditionally to be put under option.

3.13 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Specialist Fund Segment.

3.14 The Ordinary Shares are in registered form.

3.15 The Ordinary Shares are denominated in Euros.

3.16 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding.

4 ARTICLES OF INCORPORATION

The Articles contain provisions, *inter alia*, to the following effect.

4.1 Objects

The Articles do not limit the objects of the Company.

4.2 **Share capital**

Subject to the provisions of the Articles, the directors may:

(a) issue an unlimited number of shares or grant rights to subscribe for, or convert any security into shares, in accordance with the Companies Law;

(b) issue shares of different types or shares of different classes;

(c) convert all or any classes of the Company's shares into redeemable shares;

(d) issue shares which have a nominal or par value;

(e) issue shares of no par value;

(f) issue any number of shares they see fit;

(g) issue fractions of a share;

(h) make arrangements on the issue of shares to distinguish between members as to the amounts and times of payments of calls on their shares;

(i) issue shares that provide for the payment of dividends and distributions in differing proportions in accordance with the terms of issue of such shares; and

(j) pay commissions in such manner and in such amounts as the directors may determine.

Shares may be issued and designated as Ordinary Shares or such other classes of shares as the Board determines (provided that from such time as the Company becomes a REIT, any such issue of new shares shall not cause the Company to fail Condition E (single class of ordinary share capital) in section 528 of the CTA 2010). Shares may be denominated in such currencies as the Board determines. The price per share at which shares of each class are offered to subscribers shall be fixed by the Board.

4.3 **Disclosure of interests in shares**

The Company may by written notice require a member to disclose, within 14 clear days of receipt of such notice, the nature of his interest in shares in the Company held at any time in the previous three years. If the information is not received within 14 clear days the directors may suspend the member's voting and/or dividend rights and/or refuse to register any transfers in respect of the relevant shares until such time as the appropriate disclosures are properly made.

4.4 **Voting rights**

Subject to the rights or restrictions attached to any shares, on a show of hands (i) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (ii) every proxy appointed by a member shall have one vote, save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

4.5 Restrictions on voting

A member is not entitled to receive notice of or attend or vote (either in person or by proxy) at any general meeting of the Company in respect of any share held by him unless all calls and other amounts payable by him in respect of that share have been paid.

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 4.3 above, the directors may, by notice in writing and in their discretion, suspend voting rights until such time as the appropriate disclosures are properly made.

4.6 Issue of shares

Subject to the terms and rights attaching to shares already in issue, the provisions of the Articles and, for so long as the Company maintains a primary listing of the Ordinary Shares on the JSE, the JSE Listings Requirements, any new shares shall be of such class and amount and have such preference or priority as regards dividends or in the distribution of assets or as to voting or otherwise over any other shares of any class whether issued or not or be subject to such stipulations deferring them to any other shares with regards to dividends or in the distribution of the assets or as to voting or otherwise and such other rights and restrictions as the Board may determine in accordance with the Companies Law.

For so long as the Company maintains a primary listing of the Ordinary Shares on the JSE, (i) the Company may only issue shares which are fully paid up, freely transferable and rank *pari passu* in all respects and only within the classes and to the extent that those shares have been authorised by or in terms of the Articles and (ii) all issues of shares for cash and all issues of options and convertible securities granted or issued for cash must be granted or issued (as applicable) in accordance with the JSE Listings Requirements.

The Company is not permitted to issue 'equity securities' (being ordinary shares in the Company or rights to subscribe for, or to convert securities into, ordinary shares in the Company) on any terms unless it has first made an offer to each person who holds Ordinary Shares to issue to him on the same or more favourable terms a proportion of those equity securities, the aggregate value of which is as nearly as practicable equal to the proportion in number of the Ordinary Shares held by such person. Subject to the JSE Listings Requirements (to the extent applicable to the Company), these pre-emption rights may be excluded or modified by extraordinary resolution.

The pre-emption rights do not apply to an issue (or sale, in the case of treasury shares) of (i) bonus shares, shares issued in connection with a scrip dividend or shares that are, or are to be, wholly or partly paid otherwise than in cash, (ii) equity securities in connection with a rights issue or open offer, or (iii) equity securities under an employees' share scheme.

4.7 Dividends

The Company may, subject to the Companies Law, declare a dividend to be paid to the members, according to their respective rights and interests in the profit. No dividends or distributions shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend (a "**scrip dividend**").

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 4.3 above, the directors may, by notice in writing and in their discretion, suspend dividend rights (including any right to elect to receive a scrip dividend) until such time as the appropriate disclosures are properly made. Any dividends declared and paid in such period shall be withheld by the Company and shall be payable without interest as soon as reasonably practicable upon compliance.

Subject to the JSE Listings Requirements, the Company may by ordinary resolution or the Board may fix any date as the record date for any dividend, distribution or issue. Any such record date may be on or at any time before or after the date on which such dividend, distribution or issue is declared, paid or made.

A dividend unclaimed for a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

4.8 **Distribution of assets on a winding-up**

If the Company shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among the members *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges. The liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets as he deems fair and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction vest the whole or any part of the assets in trustees on trusts for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any shares or other securities on which there is any liability.

4.9 **Variation of rights**

All or any of the rights attaching to a class of shares in the Company may be varied with the written consent of the holders of not less than 75 per cent. in number of the issued shares of the class (excluding any shares of the class held as treasury shares), or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class, provided that for so long as the Company maintains a primary listing of the Ordinary Shares on the JSE any such rights may only be varied in accordance with the JSE Listings Requirements. The quorum for the separate general meeting shall be three members holding, or representing by proxy, at least 25 per cent. in number of the issued shares of the relevant class (excluding any shares of the class held as treasury shares).

4.10 **Transfer of shares**

Subject to the provisions of the Articles, a member may transfer all or any of his shares in any manner which is permitted by the Companies Law or in any other manner approved by the Board.

The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares in uncertificated form;

(b) the transfer of title to shares by means of the CREST system; or

(c) the CREST regulations or rules.

Where shares are admitted to settlement by means of the CREST system, such securities may be issued in uncertificated form in accordance with and subject to the CREST regulations and rules. Unless the Board otherwise determines, shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST regulations and rules. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form (to the extent permitted by the CREST regulations and rules) which is not fully paid or on which the Company has a lien or if (i) it is in respect of more than one class of shares, (ii) it is in favour of more than four joint transferees, (iii) if applicable, it is delivered for registration to the registered office of the Company or such other place as the Board may decide and it is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require, (iv) the transfer is in favour of any 'non-qualified holder', or (v) it would cause the Company to fail Condition D (not a close company) in section 528 of the CTA 2010, provided that, in the case of a listed share, this would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange.

For these purposes a non-qualified holder means any person, as determined by the Board in its sole discretion, to whom a sale or transfer of shares, or in relation to whom the direct or beneficial holding of shares, (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Board to be relevant) would or might result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage, in connection with the Company being, or being required to register as, an "investment company" under the US Investment Company Act, losing any exemptions under the US Investment Company Act, or the assets of the Company being deemed to be "plan assets" within the meaning of ERISA.

If any shares are owned directly, indirectly or beneficially by a person believed by the Board to be a non-qualified holder, the Board may give notice to such person requiring him either (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a non-qualified holder or (ii) to sell or transfer his shares to a person who is not a non-qualified holder within 30 days and, within such period, to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his shares. If the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

In the event that a member fails to make the appropriate disclosures in accordance with paragraph 4.3 above, the directors may, by notice in writing and in their discretion, refuse to register any transfers in respect of the relevant shares, until such time as the appropriate disclosures are properly made.

4.11 **Alteration of capital and purchase of own shares**

The Company may by ordinary resolution redesignate, consolidate or subdivide its shares, provided that for so long as the Company maintains a primary listing of the Ordinary Shares on the JSE, the Company shall be required to pass an extraordinary resolution before undertaking any such action.

Subject to the provisions of the Companies Law and, for so long as the Company maintains a primary listing of the Ordinary Shares on the JSE, the JSE Listings Requirements, the Company may from time to time purchase its own shares (including any redeemable shares) and may cancel any such shares or hold any such shares as treasury shares, provided that the number of shares held as treasury shares shall not at any time exceed such amount as provided in the Companies Law.

The Company and any of its subsidiaries may give financial assistance (as defined by the Companies Law) directly or indirectly for the purpose of or in connection with the acquisition of its shares or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

4.12 **General meetings**

4.12.1 **Annual general meetings**

An annual general meeting shall be held once in every calendar year (provided that no more than fifteen months may elapse between one annual general meeting and the next), and in default of an annual general meeting any member may, not less than 14 days after the last date upon which the meeting ought to have been held, apply to the court to make such order as the court thinks fit.

4.12.2 **Convening of general meetings**

All meetings other than annual general meetings shall be called general meetings. The directors may convene a general meeting whenever they think fit. A general meeting shall also be convened by the directors on the requisition of members who hold more than 10 per cent. of such of the capital of the Company that carries the right to vote at general meetings of the Company.

4.12.3 **Place of meetings**

All general meetings (including annual general meetings) shall be held (i) outside the United Kingdom from the date of the adoption of the Articles until such time as the Company becomes a REIT and (ii) in the United Kingdom from such time as the Company becomes a REIT or such earlier date as the directors determine.

4.12.4 **Orderly conduct of meetings**

The Board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

4.12.5 **Notice of general meetings**

A general meeting shall be convened by the longer of the minimum period specified under the Companies Law and the requirements of any stock exchange on which the Company's shares are quoted from time to time (to the extent applicable).

The notice shall specify the place, date and time of the meeting and the general nature of the business to be dealt with at the meeting. In the case of any proposed special resolution, waiver resolution or unanimous resolution, the notice shall include the text of the proposed resolution and notice of the fact that the resolution proposed is proposed as a special resolution, waiver resolution or unanimous resolution (as applicable).

Notice of every general meeting shall be given to all members other than any members who under the provisions of the Articles are not entitled to receive such notices from the Company, to the Company's auditor and to each director who is not a member.

4.12.6 **Quorum**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting.

Save as otherwise provided in the Articles, the quorum for a general meeting shall be three persons entitled to attend and vote on the business to be transacted, each being a member present in person or by proxy or a duly authorised representative of a corporation which is a member.

If within thirty minutes after the time appointed for the commencement of the general meeting a quorum is not present, or if during the meeting, a quorum ceases to be present, the meeting, if convened by or on the requisition of members, shall be dissolved. If otherwise convened, it shall stand adjourned to the same day in the next week (or, if that day is not a business day, to the next business day thereafter) at the same time and place, or to later on the same day or to such other day and at such time and place as the chairman of the meeting may decide, and no notice of such adjournment need be given. At any such adjourned meeting, the quorum requirements set out above shall continue to apply. If a quorum is not present at the adjourned meeting, the meeting shall be dissolved.

4.12.7 **Chairman**

At any general meeting, the chairman of the Board shall preside as chairman. In the absence of the chairman (or if there is no chairman), the directors present shall choose one of their number to act. If only one director is present he shall preside as chairman of the meeting if willing to act. If no director is present, or if the director present declines to take the chair, the members present shall appoint one of their number to be chairman of the meeting by an ordinary resolution.

4.12.8 **Directors entitled to attend and speak**

Each director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company, regardless of whether that director is a member of the Company or of the relevant class.

4.12.9 **Adjournment**

With the consent of any meeting at which a quorum is present the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time and from place to place (or to another time, date and/or place).

In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) from time to time and place to place (or to another time, date and/or place) if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting.

4.12.10 **Method of voting and demand for poll**

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

(a) the chairman of the meeting; or

(b) a majority of directors present at the meeting; or

(c) no fewer than five members present in person or by proxy having the right to vote on the resolution; or

(d) one or more of the members present in person or by proxy representing not less than 10 per cent. of the total voting rights of all of the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company which are held as treasury shares); or

(e) one or more of the members present in person or by proxy holding not less than 10 per cent. of the total shares in the Company conferring a right to vote on the resolution (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares),

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

4.12.11 **Taking a poll**

If a poll is demanded, it shall be taken at the meeting at which the same is demanded or at such other time and place as the chairman of the meeting shall direct, and the result of such poll shall be deemed the resolution of the meeting. The demand for a poll may be withdrawn.

4.12.12 **Proxies**

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

Subject to the provisions of the Companies Law, the instrument appointing a proxy shall be in any common form or in such other form as the directors may approve and whether sent to the Company in hard copy or in electronic form it shall be made under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised in writing.

In relation to any shares which are held in uncertificated form, the Board may from time to time permit appointments of a proxy to be made by electronic means in the form of an uncertificated proxy instruction.

An appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not be required to be received again for the purposes of any subsequent meeting to which it relates. Deposit of an instrument of proxy shall not preclude a member from attending and voting in person or on a poll at the meeting or any adjournment thereof.

Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the regulations (if any) made by the directors to govern the revocation of a proxy.

4.13 **Directors**

4.13.1 **Number**

Unless otherwise determined by ordinary resolution of the Company, the directors shall not be less than four but there is no maximum number of directors.

4.13.2 **Residency**

A majority of the directors shall be resident in the United Kingdom.

4.13.3 **Appointment of directors**

Directors may be appointed by ordinary resolution. The Board may fill any vacancy on the Board on a temporary basis or appoint a director as an addition to the Board provided that such appointment must be confirmed by the members at the next annual general meeting of the Company.

4.13.4 **Remuneration**

The directors (other than any alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board may from time to time determine provided that the aggregate amount of such fees (including fees, if any, due to the directors for attendance at meetings of any committee of the Board) for all the Board collectively (excluding remuneration for any executive office) shall not exceed £600,000 in any financial year, or such larger sum as may be determined from time to time by ordinary resolution. The directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.

4.13.5 **Retirement of directors**

At each annual general meeting one-third of the directors for the time being, or if their number is not three or a multiple of three, the number nearest to one-third, but not less than one-third, shall retire from office, provided that if a director is an employee of the Company or of any subsidiary of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors.

The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.

A director who retires at an annual general meeting may, if willing to continue to act, be re-appointed.

4.13.6 **Removal of directors**

The Company may in a general meeting called for that purpose remove a director, provided that notice of any such meeting is served upon the director concerned not less than 14 business days before the meeting and he shall be entitled to be heard at that meeting.

4.13.7 **Vacation of office of director**

The office of a director shall be vacated:

(a) if he resigns;

(b) if he is absent for six months (such absence not being absence with leave or by arrangement with the other directors on the affairs of the Company) from meetings of the directors held during that period and the other directors resolve that his office be vacated;

(c) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally or is adjudged insolvent or has his affairs declared *en désastre*;

(d) if a registered medical practitioner who is treating the director gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) if he dies;

(f) if he becomes ineligible to be a director in accordance with the Companies Law;

(g) if he is removed by resolution of the directors in writing signed by all his co-directors (being not less than two in number) provided that, until the date of such written resolution, his acts as a director shall be as effectual as if his office were not vacated; or

(h) if he is removed by ordinary resolution of the Company.

4.13.8 **Executive directors**

The Board or any committee authorised by the Board may from time to time appoint one or more directors to hold any employment or executive office with the Company for such period (subject to the provisions of the Companies Law) and on such terms as the Board determines.

A director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a director.

4.13.9 **Directors' interests**

A director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board the nature and extent of his interest, in each case unless the transaction or proposed transaction is between the director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the other directors in accordance with the Companies Law the nature and extent of any interest of his, a director notwithstanding his office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;

(b) may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;

(c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and

(d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

A director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he has declared an interest and may vote thereon.

4.13.10 **Other companies**

A director may continue to be or become a director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such director shall be accountable for any remuneration or other benefits received by him as a director, manager, or other officer or member of any such other company.

The directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managers or other officers of such company).

Any director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to a breach of confidence or other duty owed to that other body corporate.

4.13.11 **Powers of the directors**

The business and affairs of the Company shall be managed by or under the direction or supervision of the directors who may exercise all such powers necessary for managing, and for directing and supervising the management of, the business and affairs of the Company as are not, by the Companies Law or by the Articles, required to be exercised by the Company in a general meeting, subject to the provisions of the Articles, the Companies Law and to such regulations as may be prescribed by the Company by special resolution provided that such regulations are not inconsistent with these Articles or the Companies Law. No regulation made by the Company shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

4.13.12 **Indemnity of officers**

The directors (including any alternate director), secretary and other officer or employee for the time being of the Company shall be indemnified out of the assets of the Company to the fullest extent permitted by the Companies Law from and against all actions, costs, charges, losses, damages and expenses in respect of which they may lawfully be indemnified which they or any of them shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted, in or about the execution of their duty or supposed duty or in relation thereto.

4.13.13 **Board meetings**

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, provided that:

(a) from the date of the adoption of the Articles until such time as the Company becomes a REIT, all meetings of the Board shall take place outside of the United Kingdom (provided that the final meeting at which the conversion of the Company to a REIT is approved shall take place in the United Kingdom); and

(b) from such time as the Company becomes a REIT, or such earlier date as the directors may determine, all meetings of the Board shall take place in the United Kingdom.

4.13.14 **Notice of Board meetings**

Notice of a Board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or any other address given by him to the Company for this purpose or sent in electronic form to him at an address given by him to the Company for this purpose.

4.13.15 **Quorum**

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and, unless so fixed, shall be two. Subject to the provisions of the Articles, any director who ceases to be a director at a Board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the Board meeting if no other director objects and if otherwise a quorum of directors would not be present.

4.13.16 **Voting**

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

4.13.17 **Telephone and video conference meetings**

A meeting of the Board may consist of a conference between directors, some or all of whom are in different places, provided that:

(a) they are in constant communication with each other throughout by telephone, television or some other form of communication;

(b) all directors entitled to attend such meeting so agree; and

(c) from such time as the Company becomes a REIT, a majority of all directors present at the meeting (whether in person or not) are located in the United Kingdom throughout such meeting.

4.13.18 **Committees**

The directors may delegate any of their powers, authorities and discretions (with power to sub-delegate) to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

4.13.19 **Resolutions in writing**

Any director may propose a directors' written resolution and the secretary must propose a written resolution if a director so requests. A resolution in writing signed by all the directors who are entitled to notice of a meeting of the Board, to attend such meeting and to vote on such resolution shall be as valid and effective as if it had been passed at a meeting of the Board duly convened and held. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned.

4.13.20 **Real estate investment trust**

The Articles contain provisions relating to 'excessive shareholders'. Under Part 12 of the CTA 2010 a tax charge may be levied on the Company if it makes a distribution to a company beneficially entitled (directly or indirectly) to 10 per cent. or more of the ordinary shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company. If, however, the Company has taken "reasonable steps" to prevent the possibility of such a distribution being made, then this tax charge may not arise.

The Articles include provisions that:

(a) provide the directors with powers to identify excessive shareholders (including giving notice to a shareholder requiring him to provide such information as the directors may require to establish whether or not he is an excessive shareholder);

(b) provide the directors with powers to prohibit the payment or making of dividends or other distributions in respect of ordinary shares that form part of an 'excessive shareholding' if certain conditions are met;

(c) seek to ensure that if a dividend or other distribution is paid or made in respect of ordinary shares that form part of an excessive shareholding, the excessive shareholder concerned does not become beneficially entitled to that dividend; and

(d) provide the directors with powers if certain conditions are met, to require (i) an excessive shareholder, (ii) a shareholder who has not complied with a notice requiring him to provide such information as the directors may require to establish whether or not he is an excessive shareholder or (iii) a shareholder who has provided (in the directors' opinion) materially inaccurate or misleading information in relation to the excessive shareholder provisions of the Articles, to dispose of such number of their shares as the directors may specify, or to take such other steps as will cause the directors to believe the shareholder is no longer an excessive shareholder.

4.14 **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company's Ordinary Shares were enabled within CREST on 6 April 2018. Accordingly, settlement of transactions in the Ordinary Shares following UK Admission may take place within CREST if any Shareholder so wishes. However, CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

5 **SHAREHOLDER RIGHTS UNDER GUERNSEY LAW**

The following is a summary of the rights of Shareholders under the Companies Law and other applicable laws in Guernsey. Prospective shareholders are advised that this is not a complete statement of the rights of Shareholders under applicable law in Guernsey or under the Articles.

5.1 **Board of Directors**

5.1.1 **Removal of directors**

Under the Articles, Directors may be removed at any time by a general meeting of shareholders by a simple majority of votes cast. A person will cease to be a director if he/she is ineligible to be appointed or hold office as set out under section 137 of the Companies Law, including where a director is disqualified, by reason of unfitness, from acting as a director under the law of a district, territory or place outside Guernsey.

5.1.2 **Filling vacancies on the board of directors**

Directors may only be appointed by way of ordinary resolution of the shareholders passed by a simple majority, unless a company's articles of incorporation allow otherwise. The Articles provide that the Directors may appoint directors to the Board to fill a vacancy or as an additional director to hold office until the next annual general meeting of the Company.

5.2 **Company alterations**

(a) Under Guernsey law, it is possible for a Guernsey company to merge with another Guernsey company or an overseas company with the approval by a special resolution of members, provided that there is a short form amalgamation process for amalgamations between a company and its wholly owned subsidiary or between two or more wholly owned subsidiaries of the same company which does not require a special resolution of the members of each company.

(b) Under the Companies Law, a compromise or arrangement is permitted between the company and its creditors or shareholders, or any class thereof, whether for the purpose of facilitating the company's reconstruction or its merger with another company, or otherwise. An application must be made to court which court will then order a meeting of the company's creditors or shareholders. It is necessary for 75 per cent. in value of the creditors or 75 per cent. of the voting rights of the shareholders, or class thereof, as the case may be, to agree to the compromise or arrangement and if such compromise or arrangement is sanctioned by the court, it will be binding on the creditors or shareholders, or class thereof, as appropriate.

(c) The Companies Law also requires the approval of the shareholders by special resolution for the removal of a company from the Guernsey Register of Companies for the purpose of becoming registered as a company under the law of a district, territory or place outside Guernsey.

(d) Variation of the rights of a class of shareholders may only be effected: (a) in accordance with any provision in the company's articles of incorporation for the variation of those rights; or (b) where the company's articles contain no such provision, if the variation is consented to in writing by the holders of at least 75 per cent. in value of the issued shares of that class (excluding any shares held as treasury shares), or if a special resolution passed at a separate general meeting of the shareholders of that class sanctions the variation.

(e) Under the Companies Law, amendments to a company's articles of incorporation so permitted may be authorised by way of a special resolution of the company's shareholders (provided that certain provisions within a company's articles can be embedded with a higher voting threshold required for change).

5.3 **Rights of dissent and appraisal**

The Companies Law contains rights of dissent (the granting of which is discretionary on the part of the court), which are applicable where the company resolves to:

(a) amalgamate with another corporation (other than vertical or horizontal short form amalgamations);

(b) transfer of registration of a corporation into a jurisdiction; or

(c) carry out a takeover transaction.

5.4 **Oppression remedy**

Under the Companies Law, a shareholder can apply to the court for an order providing relief on the ground that the company's affairs are being or have been conducted in a manner which is unfairly prejudicial to any of its members.

5.5 **Shareholder derivative actions**

The laws of Guernsey permit derivative actions to be brought by a shareholder, or such person as the court directs who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. Under the laws of Guernsey, the complainant must obtain permission of the court to commence a derivative action.

5.6 **Meetings**

5.6.1 **Requisitioned by shareholders**

The Companies Law provides the right to call meetings to shareholders of a company where they hold at least 10 per cent. of such of the capital of the company as carries the right of voting at general meetings of the company (excluding any capital held as treasury shares).

5.6.2 **Shareholder proposals**

The Companies Law does not specifically provide a process for shareholders requesting matters to be put to a vote at shareholder meetings.

Notwithstanding anything to the contrary in the company's memorandum or articles, shareholders who hold more than 10 per cent. of shares in the capital of the company as carries the right of voting at general meetings of the company (excluding any capital held as treasury shares) may require the directors to call a general meeting and the request may include the text of a resolution that is intended to be moved at the meeting. The notice of the meeting must include notice of the resolution. Also, shareholders representing not less than 5 per cent. of the total voting rights of all members entitled to vote on the resolution (or such lower percentage as is specified for this purpose in the company's articles) of a company may require the company to circulate a resolution (and an accompanying written statement of not more than a 1,000 words) that may properly be moved as a written resolution.

5.6.3 Form of proxy and information circular

The Companies Law contains provisions which require every notice calling a meeting to contain a statement that a member is entitled to appoint a proxy (or proxies, if appointed in respect of different shares) to attend, speak and vote at that meeting and that the proxy need not be a member of the company.

5.6.4 Place of Meetings

The Companies Law provides that subject to the provisions of a company's articles of incorporation, a general meeting may be held at any place in Guernsey or elsewhere. The Companies Law states that subject to any provision to the contrary in a company's articles, if a shareholder is, by any means, in communication with one or more other shareholders so that each shareholder participating in the communication can hear or read what is said or communicated by each of the others, each shareholder so participating is deemed to be present at a meeting with the other shareholders so participating and a meeting of shareholders so conducted will be deemed to be held in the place in which the chairman of the meeting is present.

5.7 Sale of undertaking

The Companies Law does not contain provisions in relation to shareholder authority for the sale of a company's undertaking and, accordingly, the sale, lease or exchange of all or substantially all the property of the company will be governed by the articles of incorporation of a company.

5.8 Distributions and dividends; repurchases and redemptions

(a) Subject to the directors' satisfaction that the company meets a statutory solvency test, dividends need not be paid out of any particular account or source and, specifically, need not be paid from profits or reserves. The same test applies for other distributions such as redemptions, share buybacks, capital reductions, bonus issues and distributions on winding up. The solvency test requires a certificate to be signed by a director by authority of the board that, in the opinion of the board, the company is able to meet its debts and liabilities as they fall due and has assets greater than its liabilities and the grounds for that opinion. If there are no reasonable grounds for certifying that the solvency test is met, or if the correct procedure is not followed, then the directors may be personally liable to reimburse the relevant dividend or distribution if it cannot be recovered from shareholders.

(b) If authorised by its memorandum or articles of incorporation, a company may issue redeemable shares or acquire its own shares (including redeemable shares). A company may not redeem a share unless it is fully paid, nor if as a result the company would have no shareholders. A company may acquire its own shares pursuant to a market purchase or a contract authorised by the company's shareholders, and must obtain the consent of the shareholders whose shares are being acquired. Shares need not be redeemed or acquired from a particular account or source.

5.9 **Transactions with directors and officers**

The Companies Law includes a statutory regime for disclosure of directors' interests. Where a directors' interest is not disclosed to the board of directors of a company at the time of a transaction, the transaction may be avoided within three months of the date of the company becoming aware of the interest, unless it is ratified by shareholders or the company received fair value for the transaction. Legal protections are available to third parties who transact with the company in good faith, for valuable consideration and without knowledge of the directors' failure to disclose his interests.

5.10 **Interested shareholders**

The Companies Law does not contain restrictions on the transactions that a shareholder may conclude with a company.

5.11 **Unfair prejudice**

A member of a company may apply to the court on the ground that the affairs of the company are conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members (including at least himself), or an actual or proposed act or omission of the company is or would be so prejudicial.

If the court is satisfied that an application is well founded it may make such orders:

(a) as it sees fit, which may include without limitation: (a) requiring the company to refrain from doing or continuing to do an act, or require it to do any act which the applicant has complained it has omitted to do; or

(b) providing for the purchase of shares of any member of the company by other members of the company or by the company itself (and the reduction of the company's capital accordingly).

6 **EMPLOYEES**

6.1 As at the Latest Practicable Date, the Group had 20 full time equivalent employees.

6.2 The table below shows the breakdown of employees by their main activity.

Business area	**Number of employees**
Management	5
Finance	5
Financial Planning and Analysis	3
Transactions and Funding	2
Asset Management	4
Legal	1
Total	**20**

7 **SHARE INCENTIVE PLANS**

The Group operates the Deferred Share Bonus Plan and the Long Term Incentive Plan, the key terms of which are summarised below, to provide equity-based incentives to the Executive Directors and other employees of the Group. The Company also operated the Share Purchase Plan until June 2017.

The following features are common to each of the Deferred Share Bonus Plan and the Long Term Incentive Plan (the "**Share Incentive Plans**"), unless otherwise specified.

7.1 **Operation and Administration**

The Share Incentive Plans are operated and administered by the Board.

7.2 **Eligibility**

Employees of the Group (including Executive Directors) are eligible, but not entitled, to participate in the Share Incentive Plans.

7.3 **Settlement and dilution**

The aggregate number of Ordinary Shares which may be issued or transferred from treasury for the purposes of the Share Incentive Plans shall not exceed the lower of:

(a) 20,420,293 Ordinary Shares; and

(b) such number of Ordinary Shares which, when added to the total number of Ordinary Shares utilised under the Share Incentive Plans during the previous 10 years, does not exceed five per cent. of the ordinary share capital of the Company in issue at the time.

7.4 **Voting and other rights**

Until Ordinary Shares which are subject to awards have been transferred to a participant, such Ordinary Shares will not have their votes taken into account at annual general meetings or other general meetings of the Company.

Awards are non-transferable and will lapse immediately if the participant is declared bankrupt.

The following paragraphs describe the unique features of each of the Share Incentive Plans.

7.5 **Deferred Share Bonus Plan**

The Deferred Share Bonus Plan was adopted by the Board on 28 April 2015. It was subsequently amended on 30 July 2015 and 24 January 2018.

As at the date of this document, an aggregate of 1,426,950 Ordinary Shares are the subject of Deferred Share Bonus Plan awards, of which 1,148,016 are vested, 146,462 will vest on 31 March 2019 and 132,472 will vest on 31 March 2020.

7.5.1 **Grant of Deferred Share Bonus Plan Awards**

Eligible employees may be granted Deferred Share Bonus Plan awards by the Board in its absolute discretion but following a recommendation from the Remuneration Committee during certain specified periods. Employees may be granted a conditional right to receive shares (a "**Conditional Award**") or an option to acquire shares during certain periods (a "**Nil-Cost Option**") (each being a "**Deferred Share Bonus Plan Award**").

7.5.2 **Individual limits**

An eligible employee may not receive a Deferred Share Bonus Award which would, at the time of grant, cause the aggregate of (i) the VWAP of the Ordinary Shares which he may acquire on the vesting of that Deferred Share Bonus Award and (ii) the aggregate of the VWAP of the Ordinary Shares which he may acquire under all other subsisting Deferred Share Bonus Awards granted in the financial year of the Company during which the proposed grant date would fall to exceed 150 per cent. of his annual base salary or such greater amount as the Board may determine to be justified in the circumstances. "**VWAP**" means the volume weighted average trading price of an Ordinary Share for the ten dealing days preceding the date of grant.

7.5.3 **Performance targets**

Deferred Share Bonus Plan Awards are only made to the extent that annual performance targets have been met. However, vesting of Deferred Share Bonus Plan Awards is not subject to performance targets.

7.5.4 **Vesting of Deferred Share Bonus Plan Awards**

Deferred Share Bonus Plan Awards will normally vest as follows: (i) one third on the date of the award; (ii) one third on the first anniversary of the end of the financial year in respect of which the relevant deferred share bonus arose; and (iii) one third on the second anniversary of the end of the financial year in respect of which the relevant deferred share bonus arose, unless in each case vesting is accelerated on the occurrence of a specified corporate event.

7.5.5 **Cessation of employment**

Save as set out below, if a participant ceases to hold office or employment in the Group his Deferred Bonus Plan Awards which have not vested will lapse at that time.

If a participant ceases to hold office or employment in the Group by reason of his death, ill-health, injury or disability (evidenced to the satisfaction of the Board), the participant's employing company ceasing to be a member of the Group, redundancy (as determined by the Board) or any other reason at the Board's absolute discretion (except where a participant is dismissed for gross misconduct) any Deferred Bonus Plan Award that has not vested will vest as soon as practicable thereafter, and any Nil-Cost Option may be exercised within 12 months of the date of vesting, after which time it will lapse.

If a participant ceases to hold office or employment in the Group for any reason other than gross misconduct, a Nil-Cost Option which has vested prior to the date of cessation may be exercised within 12 months of the date of cessation, after which time it will lapse.

If a participant ceases to hold office or employment in the Group due to gross misconduct his Deferred Bonus Plan Awards (whether vested or not vested) will lapse at that time.

7.5.6 **Corporate events**

In the event of a takeover offer (pursuant to which the bidder will obtain control of the Company (unless the bidder already has control)) becoming wholly unconditional, a scheme of arrangement for the purposes of a change of control of the Company being sanctioned by a court or any person acquiring 50 per cent. or more of the issued share capital of the Company, all Deferred Bonus Plan Awards which have not yet vested will vest in full at the time of such event, subject to the awards being exchanged for an award in respect of shares in a different company in certain circumstances.

7.5.7 **Dividend equivalents**

The Board may (i) grant an award on the basis that the number of Ordinary Shares to which the award relates will be increased by deeming some or all dividends (excluding special dividends, unless the Board determines otherwise) paid on Ordinary Shares in respect of which the award vests from the date of grant to the date of vesting (in respect of a Conditional Award) or the date of exercise (in respect of a Nil-Cost Option), to have been reinvested in the purchase of additional Ordinary Shares on such terms (including the deemed purchase price(s) and whether any dividend tax credit is included or included) as the Board may determine or (ii) determine at any time that a participant is entitled to a benefit calculated by reference to the value of some or all dividends (excluding special dividends, unless the Board determines otherwise) that would have been paid on Ordinary Shares in respect of which the award vests from the date of grant to the date of vesting (in respect of a Conditional Award) or the date of exercise (in respect of a Nil-Cost Option), and such benefit may be delivered in the form of cash or Ordinary Shares (as the Board determines).

7.5.8 **Malus**

In the event of: (i) a material misstatement of the results of the Company, a Group member or business unit; or (ii) any act or omission by a participant which the Board considers has caused serious reputational damage or amounted to serious misconduct, fraud or misstatement which undermines the effective risk management or accuracy of the financial reporting of the Company, a Group member of business unit, the Board may reduce or cancel any Deferred Share Bonus Award which has not been satisfied.

7.5.9 **Amendments**

The rules of the Deferred Share Bonus Plan may be amended by the Board, provided that no amendment shall be made to the basis upon which Deferred Bonus Plan Awards are made, the persons who may participate, the rights attaching to the shares used in the Deferred Share Bonus Plan, the total number of Ordinary Shares available under the Deferred Share Bonus Plan, the maximum entitlement of any participant and the treatment of awards on mergers, takeovers or cessation of employment, unless such amendment is approved by shareholders.

7.6 **Long Term Incentive Plan**

The Long Term Incentive Plan was adopted by the Board on 24 January 2018 in substitution for the Share Purchase Plan. The Board's rationale for adopting the Long Term Incentive Plan was to ensure that the Group's equity incentive arrangements were consistent with the long-term incentive schemes adopted by other London-listed property companies. As at the date of this document, an aggregate of 3,463,683 Ordinary Shares are currently the subject of Long Term Incentive Plan awards, all of which are unvested.

7.6.1 **Grant of LTIP Awards**

Eligible employees may be granted Long Term Incentive Plan awards by the Board in its absolute discretion but following a recommendation from the Remuneration Committee. An award may take the form of an option to acquire shares in the Company at (i) nil or nominal value (a "**Nil-Cost Option**") or (ii) the VWAP of the shares as at the date of grant (a "**Market Value Option**") (each being an "**LTIP Award**").

7.6.2 **Individual limits**

An eligible employee may not receive a Market Value Option which would, at the time of grant, cause the aggregate of (i) the VWAP of the Ordinary Shares which he may acquire on the vesting of that Market Value Option and (ii) the aggregate of the VWAP of the Ordinary Shares which he may acquire under all other subsisting Market Value Options granted in the financial year of the Company during which the proposed grant date would fall to exceed 100 per cent. of his annual base salary as at the end of the financial year immediately preceding the proposed grant date or such greater amount as the Board may determine to be justified in the circumstances.

An eligible employee may not receive a Nil-Cost Option which would, at the time of grant, cause the aggregate of (i) the VWAP of the Ordinary Shares which he may acquire on the vesting of that Nil-Cost Option and (ii) the aggregate of the VWAP of the Ordinary Shares which he may acquire under all other subsisting Nil-Cost Options granted in the financial year of the Company during which the proposed grant date would fall to exceed 200 per cent. of his annual base salary as at the end of the financial year immediately preceding the proposed grant date or such greater amount as the Board may determine to be justified in the circumstances.

7.6.3 **Performance targets**

The Board may impose performance targets relating to the vesting of a Nil-Cost Option award.

7.6.4 **Vesting of LTIP Awards**

Market Value Options will normally vest in three equal tranches on the first, second and third anniversaries of the end of the financial year immediately preceding the date of grant.

Nil-Cost Options will normally vest on the third anniversary of the date of grant but only to the extent that any performance conditions have been satisfied.

7.6.5 **Cessation of employment**

Save as set out below, if a participant ceases to hold office or employment in the Group LTIP Awards which have not yet vested will lapse at that time.

If a participant ceases to hold office or employment in the Group, the Board may in its absolute discretion determine that a Nil-Cost Option which has not yet vested shall not lapse (either in whole or in part) but may be exercised subject to the satisfaction of such conditions and during such periods as the Board may determine.

If a participant ceases to hold employment in the Group by reason of his death, ill-health, injury or disability (evidenced to the satisfaction of the Board), the participant's employing company ceasing to be a member of the Group, redundancy (as determined by the Board) or any other reason at the Board's absolute discretion (except where a participant is dismissed for gross misconduct) any Market Value Option that has not vested will vest in full and may be exercised for a period of 12 months from the date of vesting, after which time it will lapse.

If a participant ceases to hold office or employment in the Group for any reason other than gross misconduct, an LTIP Award which has vested prior to the date of cessation may be exercised during the period of 12 months from the date of cessation, after which time it will lapse.

If a participant ceases to hold office or employment in the Group due to gross misconduct his LTIP Awards (whether vested or not vested) will lapse at that time.

7.6.6 **Retention period**

A participant may not dispose of any Ordinary Shares acquired on exercise of a Nil-Cost Option for a period of two years from the date on which the Nil-Cost Option vests, save for disposals to cover tax. The Board has discretion to shorten the period.

7.6.7 **Corporate events**

In the event of a takeover offer (pursuant to which the bidder will obtain control of the Company (unless the bidder already has control)) becoming wholly unconditional, a scheme of arrangement for the purposes of a change of control of the Company being sanctioned by a court or any person acquiring 50 per cent. or more of the issued share capital of the Company, all LTIP Awards which have not yet vested will vest in full at the time of such event, subject to the awards being exchanged for an award in respect of shares in a different company in certain circumstances. An unvested Nil-Cost Option may only be exercised to the extent that the Board determines that any performance target has been satisfied and the number of Ordinary Shares which vest will be reduced *pro rata* to reflect the period from the end of the financial year immediately preceding the date of grant until the relevant corporate event as a proportion of three years unless the Board determines that a higher amount shall vest.

7.6.8 **Dividend equivalents**

The Board may (i) grant an award on the basis that the number of Ordinary Shares to which the award relates will be increased by deeming some or all dividends (excluding special dividends, unless the Board determines otherwise) paid on Ordinary Shares in respect of which the award vests from the date of grant until the date of exercise, to have been reinvested in the purchase of additional Ordinary Shares on such terms (including the deemed purchase price(s) and whether any dividend tax credit is included or included) as the Board may determine or (ii) determine at any time that a participant is entitled to a benefit calculated by reference to the value of some or all dividends (excluding special dividends, unless the Board determines otherwise) that would have been paid on Ordinary Shares in respect of which the award vests from the date of grant until the date of exercise, and such benefit may be delivered in the form of cash or Ordinary Shares (as the Board determines).

7.6.9 **Malus and clawback**

In the event of: (i) a material misstatement of the results of the Company, a Group member or business unit; or (ii) any act or omission by the participant which the Board considers has caused serious reputational damage or amounted to serious misconduct, fraud or misstatement which undermines the effective risk management or accuracy of the financial reporting of the Company, a Group member of business unit, the Board may reduce or cancel any LTIP Award which has not been satisfied (but in the case of a Nil-Cost Option no later than five years after the date of grant).

In addition, in the case of a Nil-Cost Option which has been satisfied, the Board may in the circumstances described above, prior to the expiry of the retention period referred to above, require the participant to return some or all of the Ordinary Shares acquired pursuant to that Nil-Cost Option (or pay an amount in cash equal to their sale proceeds).

7.6.10 **Amendments**

The rules of the Long Term Incentive Plan may be amended by the Board, provided that no amendment shall be made to the basis upon which LTIP Awards are made, the persons who may participate, the rights attaching to the shares used in the Long Term Incentive Plan, the total number of Ordinary Shares available under the Long Term Incentive Plan, the maximum entitlement of any participant and the treatment of awards on mergers, takeovers or cessation of employment, unless such amendment is approved by shareholders.

7.7 **Share Purchase Plan**

The Share Purchase Plan was a loan purchase scheme adopted by the Board on 28 April 2015. The Group ceased to operate the Share Purchase Plan with effect from June 2017.

Under the Share Purchase Plan, any company within the Group could advance an interest-bearing loan to an eligible employee (or his or her nominee) for the purpose of acquiring Ordinary Shares in the Company, with the loan being secured against the Ordinary Shares acquired by the eligible employee.

As at the Latest Practicable Date, the Group has outstanding Euro loans totalling £410,599 and Sterling loans totally £177,054 in aggregate to two employees (excluding Executive Directors) in respect of 454,583 Ordinary Shares. Details of the loans advanced to certain of the Directors are set out in notes 1, 2 and 3 of paragraph 8.1 below and in paragraph 10.3 of this Part 8.

8 **DIRECTORS' AND OTHER INTERESTS**

8.1 As at the date of this document, the interests (all of which are beneficial, unless otherwise stated) of the Directors (and of persons connected with them within the meaning of sections 252 to 256 of the UK Companies Act 2006) in the Company's issued share capital are, so far as the Directors are aware, as follows:

Director	Number of Ordinary Shares	% of issued share capital[4]	Number of vested Nil-Cost Options[5]	Number of vested options[6]	Number of unvested Nil-Cost Options (Deferred Share Bonus Plan)[7]	Number of unvested Nil-Cost Options (LTIP)[8]
Richard Grant	-	-	-	-	-	-
Paul Arenson	12,523,096[1]	4.293	535,617	-	75,867	971,719
Patsy Watson	4,364,027[2]	1.496	468,140	-	72,921	933,986
Julian Carey	3,270,500	1.121	27,345	-	54,691	933,986
Warren Lawlor	1,154,110[3]	0.396	-	2,000,000	-	-
Paul Miller	21,898	0.008	-	-	-	-
Philip Holland	-	-	-	-	-	-

Notes:

1 *5,392,535 Ordinary Shares are held by Jabali Enterprises Limited, a BVI company controlled by a trust of which Paul Arenson is a beneficiary. Such Ordinary Shares were acquired with the proceeds of two non-interest bearing Euro-denominated loans equal to €6,413,333 in aggregate and a non-interest bearing Sterling denominated loan of £946,639 from a member of the Group, which loans are secured by way of a charge over such 5,392,535 Ordinary Shares.*

2 *All 4,364,027 Ordinary Shares are held by Millicent Limited, a BVI company controlled by a trust of which Patsy Watson is a beneficiary. Such Ordinary Shares were acquired with the proceeds of two non-interest bearing Euro-denominated loans equal to €5,202,166 in aggregate and a non-interest bearing Sterling-denominated loan of £757,311 from a member of the Group, which loans are secured by way of a charge over such 4,364,027 Ordinary Shares.*

3 *1,132,971 Ordinary Shares are held by Ferryman Capital Partners Limited, a company in which a trust of which Warren Lawlor is a beneficiary has a one-third beneficial interest. 1,000,000 of such Ordinary Shares were acquired with the proceeds of a non-interest bearing loan of €1,221,680, which loan is secured by way of a charge over, inter alia, 1,132,971 Ordinary Shares.*

4 *Does not include: (i) shares under option; or (ii) treasury shares.*

5 *These Nil-Cost Options were granted under the Deferred Share Bonus Plan (and include dividend equivalents).*

6 *These options have an exercise price of €1.53 per Ordinary Share.*

7 *These Nil-Cost Options were granted under the Deferred Share Bonus Plan. 50% will vest on 31 March 2019 and 50% will vest on 31 March 2020.*

8 *These Nil-Cost Options were granted under the Long Term Incentive Plan and are subject to various vesting conditions, including performance related targets.*

8.2 Insofar as it is known to the Company, as at the Latest Practicable Date, the following Shareholders were interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital or voting rights:

Name	Number of Ordinary Shares	Percentage holding
Sandown Capital Limited	20,220,468	6.93%
Paul Arenson	12,523,096	4.29%
36One Asset Management	9,270,302	3.18%

8.3 As at the Latest Practicable Date the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

8.4 The persons, including the Directors, referred to in paragraphs 8.1 and 8.2 above do not have voting rights that differ from those of other Shareholders.

8.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

8.6 Save as disclosed in paragraph 10.3, no Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

8.7 The companies and partnerships of which the Directors are, or have been, within the five years preceding the date of this document, members of the administrative, management or supervisory bodies or partners (excluding the Company and its subsidiaries) are as follows:

Directors	Current appointments	Previous appointments
Richard Grant	Helical Plc	Cadogan Group Ltd Rockspring Hanover Property Unit Trust
Paul Arenson	Numisma Group Limited Saruga Investments Limited Saruga Limited Saruga SCI Stenham European Shopping Centre Fund Limited	A.D.O. Group Limited Kerrison Hotel Limited Released Equity Homes Limited Stenham Limited Stenham Property Limited Stenham Newco 1 Limited
Patsy Watson	None	A.D.O. Group Limited Spearean Interactive Limited Avenue Nominees 1 Ltd Avenue Nominees II Ltd Managed Office Solutions Limited Apex Hi UK Limited Stenham Support Services Limited
Julian Carey	Brookstow Properties 1 Limited JRC 1 Limited Westlink Industrial Estate Management Company Limited	127 West End Lane Management Co. Limited 127 West End Lane Limited C2 Capital Two Pot B Limited

Directors	Current appointments	Previous appointments
	C2 Capital (General Partner) Limited C2 Capital (General Partner Two) Limited C2 Capital Nominee Limited C2 Capital Nominee Two Limited C2 Capital Two Pot A Limited C2 Capital Two Pot C Limited C2 Industrials (Ireland) LLP	
Warren Lawlor	Ferryman Capital Partners Limited TP Hentiq 6276 Pty Ltd Pringlelight Investments Pty Ltd Waydale Investments Pty Ltd	Waydale Holdings Pty Ltd Old JC Pty Ltd The Pivotal Fund Limited Java Capital Pty Ltd
Paul Miller	Transaction Capital Limited Earl Finance Gmbh Everglen Capital Pty Ltd Everglen Capital Partners LLP	None
Philip Holland	Prime (GB) Holdings Ltd Prime (UK) Holdings Ltd Prime Plc Prime Operations Ltd Prime (UK) Developments Ltd Prime Infrastructure Management Services Ltd Prime (UK) Investments Ltd PPP Leasing Ltd Prime Care Home Developments Ltd Prime Care Home Developments 3 Ltd Prime Investment Worcester Limited TP Group plc	Calverglade (Peterborough) Limited Network Stadium Housing Association Limited Nexus Property Management Services Limited Nexus PHP Management Limited Primary Health Investment Properties Limited Primary Health Investment Properties (No. 2) Limited Primary Health Investment Properties (No. 3) Limited Primary Health Investment Properties (No. 4) Limited PHP Healthcare Investments (Holdings) Limited Health Investments Limited Motorstep Limited PHP Empire Holdings Limited Anchor Meadow Limited PHIP (6) Limited PHIP (5) Limited Patientfirst Partnerships Limited Patientfirst (GPFC) Holdings Limited Patientfirst (RBS) Limited Patientfirst (Wingate) Limited Patientfirst (Leamington Spa) Limited Patientfirst (Hinckley) Limited Patientfirst (Burnley) Limited SPCD (Shavington) Limited

Directors	Current appointments	Previous appointments
		SPCD (Northwich) Limited PHIP CHH Limited PHIP CH Limited AHG (2006) Limited PHIP (Hetherington Road) Limited PHIP (Hoddesdon) Limited PHIP (Milton Keynes) Limited PHIP (RHL) Limited PHIP (Sheerness) Limited PHIP (SSG Norwich) Limited PHP Healthcare (Holdings) Limited PHP Investments No.1 Limited PHP Investments No 2 Limited PHP Investments (2011) Limited PHP AssetCo (2011) Limited PHP Healthcare Investments Limited PHIP (Stourbridge) Limited PHP St. Johns Limited PHP (Project Finance) Limited PHP Clinics Limited PHIP (Gorse Stacks) Limited PHP Medical Properties Limited PHP Glen Spean Limited Gracemount Medical Centre Limited PHP 2013 Holdings Limited PHP (Darvel) Limited PHP (Dover) Limited PHP (Paisley) Limited PHP (Portsmouth) Limited PHP (FRMC) Limited PHP (Speke) Limited PHP (Swaffham Barn) Limited PHP (Hounslow) Limited PHP (Basingstoke) Limited PHP (Melksham) Limited PHP (Chandlers Ford) Limited PHP (Catford) Limited PHP (Holbeck) Limited PHP (Petri) Limited PHP Bond Finance PLC PHP Primary Properties Limited PHP Primary Properties (Haymarket) Limited PHP Medical Investments Limited PHP Finance (Jersey) Limited FISH Asset Management Limited

Directors	Current appointments	Previous appointments
		Clipstone Logistics REIT PLC Primary Health Properties PLC Network Living Limited Leighton Health Limited White Horse Centre Limited Crestdown Limited Apollo (Ipswich) Limited Carden Medical Investments Limited NHR Acquisitions Limited Nexus Investment Ventures Limited

8.8 None of the Directors has at any time within the last five years:

(a) had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

(b) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

(c) been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or

(d) been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.

8.9 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a director of the Company.

8.10 Save as disclosed in paragraphs 10.3.3 and 14.6 of this Part 8, there are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.

8.11 Save as disclosed in paragraphs 7.7 and 10.3 of this Part 8, there are no outstanding loans or guarantees provided by any member of the Group to or for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors to or for the benefit of any member of the Group.

9 REMUNERATION OF DIRECTORS

9.1 In the financial year ended 31 March 2018, the amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Group for services in all capacities to the Group was as follows:

Director	Basic salary £	Pension £	Other benefits £	Cash bonus £	Vested share options £	Fees £	Total £
Richard Grant	-	-	-	-	-	-	-
Paul Arenson	260,100	26,010	1,364	118,330	40,453	-	446,257
Patsy Watson	250,000	25,000	-	94,664	32,363	-	402,027
Julian Carey	187,500	18,750	-	-	-	-	206,250
Warren Lawlor	-	-	-	-	-	27,677	27,677
Paul Miller	-	-	-	-	-	44,094	44,094
Philip Holland	-	-	-	-	-	-	-

10 DIRECTORS' SERVICE AGREEMENTS, LETTERS OF APPOINTMENT AND OTHER AGREEMENTS

Each of the Executive Directors has entered into a service contract with the Company. Each of the Non-Executive Directors has entered into a letter of appointment with the Company. Details of these service agreements and letters of appointment are set out below.

10.1 Executive Directors' service agreements

10.1.1 Paul Arenson service agreement

Paul Arenson has entered into a service agreement with Stenprop Management Limited with effect from 2 October 2014 (as varied by written agreement dated 1 June 2018) in connection with his employment as Chief Executive Officer of the Group. Paul is entitled to receive a gross salary of £260,100 per annum. All salaries are reviewed by the Board in June each year. Any increase in Paul's salary following such review will take retrospective effect from 1 April.

As a sign-on bonus, Paul was entitled to be issued shares to the value of €100,000 in the Company on 2 October 2015 and 2 October 2016.

Paul is also:

(a) entitled to 30 days' holiday, in addition to the usual English public and bank holidays;

(b) entitled to receive monthly employer pension contributions of 10 per cent. of base salary;

(c) eligible to all contractual benefits and payment (inclusive of statutory sick pay) during the first 26 weeks of any period of consecutive 52 weeks' absence from work due to illness, accident or other incapacity, subject to the appropriate doctor's certificates being provided in respect of any period of absence in excess of 7 consecutive days;

(d) entitled to participate in the Group's life assurance and private medical insurance schemes. The life assurance shall pay a sum equal to four times Paul's base salary in the event of his death. The private medical insurance scheme shall provide contributions of (i) 100 per cent. of premiums if cover is maintained for Paul only, (ii) 50 per cent. of premiums if cover is maintained for Paul and his partner and (iii) 40 per cent. of premiums if cover is maintained for Paul, his partner and his immediate dependants;

(e) eligible to participate in any bonus scheme of the Group; and

(f) entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

Paul's employment is terminable by both Stenprop Management Limited and Paul on six months' notice. Stenprop Management Limited also has the ability to terminate Paul's employment with immediate effect by making a lump sum payment in lieu of all or any remaining part of his notice period which shall consist of his base salary and excludes any benefits.

Paul's service agreement contains post-termination restrictive covenants which remain in force for 12 months after termination of the agreement and which provide that Paul will not poach any key employee.

10.1.2 **Patsy Watson service agreement**

Patsy Watson has entered into a service agreement with Stenprop Management Limited with effect from 2 October 2014 (as varied by written agreement dated 22 May 2018) in connection with her employment as Chief Financial Officer of the Group. Patsy is entitled to receive a gross salary of £250,000 per annum. All salaries are reviewed by the Board in June each year. Any increase in Patsy's salary following such review will take retrospective effect from 1 April.

As a sign-on bonus, Patsy was entitled to be issued shares to the value of €100,000 in the Company on 2 October 2015 and 2 October 2016.

Patsy is also:

(a) entitled to 30 days' holiday, in addition to the usual English public and bank holidays;

(b) entitled to receive monthly employer pension contributions of 10 per cent. of base salary;

(c) eligible to all contractual benefits and payment (inclusive of statutory sick pay) during the first 26 weeks of any period of consecutive 52 weeks' absence from work due to illness, accident or other incapacity, subject to the appropriate doctor's certificates being provided in respect of any absence in excess of 7 consecutive days;

(d) entitled to participate in the Group's life assurance and private medical insurance schemes. The life assurance shall pay a sum equal to four times Patsy's base salary in the event of her death. The private medical insurance scheme shall provide contributions of (i) 100 per cent. of premiums if cover is maintained for Patsy only, (ii) 50 per cent. of premiums if cover is maintained for Patsy and her partner and (iii) 40 per cent. of premiums if cover is maintained for Patsy, her partner and her immediate dependants;

(e) eligible to participate in any bonus scheme of the Group; and

(f) entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

Patsy's employment is terminable by Stenprop Management Limited on six months' notice and by Patsy on three months' notice. Stenprop Management Limited also has the ability to terminate Patsy's employment with immediate effect by making a lump sum payment in lieu of all or any remaining part of her notice period which shall consist of her base salary and excludes any benefits.

Patsy's service agreement contains post-termination restrictive covenants which remain in force for 12 months after termination of the agreement and which provide that Patsy Watson will not poach any key employee.

10.1.3 **Julian Carey service agreement**

Julian Carey has entered into a service agreement with Stenprop Management Limited with effect from 30 June 2017 (as varied by written agreement dated 22 May 2018) in connection with his employment as Property Director of the Group. Julian is entitled to receive a gross salary of £250,000 per annum. All salaries are reviewed by the Board in June each year. Any increase in Julian's salary following such review will take retrospective effect from 1 April.

Julian is also:

(a) entitled to 30 days' holiday, in addition to the usual English public and bank holidays;

(b) entitled to receive monthly employer pension contributions of 10 per cent. of base salary;

(c) eligible to all contractual benefits and payment (inclusive of statutory sick pay) during the first 26 weeks of any period of consecutive 52 weeks of absence from work due to illness, accident or other incapacity, subject to appropriate doctor's certificates being provided in respect of any absence in excess of 7 consecutive days;

(d) entitled to participate in the Group's life assurance scheme and private medical insurance scheme. The life assurance shall pay a sum equal to four times Julian's base salary in the event of his death. The private medical insurance scheme shall provide contributions of (i) 100 per cent. of premiums if cover is maintained for Julian only, (ii) 50 per cent. of premiums if cover is maintained for Julian and his partner; and (iii) 40 per cent. of premiums if cover is maintained for Julian, his partner and his immediate dependants;

(e) eligible to participate in any bonus scheme of the Group and any long-term share acquisition/incentive plans for the senior executive team adopted by the Company from time to time ;and

(f) entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

Julian's employment is terminable by either party providing at least six months' written notice. Stenprop Management Limited also has the ability to terminate Julian's employment with immediate effect by making a lump sum payment in lieu of all or any remaining part of Julian's notice period which shall consist of his base salary and excludes any benefits.

Julian's service agreement contains post-termination restrictive covenants, which remain in force for 12 months after termination of the agreement less any period during which Julian is on garden leave. During this period, Julian is precluded from carrying out certain activities connected with the business of the Group in which Julian was involved or about which he held confidential information by virtue of his position and with which he was materially concerned within the 12 months leading up to termination of his employment. These activities include:

(a) dealing with or soliciting certain customers or prospective customers;

(b) dealing with or soliciting certain business partners or prospective business partners;

(c) dealing with certain suppliers; and

(d) poaching any key employee.

10.2 **Non-executive Directors' letters of appointment**

10.2.1 **Richard Grant letter of appointment**

Pursuant to the terms of a letter of appointment dated 24 April 2018, Richard Grant has agreed to act as a non-executive director and chairman of the Company for a gross annual fee of £58,000 per annum, paid quarterly in arrears and subject to periodic review by the Board. Richard's appointment as a non-executive director and chairman is for an initial term from 1 May 2018 until the conclusion of the Company's 2018 annual general meeting. As part of his appointment, Richard may be required to serve on one or more committees of the Board. The letter of appointment acknowledges that Richard has business interests other than those in the Company and has declared any conflicts of interest that were apparent when the letter of appointment was signed (although as at the date of this document no potential or actual conflicts have been declared). If Richard subsequently becomes aware of any potential or actual conflicts of interest, he is required to disclose them to the senior independent director and company secretary as soon as they become apparent. Richard is entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

10.2.2 **Warren Lawlor letter of appointment**

Pursuant to the terms of a letter of appointment dated 24 April 2018, Warren Lawlor has agreed to act as a non-executive director of the Company for a gross annual fee of £35,000 per annum, paid quarterly in arrears and subject to periodic review by the Board. The letter of appointment replaces a letter of appointment dated 7 April 2017 pursuant to which Warren was appointed as a non-executive director for an initial term commencing on 5 April 2017 until the conclusion of the Company's next annual general meeting. Warren was re-appointed as a non-executive director at the 2017 AGM. As part of his appointment, Warren may be required to serve on one or more committees of the Board. If Warren serves on either the Audit & Risk Committee, the Remuneration Committee or both he will receive an additional fee of £5,000 per annum, unless he is also chair of the Audit & Risk Committee, in which case he will receive an additional fee of £8,000 per annum. The letter of appointment acknowledges that Warren has business interests other than those in the Company and has declared any conflicts of interest that were apparent when the letter of appointment was signed (although as at the date of this document no potential or actual conflicts have been declared). If Warren subsequently becomes aware of any potential or actual conflicts of interest, he is required to disclose them to the chairman and company secretary as soon as they become apparent. Warren is entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

10.2.3 **Paul Miller letter of appointment**

Pursuant to the terms of a letter of appointment dated 24 April 2018, Paul Miller has agreed to act as a non-executive director of the Company for a gross annual fee of £35,000 per annum, paid quarterly in arrears and subject to periodic review by the Board. The letter of appointment replaces a letter of appointment dated 8 November 2016 pursuant to which Paul was appointed as a non-executive director for an initial term commencing on 14 September 2016 until the conclusion of the Company's next annual general meeting. Paul was re-appointed as a non-executive director at the 2017 AGM. As part of his appointment, Paul may be required to serve on one or more committees of the Board. If Paul serves on either the Audit & Risk Committee, the Remuneration Committee or both he will receive an additional fee of £5,000 per annum, unless he is also chair of the Audit & Risk Committee, in which case he will receive an additional fee of £8,000 per annum. The letter of appointment acknowledges that Paul has business interests other than those in the Company and has declared any conflicts of interest that were apparent when the letter of appointment was signed (although as at the date of this document no potential or actual conflicts have been declared). If Paul subsequently becomes aware of any potential or actual conflicts of interest, he is required to disclose them to the chairman and company secretary as soon as they become apparent. Paul is entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

10.2.4 **Philip Holland letter of appointment**

Pursuant to the terms of a letter of appointment dated 24 April 2018, Philip Holland has agreed to act as a non-executive director of the Company for a gross annual fee of £35,000 per annum, paid quarterly in arrears and subject to periodic review by the Board. Philip's appointment as a non-executive director is for an initial term from 1 May 2018 until the conclusion of the Company's next annual general meeting. As part of his appointment, Philip may be required to serve on one or more committees of the Board. If Philip serves on either the Audit & Risk Committee, the Remuneration Committee or both he will receive an additional fee of £5,000 per annum, unless he is also chair of the Audit & Risk Committee, in which case he will receive an additional fee of £8,000 per annum. The letter of appointment acknowledges that Philip has business interests other than those in the Company and has declared any conflicts of interest that were apparent when the letter of appointment was signed (although as at the date of this document no potential or actual conflicts have been declared). If Philip subsequently becomes aware of any potential or actual conflicts of interest, he is required to disclose them to the chairman and company secretary as soon as they become apparent. Philip is entitled to the benefit of an indemnity from the Company as described in paragraph 4.13.12 of this Part 8.

10.3 **Other agreements**

10.3.1 **Jabali Enterprises Limited loan agreements**

In connection with the Share Purchase Plan, Stenprop (Germany) Limited as lender (the "**lender**") has entered into the following loan agreements with Jabali

Enterprises Limited as borrower (the "**borrower**") to fund the acquisition of fully paid ordinary shares in the capital of the Company ("**Jabali Shares**"):

(a) a €3,813,333 secured term loan agreement dated 11 June 2015 to fund the acquisition of 2,666,667 Jabali Shares;

(b) a €2,600,000 secured term loan agreement dated 9 June 2016 to fund the acquisition of 1,843,972 Jabali Shares; and

(c) a £946,639 secured term loan agreement dated 8 June 2017 to fund the acquisition of 881,897 Jabali Shares.

Jabali Enterprises Limited is controlled by a trust of which Paul Arenson is a beneficiary.

Interest is set at a rate equal to the average interest cost incurred by the Group from time to time as determined by the Board in its absolute discretion. Interest is payable six months in arrears. Any distribution in respect of any Jabali Shares must be applied in discharging any outstanding interest on the relevant loan.

Each loan agreement provides that the loan becomes repayable on the earlier of:

(a) the date that is ten years from the date of the relevant loan agreement; and

(b) either (i) 12 months from the date Paul Arenson ceases to be employed by a member of the Group and is a "good leaver" or (ii) 30 days from the date he ceases to be employed by a member of the Group and is not a "good leaver".

Each loan (and accrued interest) can be prepaid in whole or part at any time at the election of the borrower. Under each loan agreement, if before the repayment date, the borrower sells some or all of the (i) relevant Jabali Shares or (ii) the shares in the company beneficially owned by the borrower at the date of that loan agreement, the borrower is obliged to apply a percentage of the sales proceeds in repayment of that loan (and accrued interest).

The obligations of the borrower under each loan agreement are secured by a fixed charge over the relevant Jabali Shares in favour of the lender. The lender has the right to sell any Jabali Shares, as agent for the borrower, and apply the proceeds of such sale in repayment of the relevant loan (and accrued interest).

10.3.2 **Millicent Limited loan agreements**

In connection with the Share Purchase Plan, Stenprop (Germany) Limited as lender (the "**lender**") has entered into the following loan agreements with Millicent Limited as borrower (the "**borrower**") to fund the acquisition of fully paid ordinary shares in the capital of the Company ("**Millicent Shares**"):

(a) a €3,122,166 secured term loan agreement dated 11 June 2015 to fund the acquisition of 2,183,333 Millicent Shares;

(b) a €2,080,000 secured term loan agreement dated 9 June 2016 to fund the acquisition of 1,475,177 Millicent Shares; and

(c) a £757,311 secured term loan agreement dated 8 June 2017 to fund the acquisition of 705,517 Millicent Shares.

Millicent Limited is controlled by a trust of which Patsy Watson is a beneficiary.

Interest is set at a rate equal to the average interest cost incurred by the Group from time to time as determined by the Board in its absolute discretion. Interest is payable six months in arrears. Any distribution in respect of any Millicent Shares must be applied in discharging any outstanding interest on the relevant loan.

Each loan agreement provides that the loan becomes repayable on the earlier of:

(a) the date that is ten years from the date of the relevant loan agreement; and

(b) either (i) 12 months from the date Patsy ceases to be employed by a member of the Group and is a "good leaver" or (ii) 30 days from the date she ceases to be employed by a member of the Group and is not a "good leaver".

Each loan (and accrued interest) can be prepaid in whole or part at any time at the election of the borrower. Under each loan agreement, if before the repayment date, the borrower sells some or all of the (i) relevant Millicent Shares or (ii) the shares in the company beneficially owned by the borrower at the date of that loan agreement, the borrower is obliged to apply a percentage of the sales proceeds in repayment of that loan (and accrued interest).

The obligations of the borrower under each loan agreement are secured by a fixed charge over the relevant Millicent Shares in favour of the lender. The lender has the right to sell any Millicent Shares, as agent for the borrower, and apply the proceeds of such sale in repayment of the relevant loan (and accrued interest).

10.3.3 **Ferryman Capital Partners Limited loan agreement**

On 30 March 2017 Stenprop (Germany) Limited as lender (the "**lender**") entered into a €1,250,000 Guernsey law governed secured term loan agreement with Ferryman Capital Partners Limited as borrower (the "**borrower**"). Warren Lawlor has a one-third beneficial interest in Ferryman Capital Partners Limited, held through the Warren Lawlor Family Trust.

Pursuant to the loan agreement, the borrower agreed to use the full amount borrowed to fund the acquisition of 1,000,000 fully paid ordinary shares (the "**Ferryman Shares**") in the capital of the Company pursuant to the Share Purchase Plan.

Interest is set at a rate equal to the average interest cost incurred by the Group from time to time as determined by the Board in its absolute discretion. Interest is payable six months in arrears. Any distribution in respect of (i) the Ferryman Shares and/or (ii) the shares in the Company beneficially owned by the borrower at the date of the loan agreement (the "**Existing Shares**") must be applied in discharging any outstanding interest on the loan.

The loan agreement provides that the loan becomes repayable on the earlier of (i) 30 March 2022 and (ii) three months from the date Warren Lawlor ceases to be a non-executive director of the Company. The loan (and accrued interest) can be prepaid in whole or part at any time at the election of the borrower. Subject to lender consent, if the borrower sells some or all of the Ferryman Shares before the repayment date, the borrower is obliged to repay a percentage of the loan (and accrued interest) within two business days of the sale of such Ferryman Shares.

Under the loan agreement, the borrower is prohibited from (i) creating any security over the Ferryman Shares and the Existing Shares and (ii) disposing of the Ferryman Shares and the Existing Shares without the lender's consent. In addition, the agreement provides for customary representations, warranties and events of default.

The obligations of the borrower under the loan agreement are secured by a fixed charge over the Existing Shares and the Ferryman Shares in favour of the lender. The lender has the right to sell any Ferryman Shares, as agent for the borrower, and apply the proceeds of such sale in repayment of the loan (and accrued interest).

Pursuant to a letter agreement dated 3 August 2017, the parties agreed to amend the terms of the loan agreement so as to enable the borrower to use the balance of the amount of any distributions received by the borrower on and from 7 June 2017 in respect of shares in the Company (after the discharge of any outstanding interest on the loan) to purchase additional shares in the capital in the Company.

10.3.4 Ferryman Capital Partners Limited option deed

Under the terms of the option deed, the Company granted Ferryman Capital Partners Limited an option to subscribe for 2,000,000 fully paid ordinary shares in the capital of the Company at an exercise price of €1.53 per share. The option vested in full on 30 October 2017.

To exercise the option, Ferryman shall serve an exercise notice on the Company and pay the Company the exercise price for the shares. The option may be exercised in whole or in part and on more than one occasion. The option will lapse on the earlier of (i) 30 March 2022, (ii) disposition of the option, (iii) Warren Lawlor ceasing to be director of the Company or (iii) one month after a takeover of the Company.

The option deed is governed by the laws of Guernsey.

11 THE COMPANY AND ITS SUBSIDIARIES

The Company is the holding company of the Group and has the following subsidiaries:

Name	Country of registration or incorporation	Principal activity	Percentage ownership (direct and indirect)
Stenprop (UK) Limited	BVI	Holding company	100
Davemount Properties Limited	BVI	Property investment	100
Laxton Properties Limited	BVI	Property investment	100
Stenprop Industrials 1 Limited	BVI	Intermediate holding company	100
Stenprop Industrials 2 Limited	BVI	Intermediate holding company	100
Stenprop Industrials 3 Limited	BVI	Property investment	100
Stenprop Industrials 4 Limited	BVI	Property investment	100

Name	Country of registration or incorporation	Principal activity	Percentage ownership (direct and indirect)
Stenprop Management Holdings Limited	BVI	Management company	100
SP Corporate Services Limited	BVI	Management company	100
SP Secretaries Limited	BVI	Management company	100
Ruby Red Holdings Limited	BVI	Management company	100
SP Nominees Limited	BVI	Management company	100
Leatherback Property Holdings Limited	BVI	Holding company	100
Stenprop Hermann Ltd	BVI	Property investment	100
Stenprop Victoria Ltd	BVI	Property investment	100
Anarosa Holdings N.V.	Curaçao	Holding company	94.9
C.S. Property Holding N.V.	Curaçao	Holding company	94.9
Lakewood International N.V.	Curaçao	Holding company	89
T.B. Property Holdings N.V.	Curaçao	Holding company	100
APF1 Limited	Guernsey	Dormant (in liquidation)	100
Bernina Property Holdings	Guernsey	Holding company	100
GGP1 Limited	Guernsey	Property investment	100
Kantone Holdings Limited	Guernsey	Property investment	100
Stenprop Advisers Limited	Guernsey	Management	100
Stenprop (Germany) Limited	Guernsey	Holding company	100
Stenprop (Guernsey) Limited	Guernsey	Dormant	100
Stenprop (Swiss) Limited	Guernsey	Holding company	100
Stenprop Trafalgar Limited	Guernsey	Holding company	100
Stenpark Management Limited	Guernsey	Management Company	50
Stenprop Advisers Limited	Guernsey	Management Company	100
Stenprop Arsenal Limited	Guernsey	Dormant	100
LPE Limited	Guernsey	Property investment	100
Bleichenfleet Verwaltungs GmbH	Germany	General partner	100
Kommanditgesellschaft Bleichenhof Grundstücksverwaltung GmbH & Co	Germany	Property investment	94.9
Algy Properties S.à r.l.	Luxembourg	Property investment	100

Name	Country of registration or incorporation	Principal activity	Percentage ownership (direct and indirect)
Bruce Properties S.à r.l.	Luxembourg	Property investment	100
Clint Properties S.à r.l.	Luxembourg	Property investment	100
David Properties S.à r.l.	Luxembourg	Property investment	100
Elysion S.A.	Luxembourg	Holding company	50
Jimmy Investments S.à r.l.	Luxembourg	Holding company	100
Spike Investments S.A.	Luxembourg	Holding company	100
Century 2 BV	Netherlands	Property investment	94.9
Century BV	Netherlands	Property investment	94.9
Isabel Properties BV	Netherlands	Property investment	94.9
Mindel Properties BV	Netherlands	Holding company	94.5
Stenham Beryl Limited	Isle of Man	Property investment	100
Stenham Crystal Limited	Isle of Man	Property investment	100
Stenham Jasper Limited	Isle of Man	Property investment	100
Gemstone Properties Limited (formerly Stenham Properties (Germany) Limited)	Isle of Man	Holding company	100
Polo Property Gmbh	Switzerland	Property investment	100
Stenprop Management Limited	England and Wales	Management company	100
Stenprop Limited	England and Wales	Dormant	100
C2 Capital Limited	England and Wales	Management company	100
Industrials Investment Unit Trust	Jersey	Intermediate holding company	100
Industrials UK GP LLC	Delaware	Intermediate holding company	100
Industrials UK LP	Delaware	Property investment	100
Ardale Industrials Limited	Ireland	Management company	50

12 THE CITY CODE

12.1 Mandatory takeover bids

The City Code applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing.

The City Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the City Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "**Voting rights**" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

There are not in existence any current mandatory or other public takeover bids in relation to the Company and there have not been any such bids during the last financial year nor the current financial year.

13 NOTIFICATIONS OF SHAREHOLDINGS

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTR 5**") of the FCA Handbook apply to the Company on the basis that the Company is a "non-UK issuer", as such term is defined in the Disclosure Guidance and Transparency Rules. As such, a person would be required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. However, pursuant to the Articles, DTR 5 is deemed to apply to the Company as if the Company were a "issuer" whose "Home State" is in the United Kingdom, as such terms are defined in the Disclosure Guidance and Transparency Rules. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent., notwithstanding that in the absence of those provisions in the Articles such thresholds would not apply to the Company.

14 MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group in the two years immediately preceding the date of this document which are, or may be, material or which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document:

14.1 Introduction Agreement

On 8 June 2018, the Company and Numis entered into the Introduction Agreement pursuant to which Numis has agreed, subject to certain conditions, to act as financial adviser to the Company in connection with UK Admission.

The conditions include, *inter alia*, the Company's cancellation of admission of its shares to trading on the BSX simultaneously with UK Admission. The Introduction Agreement automatically terminates if any condition has not been satisfied by the Company unless waived by Numis.

The Company has agreed to pay Numis a fixed fee of £250,000 plus VAT.

The Company has given certain customary representations, warranties and undertakings, in addition to an indemnity, to Numis. The Company has also irrevocably authorised Numis to give Computershare Guernsey and Euroclear instructions where necessary in accordance with the agreement.

The Introduction Agreement is governed by the laws of England and Wales.

14.2 **UK facility agreements**

14.2.1 **£50,000,000 facility agreement between, amongst others, Stenprop (UK) Limited and Investec Bank plc**

On 13 December 2017, Stenprop (UK) Limited as borrower (the "**borrower**") and the Company, Stenprop (Germany) Limited and Stenprop (Swiss) Limited as guarantors (the "**guarantors**") entered into a £50,000,000 English law governed revolving facility agreement with Investec Bank plc as original lender, arranger, agent and security agent (the "**lender**").

Pursuant to the facility agreement a senior revolving facility up to an amount of £50,000,000 has been made available to the borrower for the purposes of, amongst other things, the refinancing of its existing facilities, repaying existing shareholder loans, making loans to its subsidiaries in order to repay existing loan facilities and acquire new properties and funding capital expenditure in relation to certain properties owned by the borrower.

The facility agreement provides for a floating interest rate of the aggregate of 7 per cent. and one month LIBOR per annum is payable on amounts drawn under the facility.

The borrower must ensure that, at any time, the group loan to value (being the aggregate of any loans outstanding under the facility agreement, any existing facility agreements of the subsidiaries of the borrower and the guarantors, all loans outstanding under an existing facility agreement between the Company and Peregrine Direct Limited, the value of any derivative instruments, hedging or treasury transactions entered into by the Company and each of its subsidiaries and any other financial indebtedness of the borrower and the guarantors other than intra-group loans) does not exceed 65 per cent. If this financial covenant is not complied with, the borrower may remedy such breach by prepaying an amount of the loan required to ensure that group loan to value does not exceed 65 per cent., within five business days of the breach being identified by either party.

All loans under the facility are to be repaid in one amount at the earlier of (i) the date falling three business days after a prepayment notice is delivered and (ii) the date falling 18 months after the first date on which a loan is drawn.

The borrower may prepay or cancel the whole or any part of a loan (being a minimum amount of £100,000) upon two business days' prior notice to the lender. The facility agreement also provides for customary prepayment rights in favour of the borrower including, amongst other things, in the event of tax gross-ups or increased costs.

The facility agreement provides for customary mandatory prepayment obligations including, amongst other things, on the sale of all or substantially all of the assets of the group, with the proceeds of permitted disposals or if it becomes unlawful for the lender to lend. The lender may also in its absolute discretion demand repayment of all outstanding loans under the facility upon written notice to the borrower. Following such notice, all outstanding loans shall become due and payable within three business days of such notice.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The borrower and the guarantors are jointly and severally liable to the lender for each of the borrower's and guarantor's obligations under the finance documents.

The obligations of the borrower and the guarantors under the finance documents are secured by share charges granted by the Company over the shares of the borrower and the guarantors (excluding the Company) and an assignment of the subordinated debt injected by the Company.

14.2.2 **£39,000,000 facility agreement between, amongst others, Stenprop Trafalgar Limited and LPE Limited and The Royal Bank of Scotland International Limited**

On 5 February 2015, Stenprop Trafalgar Limited entered into a Guernsey law governed term loan facility agreement for an original amount of £30,000,000 with The Royal Bank of Scotland International Limited as original lender, arranger, original hedge counterparty, agent and security agent (the "**agent**") to which LPE Limited acceded as an additional borrower on 26 March 2015 (collectively with Stenprop Trafalgar Limited, the "**borrowers**"), as amended and restated by an amendment and restatement agreement and confirmation of security dated 2 June 2017.

Pursuant to the amendment and restatement agreement, a facility in an amount of up to £39,000,000, being £30,000,000 for the first loan and £9,000,000 for the second loan, has been made available to the borrowers to, amongst other things, finance the cost of the acquisition of the shares of LPE Limited by Stenprop Trafalgar Limited and the settlement of certain loans of LPE Limited in respect of the first loan and to finance the acquisition of the properties of Industrials UK LP in respect of the second loan.

The facility agreement provides for a floating interest rate for each interest period equal to:

(a) for the period commencing on 30 June 2017 (the effective date) and ending on the date the second loan is repaid, the percentage rate per annum of the aggregate of 2.5 per cent. and LIBOR; and

(b) for the period commencing on the date the second loan is repaid and ending on 31 March 2020 (the termination date), the percentage rate per annum of the aggregate of 2 per cent. and LIBOR.

The interest rate is subject to hedging.

The first loan is to be repaid in full on the termination date. The borrower shall reduce the amounts borrowed under the second loan in the following manner:

(a) the lower of (i) £7,000,000 and (ii) the amount of the second loan outstanding, to be paid in quarterly instalments of £700,000 on 20 October, 20 January, 20 April and 20 July in each year (commencing on 20 October 2017); and

(b) any remaining balance of the second loan to be paid in one lump sum on the termination date.

The borrowers must supply to the agent, within 60 days after the end of each of its financial years and five business days before each interest payment date, a compliance certificate setting out computations as to compliance with the following financial covenants:

(a) the borrowers must ensure that on each date a compliance certificate is issued the interest cover ratio is at least 175 per cent.;

(b) the borrowers must ensure that on each date a compliance certificate is issued the projected interest cover ratio is at least 175 per cent.;

(c) the borrower must ensure that the loan to value does not, at any time, exceed 65 per cent.; and

(d) with effect from the date on which a compliance certificate is issued in July 2019, the borrower must ensure that the loan to value does not, at any time, exceed 55 per cent.

A breach of covenants (a) (interest cover) and (b) (projected interest cover) above must be remedied by the borrowers by prepaying the loan by an amount which the agent determines would have ensured compliance with the relevant ratio had such amount been applied in prepayment of the loan at the start of the relevant test period, such prepayment to be made within five business days of the relevant test date.

A breach of covenants (c) (loan to value) and (d) (loan to value) above may, within five business days of the breach being identified by either party, be remedied by the borrower by either:

(i) depositing into the deposit account the amount determined by the agent which, if applied in prepayment of the loans, would ensure compliance with the relevant covenant for a period of two consecutive interest periods; or

(ii) prepaying the amount of the loan determined by the agent to ensure compliance with the relevant covenant.

The facility agreement provides for customary mandatory prepayment obligations (including, amongst other things, on the disposal of the property owned by LPE Limited), as well as a mandatory change of control prepayment undertaking if: Stenprop Trafalgar Limited ceases to (i) control LPE Limited or any additional borrower or (ii) be the legal and beneficial owner of the entire issued share capital of LPE Limited or any additional borrower; or the Company ceases to (i) control Stenprop Trafalgar Limited or (ii) be the legal and beneficial owner of the entire issued share capital of Stenprop Trafalgar Limited.

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrowers under the facility agreement are secured by customary security (including, amongst other things, a legal mortgage over the property owned by LPE Limited, assignment of receivables and insurance claims and charges over the shares of the borrowers).

14.2.3 **£27,540,000 facility agreement between amongst others Laxton Properties Limited and DekaBank Deutsche Girozentrale**

On 6 May 2015, Laxton Properties Limited as borrower (the "**borrower**") entered into a £27,540,000 English law governed term loan facility agreement with DekaBank Deutsche Girozentrale as original lender, arranger, security agent, hedge counterparty and agent (the "**agent**").

Pursuant to this facility agreement a senior facility in an amount of £27,540,000 has been made available to the borrower thereunder for the purposes of, amongst other things, refinancing the cost of the acquisition of the property known as Euston House located at 24 Eversholt Street, London, NW1 1DB.

The facility agreement provides for a five-year term expiring on the fifth anniversary of the utilisation date and a floating interest rate for each interest period equal to the percentage rate per annum of the aggregate of 1.40 per cent and LIBOR, which is subject to interest rate hedging.

The loan is to be repaid in full on the termination date.

Financial covenants include:

(a) the borrower must ensure that from the utilisation date the amount of the loan will not at any time exceed 60 per cent. of the market value of the property;

(b) the borrower must ensure that the actual interest cover ratio is, at the utilisation date and each interest payment date, at least 200 per cent.; and

(c) the borrower must ensure that the projected interest cover ratio is, at the utilisation date and each interest payment date, at least 200 per cent.

A breach of the financial covenants above will not constitute an event of default if, within 10 business days of the date on which such a breach is identified, the borrower either:

(i) prepays such amount of the loan as would reduce the amount of the loan or interest paid or payable to ensure compliance with the relevant covenant together with all amounts payable in accordance with the voluntary prepayment clause; or

(ii) deposits into the cure account such amount which, if applied in prepayment of the loan, would reduce the loan or interest paid or payable to ensure compliance with the relevant covenant.

These cure rights may not be exercised in respect of more than two consecutive interest payment dates or more than six times in aggregate before the termination date.

The facility agreement provides for customary mandatory prepayment obligations (including, amongst other things, on the disposal of all or part of the property) as well as a mandatory change of control prepayment undertaking in the event the shareholder of the borrower ceases to directly control the borrower, if the Company ceases to directly or indirectly control the borrower (through wholly-owned subsidiaries) or if any other person controls such amount of shares in the shareholder of the borrower which is equal to or greater than the amount of shares in the shareholder of the borrower controlled by the Company at any time. If the whole or any part of the loan is prepaid or cancelled, the borrower shall pay to the agent for the account of the lender, a prepayment fee representing a percentage of the amount prepaid or cancelled during the relevant period.

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by customary security (including, amongst other things, a legal mortgage over the property, a share charge over the shares of the borrower and charges over bank accounts).

14.2.4 **£77,984,375 facility agreement between Industrials UK LP and The Royal Bank of Scotland plc**

On 2 June 2017, Industrials UK LP as borrower (the "**borrower**") and Industrials UK GP LLC as general partner entered into an English law governed term facility agreement for an original amount of £69,000,000 with The Royal Bank of Scotland plc as original lender, arranger, agent, security agent, original hedge counterparty and account bank (the "**lender**" or "**agent**"), as amended and restated by an amendment and restatement deed dated 16 January 2018.

Pursuant to the amendment and restatement deed a facility in an amount of £77,984,375 has been made available to the borrower for, amongst other things, the refinancing of existing financial indebtedness of the borrower, general corporate purposes, including the making of distributions to the members and financing the cost of acquisition of further properties by the borrower or a property-owning affiliate.

The facility agreement provides for a five-year term until 2 June 2022 and a floating interest rate for each interest period equal to the percentage rate per annum of the aggregate of 2.25 per cent. and LIBOR, which is subject to interest rate hedging.

Financial covenants include:

(a) the borrower must ensure that on each interest payment date the interest cover is at least 200 per cent.;

(b) the borrower must ensure that the loan to value does not, at any time, exceed 67.5 per cent.; and

(c) the borrower must ensure that on each interest payment date the debt to rent cover is no more than:

   (i) 10x during the period from 2 June 2017 to 2 June 2019;

   (ii) 9.5x during the period from 3 June 2019 to 2 June 2020; and

   (iii) 9x thereafter.

The borrower may remedy a breach of covenant (a) (interest cover) above within 10 business days of the breach being identified by either party by either:

(a) prepaying the loan by depositing into the disposals account an amount which the agent determines would have ensured compliance with the interest cover had such amount been applied in prepayment of the loan at the start of the relevant interest period; or

(b) crediting into the remedy account such amount which the agent determines would have ensured compliance with the interest cover had such amount been applied in prepayment of the loan at the start of the relevant interest period.

A breach of covenant (b) (loan to value) above may be remedied by either:

(i) depositing into the disposals account an amount determined by the agent which, if applied in prepayment of the loans, would have ensured compliance with the loan to value ratio; or

(ii) crediting into the remedy account such amount determined by the agent which, if applied in prepayment of the loans, would have ensured compliance with the loan to value ratio.

The borrower shall repay the loans under the facility agreement in full on 2 June 2022 (the termination date). The borrower may prepay or cancel the whole or any part of a loan (being a minimum amount of £250,000) upon five business days' prior notice to the lender subject to prepayment fees in years one to three. This prepayment fee is waived for repayment of 12.5 per cent. or less of the total commitments. The facility agreement also provides for customary prepayment rights in favour of the borrower including, amongst others, in the event of tax gross-ups or increased costs.

The facility agreement provides for customary mandatory prepayment obligations (including, amongst other things, on the disposal of a property), as well as a mandatory change of control prepayment undertaking if (i) Stenprop Industrials 1 Limited and Stenprop Industrials 2 Limited cease to hold at least 50.1 per cent. of the entire issued share capital of Industrials UK GP LLC and at least 50.1 per cent. of the units in Industrial Investment Unit Trust or (ii) Stenprop Industrials 1 Limited, Stenprop Industrials 2 Limited and Stenprop Industrials 3 Limited cease to be at least 50.1 per cent. owned by Stenprop (UK) Limited.

There are customary representations, warranties, undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by customary security (including, amongst others, legal mortgages over properties in England and Scotland, assignment of receivables and insurance claims and charges over bank accounts, together with associated share charges).

14.2.5 **£12,360,000 facility agreement between GGP1 Limited and Davemount Properties Limited and Santander UK plc**

On 26 May 2016, GGP1 Limited and Davemount Properties Limited as borrowers (the "**borrowers**") entered into an up to £12,360,000 English law governed term loan facility agreement with Santander UK plc as lender (the "**lender**").

GGP1 Limited shall apply a portion of up to £8,360,000 of the loan (being the GGP1 Facility) towards refinancing current financial indebtedness secured against the properties owned by GGP1 Limited. Davemount Properties Limited shall apply a portion of up to £4,000,000 of the loan (being the Davemount Facility) towards refinancing current financial indebtedness secured against the properties owned by Davemount Properties Limited.

The facility agreement provides for a five-year term from the utilisation date until the date falling five-years from the utilisation date (the final repayment date) and a fixed interest rate for each interest period equal to the percentage rate per annum which is the aggregate of 2.25 per cent. and a fixed rate confirmed by the lender to each borrower by way of a side letter on or around the date of utilisation.

Financial covenants include:

(a) on each interest payment date, the borrowers shall ensure that the projected annual rent shall be at least 300 per cent. of projected annual interest costs;

(b) on each interest payment date, the borrowers shall ensure that the previous 12 months' rent shall be at least 300 per cent. of interest costs; and

(c) the borrowers shall ensure that at all times the loan shall not exceed 47 per cent. of the market value of the properties.

A breach of covenant (c) (loan to value) above may be remedied by the borrowers if, within 20 business days of the date on which either borrower is notified by the lender of the breach, the borrowers prepay the loans in an amount sufficient to ensure compliance with the covenant.

From the second anniversary of the utilisation date, the borrowers must ensure that the average remaining life of all the occupational leases of the properties shall be greater than four years (the "**WALL covenant**") failing which 50 per cent. of the surplus rental income shall be paid by the borrowers into a blocked account. The lender may, at its discretion, apply any monies standing to the credit of the blocked account in or towards payment of any amount then due and payable to it but unpaid under the facility agreement. Any surplus monies not applied towards payment of monies outstanding under the facility agreement may be released back to the borrower following a request by the borrower provided no event of default has occurred and is continuing and the borrowers are in compliance with the WALL covenant at all times. Failure to comply with the WALL covenant will not constitute a Default or Event of Default in any circumstances.

Each loan is to be repaid on or before the date falling five years from the utilisation date of a loan. The borrowers may prepay the whole or any part of the loans (but, if in part, being an amount that reduces the loan by a minimum of £200,000) upon five business days' prior written notice to the lender.

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrowers under the facility agreement are secured by customary security (including, amongst others, legal mortgages over the properties and charges over bank accounts as well as a guarantee and indemnity granted by the borrowers).

14.2.6 **£10,211,325 facility agreement between Stenprop Industrials 4 Limited and The Royal Bank of Scotland plc**

On 1 June 2018, Stenprop Industrials 4 Limited as borrower (the "**borrower**") entered into a English law governed term facility agreement (the "**facility agreement**") for an original amount of £10,211,325 with The Royal Bank of Scotland plc as amongst others original lender and agent (the "**lender**" or "**agent**") and Natwest Markets plc as security agent.

Pursuant to the facility agreement a facility in an amount of up to £10,211,325 has been made available to the borrower for financing the cost of acquisition of, or (as the case may be) refinancing existing financial indebtedness of the borrower and related costs and expenses of the properties, general corporate purposes, including distributions to the shareholder when no event of default is continuing, financing the cost of acquisition of further properties by the borrower and payment of any fees, costs and expenses, stamp registration and other taxes incurred by the borrower in connection with the acquisition of the properties.

The facility agreement provides for a five-year term from the date of the facility agreement until 1 June 2023 and a floating interest rate for each interest period equal to the percentage rate per annum of the aggregate of 2.25 per cent. and LIBOR.

Financial covenants include:

(a) the borrower must ensure that on each interest payment date the interest cover is at least 200 per cent.;

(b) the borrower must ensure that the loan to value does not, at any time, exceed 60 per cent.; and

(c) the borrower must ensure that on each interest payment date the debt to rent cover is no more than 8x.

The borrower may remedy a breach of covenant (a) above within 10 business days of the breach being identified by either party by either:

(i) prepaying the loan by depositing into the disposals account an amount which the agent determines would have ensured compliance with the interest cover had such amount been applied in prepayment of the loan at the start of the relevant interest period; or

(ii) crediting into the remedy account such amount which the agent determines would have ensured compliance with the interest cover had such amount been applied in prepayment of the loan at the start of the relevant interest period.

The borrower may remedy a breach of covenant (b) above within 10 business days of the breach being identified by either party by either:

(i) depositing into the disposals account an amount determined by the agent which, if applied in prepayment of the loans, would ensure compliance with the loan to value ratio; or

(ii) crediting into the remedy account such amount determined by the agent which, if applied in prepayment of the loans, would ensure compliance with the loan to value ratio.

The borrower many not remedy a breach of the financial covenants in (a) and (b) above:

(i) more than four times in aggregate;

(ii) in the case of the covenant in (a) above (interest cover), on any three consecutive test dates; and

(iii) in the case of the covenant in (b) above (loan to value), on any consecutive test dates.

The borrower shall repay the loans under the facility agreement in full on 1 June 2023 (the termination date). The borrower may prepay or cancel the whole or any part of a loan (being a minimum amount of £250,000) upon five business days' (or such shorter period as the majority lenders may agree) prior notice to the agent. A loan may only be prepaid after the last day of the availability period. The facility agreement also provides for customary prepayment rights in favour of the borrower including, amongst others, in the event of tax gross-ups or increased costs.

The facility agreement provides for customary mandatory prepayment obligations (including, amongst others, on the disposal of a property), as well as a mandatory change of control prepayment undertaking if Stenprop (UK) Limited ceases to be the legal and beneficial owner of at least 50.1 per cent. of the entire issued share capital of the borrower.

There are customary representations, warranties, undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by customary security (including, amongst others, legal mortgages over properties in England and Scotland, assignment of receivables and insurance claims and charges over bank accounts, together with associated share charges).

14.3 German facility agreements

14.3.1 EUR 5,850,914.63 term loan facility agreement between Elysion Braunschweig S.á r.l. as borrower and Deutsche Postbank Aktiengesellschaft as lender

On 26 February 2008, Elysion Braunschweig S.á r.l. as borrower (the "**borrower**") entered into a EUR 6,960,000 German law governed facility agreement with Deutsche Postbank Aktiengesellschaft as lender (the "**lender**"). The facility agreement was subsequently amended by three amendment agreements dated 26 March 2008, 19 December 2008 and 23 March 2018 respectively.

Pursuant to the facility agreement, two senior facilities in a total amount of EUR 6,960,000 have been made available to the borrower, being: (i) EUR 4,338,000 for the partial financing of the acquisition of the property registered in Braunschweig-A; and (ii) EUR 2,622,000 for the investment (construction works). At the signing of the third amendment, the facilities were outstanding in the total amount of EUR 5,850,914.63.

The facility agreement provides for a term loan until 31 December 2023 and a floating interest rate on amounts drawn under the facilities equal to the percentage rate of the aggregate of three months' EURIBOR and a margin of 1.25 per cent. per annum plus liquidity costs is payable. The three months' EURIBOR will be calculated as 0 per cent. if the rate is actually below 0 per cent and the calculation of liquidity costs is within the reasonable discretion of the lender. In addition, the lender may increase the interest if the lender has to bear costs as a result of compliance with regulatory rules of the European Central Bank, the German Central Bank or the German federal financial supervisory agency. The borrower has entered into an interest rate hedging arrangement.

The facilities outstanding under the facility agreement are to be repaid annually in an amount equal to 3.5 per cent. of the facility amount set out above. The repayment instalments shall be partially paid quarterly together with interest. The final balance has to be repaid on the maturity date or on the sale of the property. The borrower may prepay the facilities at any time on payment of a fee calculated as a percentage of the prepaid amount, such percentage reducing over the period of the facilities.

Financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

    (i) if the LTV ratio exceeds 85 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

    (ii) if the LTV ratio exceeds 80 per cent. but is less than 85 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below); and

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

    (i) if the debt service ratio is less than 115 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

    (ii) if the debt service cover ratio is less than 150 per cent. but is more than 115 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below).

The borrower may remedy a covenant breach under (a)(i) or (b)(i) above by prepaying the amount of the facility necessary to cure such breach within 20 banking days after notice by the lender of such breach. The borrower must pay an increased margin of 20 basis points until the date on which the covenant breach under (a)(i) or (b)(i) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Short Cure Period**").

The borrower may remedy a covenant breach under (a)(ii) or (b)(ii) by prepaying the amount of the facility necessary to cure such breach within three months after notice by the lender of such breach. The principal component of the regular repayment instalments increases by 2 per cent. until the date on which the covenant breach under (a)(ii) or (b)(ii) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Long Cure Period**").

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the property), and an event of default on a change of control of the borrower. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 10 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, a land charge on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts and assignment of hedging arrangements. The land charge granted as security for the facility also serves as security for facilities granted to Elysion Dessau S.á r.l., Elysion Kappeln S.á r.l and Elysion Winzlar S.á r.l., summarised below.

In the event of a sale of the property or the sale of the shares of the borrower, the sale proceeds must be used to fully repay this facility and to partially prepay the other facilities referred to in this paragraph.

14.3.2 **EUR 5,789,038.72 term loan facility agreement between Elysion Dessau S.á r.l. as borrower and Deutsche Postbank Aktiengesellschaft as lender**

On 26 March 2008, Elysion Dessau S.á r.l. as borrower (the "**borrower**") entered into a EUR 6,985,000 German law governed facility agreement with Deutsche Postbank Aktiengesellschaft as lender (the "**lender**"). This facility agreement was subsequently amended by an amendment agreement dated 23 March 2018.

Pursuant to this facility agreement a senior facility in an amount of EUR 6,985,000 has been made available to the borrower for the partial financing of the acquisition of a property registered in Dessau.

The facility agreement provides for a term loan until 31 December 2023 and a floating interest rate on amounts drawn under the facility equal to the percentage rate of the aggregate of three months' EURIBOR and a margin of 1.25 per cent. per annum plus liquidity costs is payable. The three months' EURIBOR will be calculated as 0 per cent. if the rate is actually below 0 per cent. The calculation of liquidity costs is within the reasonable discretion of the lender. In addition, the lender may increase the interest if the lender has to bear costs as a result of compliance with regulatory rules of the European Central Bank, the German Central Bank or the German federal financial supervisory agency. The borrower has entered into an interest rate hedging arrangement.

The facility outstanding under the facility agreement is to be repaid annually in an amount equal to 3.5 per cent. of the facility amount set out above. The repayment instalments shall be partially paid quarterly together with interest. The final balance must be repaid on the maturity date or on the sale of the property. The borrower may prepay the facility at any time on payment of a fee calculated as a percentage of the prepaid amount, such percentage reducing over the period of the facility.

Financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

(i) if the LTV ratio exceeds 85 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

(ii) if the LTV ratio exceeds 80 per cent. but is less than 85 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below); and

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

(i) if the debt service ratio is less than 115 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

(ii) if the debt service cover ratio is less than 150 per cent. but is more than 115 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below).

The borrower may remedy a covenant breach under (a)(i) or (b)(i) above by prepaying the amount of the facility necessary to cure such breach within 20 banking days after notice by the lender of such breach. The borrower must pay an increased margin of 20 basis points until the date on which the covenant breach under (a)(i) or (b)(i) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Short Cure Period**").

The borrower may remedy a covenant breach under (a)(ii) or (b)(ii) above by prepaying the amount of the facility necessary to cure such breach within three months after notice by the lender of such breach. The principal component of the regular repayment instalments increases by 2 per cent. until the date on which the covenant breach under (a)(ii) or (b)(ii) above (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Long Cure Period**").

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the property), and an event of default on a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 10 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, two land charges on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts and assignment of hedging arrangements. The land charge granted as security for the facility also serves as security for facilities granted to Elysion Braunschweig S.á r.l., Elysion Kappeln S.á r.l and Elysion Winzlar S.á r.l., summarised in this paragraph.

14.3.3 **EUR 7,500,000 term loan facility agreement between Elysion Kappeln S.á r.l. as borrower and Deutsche Postbank Aktiengesellschaft as lender**

On 19 December 2008, Elysion Kappeln S.á r.l. as borrower (the "**borrower**") entered into a EUR 7,500,000 German law governed facility agreement with

Deutsche Postbank Aktiengesellschaft as lender (the "**lender**"). This facility agreement was subsequently amended by an amendment agreement dated 23 March 2018. The amendments only take effect on prolongation on 30 December 2018. The following summary details those provisions while also referencing the key economic details under the original facility agreement.

Pursuant to this facility agreement a senior facility in an amount of EUR 7,500,000 has been made available to the borrower thereunder for the partial financing of the acquisition of a property registered in Kappeln.

The facility agreement provides for a term loan until 30 December 2023 (prior to prolongation: 31 December 2018) and a floating interest rate on amounts drawn under the facility equal to the percentage rate of the aggregate of three months' EURIBOR and a margin of 1.25 per cent. per annum (prior to prolongation: margin of 1.10 per cent per annum but interest fixing period to be determined by the borrower in each case) plus liquidity costs is payable. The three months EURIBOR will be calculated as 0 per cent. if the rate is actually below 0 per cent. The calculation of liquidity costs is within the reasonable discretion of the lender. In addition, the lender may increase the interest if the lender has to bear costs as a result of compliance with regulatory rules of the European Central Bank, the German Central Bank or the German federal financial supervisory agency. The borrower has entered into an interest rate hedging agreement pursuant to the provisions of the prolongation agreement.

The facility outstanding under the facility agreement is to be repaid annually in an amount being equal to 3.5 per cent. of the facility amount set out above (prior to prolongation: a percentage of the facility amount increasing over the period of the facility up to 2 per cent per annum). The repayment instalment shall be partially paid quarterly together with interest. The final balance must be repaid on the maturity date or on the sale of the property. The borrower may prepay the facility at any time on payment of a fee calculated as a percentage of the prepaid amount, such percentage reducing over the period of the facility.

Financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

  (i) if the LTV ratio exceeds 85 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

  (ii) if the LTV ratio exceeds 80 per cent. but is less than 85 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below); and

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

  (i) if the debt service ratio is less than 115 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

  (ii) if the debt service cover ratio is less than 150 per cent. but is more than 115 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below).

The borrower may remedy a covenant breach under (a)(i) or (b)(i) above by prepaying the amount of the facility necessary to cure such breach within 20 banking days after notice by the lender of such breach. In addition, the borrower must pay an increased margin of 20 basis points until the date on which the covenant breach under (a)(i) or (b)(i) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Short Cure Period**").

The borrower may remedy a covenant breach under (a)(ii) or (b)(ii) by prepaying the amount of the facility necessary to cure such breach within three months after notice by the lender of such breach. If the borrower does not make such prepayment, the principal component of the regular repayment instalments increases by 2 per cent. until the date on which the covenant breach under (a)(ii) or (b)(ii) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Long Cure Period**").

Prior to prolongation, financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and if the LTV ratio exceeds 85 per cent. the borrower is required to remedy a breach by prepaying the amount of the facility necessary to cure such breach and the power of disposition over the rental income account and the general account is blocked;

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and if the debt service ratio is less than 115 per cent. the borrower is required to remedy a breach by prepaying the amount of the facility necessary to cure such breach and the power of disposition over the rental income account and the general account are blocked.

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the property), and an event of default on a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 10 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, two land charges on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts and assignment of hedging arrangements. The land charge granted as security for the facility also serves as security for facilities granted to Elysion Braunschweig S.á r.l., Elysion Dessau S.á r.l and Elysion Winzlar S.á r.l., summarised in this paragraph.

14.3.4 EUR 4,800,000 term loan facility agreement between Elysion Winzlar S.á r.l. as borrower and Deutsche Postbank Aktiengesellschaft as lender

On 12 December 2008, Elysion Winzlar S.á r.l. as borrower (the "**borrower**") entered into a EUR 4,800,000 German law governed facility agreement with Deutsche Postbank Aktiengesellschaft as lender (the "**lender**"). This facility agreement was subsequently amended by an amendment agreement dated 23 March 2018. The amendments only take effect on prolongation on 30 December

2018. The following summary details those provisions while also referencing the key economic details under the original facility agreement.

Pursuant to this facility agreement a senior facility in an amount of EUR 4,800,000 has been made available to the borrower thereunder for the partial financing of the acquisition of a property registered in Winzlar.

The facility agreement provides for a term loan until 30 December 2023 (prior to prolongation: 31 December 2018) and a floating interest rate on amounts drawn under the facility equal to the percentage rate of the aggregate of three months' EURIBOR and a margin of 1.25 per cent. per annum (prior to prolongation: margin of 1.10 per cent per annum but interest fixing period to be determined by Borrower in each case) plus liquidity costs is payable. The three months EURIBOR will be calculated as 0 per cent. if the rate is actually below 0 per cent. The calculation of liquidity costs is within the reasonable discretion of the lender. In addition, the lender may increase the interest if the lender has to bear costs as a result of compliance with regulatory rules of the European Central Bank, the German Central Bank or the German federal financial supervisory agency. The borrower has entered into an interest rate hedging agreement pursuant to the provisions of the prolongation agreement.

The facility outstanding under the facility agreement is to be repaid annually in an amount being equal to 3.5 per cent. of the facility amount set out above (prior to prolongation: a percentage of the facility amount increasing over the period of the facility up to 2 per cent per annum). The repayment instalment shall be partially paid quarterly together with interest. The final balance must be repaid on the maturity date or on the sale of the property. The borrower may prepay the facility at any time on payment of a fee calculated as a percentage of the prepaid amount, such percentage reducing over the period of the facility.

Financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

  (i) if the LTV ratio exceeds 85 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

  (ii) if the LTV ratio exceeds 80 per cent. but is less than 85 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below); and

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and:

  (i) if the debt service ratio is less than 115 per cent. the borrower is required to comply with the provisions of the Short Cure Period (defined below); and

  (ii) if the debt service cover ratio is less than 150 per cent. but is more than 115 per cent. the borrower is required to comply with the provisions of the Long Cure Period (defined below).

The borrower may remedy a covenant breach under (a)(i) or (b)(i) above by prepaying the amount of the facility necessary to cure such breach within 20 banking days after notice by the lender of such breach. In addition, the borrower must pay an increased margin of 20 basis points until the date on which the covenant breach under (a)(i) or (b)(i) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Short Cure Period**").

The borrower may remedy a covenant breach under (a)(ii) or (b)(ii) by prepaying the amount of the facility necessary to cure such breach within three months after notice by the lender of such breach. If the borrower does not make such prepayment, the principal component of the regular repayment instalments increases by 2 per cent. until the date on which the covenant breach under (a)(ii) or (b)(ii) (as applicable) is remedied, and no distributions to shareholders or repayments of shareholder debt may be made during that time (the "**Long Cure Period**").

Prior to prolongation, financial covenants include:

(a) a LTV ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and if the LTV ratio exceeds 85 per cent. the borrower is required to remedy a breach by prepaying the amount of the facility necessary to cure such breach and the power of disposition over the rental income account and the general account is blocked.

(b) a debt service cover ratio which is tested on a semi-annual basis (the lender also has the right to test at any other time) and if the debt service ratio is less than 115 per cent. the borrower is required to remedy a breach by prepaying the amount of the facility necessary to cure such breach and the power of disposition over the rental income account and the general account are blocked

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the property), and an event of default on a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 10 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, two land charges on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts and assignment of hedging arrangements. The land charge granted as security for the facility also serves as security for facilities granted to Elysion Braunschweig S.á r.l., Elysion Dessau S.á r.l and Elysion Kappeln S.á r.l., summarised in this paragraph.

14.3.5 EUR 14,5000,000 term loan facility agreement between Century B.V. and Century 2 B.V. as borrower and Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender

On 18/22 December 2013, Century B.V. and Century 2 B.V. as borrowers (together, the "**borrower**") entered into a EUR 16,000,000 German law governed facility agreement with Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender. The facility agreement was subsequently amended by two amendment agreements dated 20/27 December 2013, and 22 December 2017.

Pursuant to the facility agreement, a senior facility in an amount of EUR 16,000,000 has been made available to the borrower for the partial financing of the acquisition of five properties registered in Bettenhausen, Ludwigsburg, Wehrda, Frankfurt Bezirk and Sindelfingen. At the signing of the second amendment, the facility was outstanding in the amount of EUR 14,5000,000.

The facility agreement provides for a term loan until 30 December 2022 and a floating interest rate on amounts drawn under the facility equal to the percentage rate of the aggregate of three months' EURIBOR and a margin of 1.55 per cent. per annum is payable. The three months' EURIBOR will be calculated as 0 per cent. if the rate is actually below 0 per cent. The borrower entered into hedging arrangements on 29 December 2017 to limit the interest rate for the facility to a maximum of 4.05 per cent. per annum including margin.

The facility outstanding under the facility agreement must be repaid on the maturity date or partially repaid on the sale of a property. The sale of the properties in Frankfurt, Sindelfingen, and Ludwigsburg is only permitted with the prior consent of the lender. The borrower may prepay the facility at any time on payment of a fee calculated as a percentage of the prepaid amount, such percentage reducing over the period of the facility.

Financial covenants include:

(a) a LTV ratio which is tested on an annual basis (the lender also has the right to test at any other time) and which must not exceed 55 per cent.; and

(b) a debt service cover ratio which is tested on a semi-annual basis and:

 (i) if the debt service ratio is less than 130 per cent. but more than 110 per cent. a cash sweep is triggered until the breach of covenant is remedied; and

 (ii) if the debt service cover ratio falls below 110 per cent., the borrower must prepay the facility in an amount necessary to remedy such breach.

A breach of covenant (a) must be remedied upon request by the lender by a prepayment of the facility in an amount necessary to remedy such breach within 30 days after notice by the lender of such request. The lender may terminate the facility if such repayment is not made.

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of a property), and an event of default on a change of control of the borrower. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 50 per cent.

From 30 June 2020 and subsequently at each interest payment date, a liquidity reserve in a total amount of EUR 187,500 must be built up by the borrower from the net rental income to finance re-letting to the anchor-tenants.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, land charges on the properties, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts (including liquidity reserve) and assignment of hedging arrangements.

14.3.6 **EUR 88,000,000 term loan facility agreement between Kommanditgesellschaft Bleichenhof Grundstücksverwaltung GmbH & Co. as borrower and Berlin Hyp AG as lender**

On 26/27 June 2014, Kommanditgesellschaft Bleichenhof Grundstücksverwaltung GmbH & Co. as borrower (the "**borrower**") entered into a EUR 88,000,000 German law governed facility agreement with Berlin Hyp AG as lender (the "**lender**"). This facility agreement was subsequently amended by two amendment agreements dated 13 December 2016 and 23 February 2017.

Pursuant to this facility agreement, a senior facility in an amount of EUR 84,937,000 has been made available to the borrower for the partial re-financing of the property at 20354 Hamburg, Bleichenbrücke 9 – 11, Große Bleichen 35, Stadthausbrücke 12 (Bleichenhof Passage).

The facility agreement provides for a term loan until 28 February 2022 and a fixed interest rate to be calculated as three months swap rate for five year fixed interests plus a margin of 1.26 per cent. plus liquidity costs of 0.32 per cent. at the time of the second amendment. The calculation of liquidity costs is within the reasonable discretion of the lender.

The facility outstanding under the facility agreement must be repaid in one amount on the maturity date. Prepayments are explicitly prohibited.

Financial covenants include:

(a) a LTV ratio which is tested on an annual basis (the lender also has the right to test at any other time) and which must not exceed 78 per cent.;

(b) a financial covenant called "Nachrangwertauslauf" which is tested on an annual basis and which must not be more than 0 per cent. In practice, this means that no land charges other than pursuant to the facility are permitted; and

(c) an interest cover ratio which is tested on a semi-annual basis and which must not be lower than 250 per cent.

A breach of covenant (a) may be remedied by additional security. If not remedied within four weeks, the lender may terminate the facility.

A breach of covenant (b) may not be remedied and will immediately trigger the right of the lender to terminate the facility.

A breach of covenant (c) may be remedied by additional security. If not remedied within four weeks, the lender may terminate the facility.

Further, the facility agreement provides for a cash sweep in case of any breach of the financial covenants.

The facility agreement provides for mandatory prepayment obligations on a change of control of the borrower. A change of control occurs if the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 50 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, land charge on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts (including liquidity reserve) and assignment of hedging arrangements.

14.3.7 **EUR 11,050,000 term loan facility agreement between Stenprop Hermann Limited as borrower and Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender**

On 12/14 August 2015, Stenprop Hermann Limited as borrower (the "**borrower**") entered into a EUR 11,050,000 German law governed facility agreement with Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender (the "**lender**").

Pursuant to this facility agreement a senior facility in an amount of EUR 11,050,000 has been made available to the borrower for the partial financing of the property at 12051 Berlin Neukölln, Hermannstraße 158 A.

The facility also originally financed the acquisition of the adjoining property containing a Burger King, which has subsequently been sold by the borrower.

The facility agreement provides for a term loan until 30 June 2020 and a fixed interest rate to be calculated on first drawdown.

The facility outstanding under the facility agreement must be repaid on the maturity date or partially repaid on the sale of the property.

Financial covenants include:

(a) a LTV ratio which is tested on an annual basis (the lender also has the right to test at other times if sufficiently justified) and which must not exceed 60 per cent; and

(b) a debt service cover ratio which is tested on an annual basis and which must not be less than 120 per cent.

A breach of covenant (a) or (b) may be cured by additional security or a partial repayment of the facility. If the relevant covenant breach is not cured within a reasonable time period, the lender may terminate the facility.

The facility agreement does not provide for mandatory prepayment obligations other than the already completed sale of the Burger King property. The facility agreement provides for an event of default if there is a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 50 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, a land charge on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims and a pledge over bank accounts (including liquidity reserve).

14.3.8 **EUR 9,000,000 term loan facility agreement between Isabel Properties B.V. as borrower and Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender**

On 5 December 2014, Isabel Properties B.V. as borrower (the "**borrower**") entered into a EUR 9,000,000 German law governed facility agreement with Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender (the "**lender**").

Pursuant to this facility agreement a senior facility in an amount of EUR 9,000,000 has been made available to the borrower for the partial re-financing of the property at 12057 Berlin, Grenzallee 4 – 6, Sonnenallee 256.

The facility agreement provides for a term loan until 30 December 2021 and a floating interest rate on amounts drawn under the facility. The interest rate will be calculated on the basis of one, three or six months' EURIBOR plus a margin of 1.72 per cent. per annum plus liquidity costs of 0.6 per cent. The borrower entered into an interest rate hedging agreement for a minimum term of 7 years.

The facility outstanding under the facility agreement must be repaid on the maturity date or partially repaid on the sale of the property.

Financial covenants include a LTV ratio which is tested on an annual basis (the lender also has the right to test at any other time) and which must not exceed 75 per cent.

A breach of the covenant above must be remedied upon request by the lender by a prepayment of the facility in an amount necessary to remedy such breach. The cure payment has to be made within three months after notice by the lender of such request. If a prepayment fee applies to such mandatory prepayment, such fee must be borne by the borrower.

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the property), and an event of default on a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 25 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, a land charge on the property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims, a pledge over bank accounts (including liquidity reserve) and assignment of hedging arrangements.

14.3.9 **EUR 10,300,000 term loan facility agreement between Stenprop Victoria Limited as borrower and Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender**

On 26/28 October 2015, Stenprop Victoria Limited as borrower (the "**borrower**") entered into a EUR 10,300,000 German law governed facility agreement with Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender (the "**lender**").

Pursuant to this facility agreement a senior facility in an amount of EUR 10,300,000 has been made available to the borrower for the partial financing of the property at 10317 Berlin, Marktstraße 6, Schreiberhauer Straße 48 and the adjoining property containing a Fitness Center in 10317 Berlin, Hirschberger Straße 3.

The facility agreement provides for a term loan until 31 August 2020 and a fixed interest rate to be calculated on first drawdown.

The facility outstanding under the facility agreement must be repaid on the maturity date or partially repaid on the sale of a property.

Financial covenants include:

(a) a LTV ratio which is tested on an annual basis (the lender also has the right to test at any other time if sufficiently justified) and which must not exceed 55 per cent.; and

(b) a debt service cover ratio which is tested on an annual basis and which must not be less than 120 per cent.

A breach of covenant (a) or (b) may be remedied by additional security or a partial repayment of the facility. If the relevant covenant breach is not cured within a reasonable time period, the lender may terminate the facility.

The facility agreement provides for mandatory prepayment obligations (including, amongst others, on the disposal of the Fitness Center property), and an event of default if there is a change of control. A change of control occurs if there is any change of the shareholding in the borrower or within the borrower's group structure (including the shareholding of the shareholders of the borrower) of more than 50 per cent.

There are customary representations, warranties, undertakings and events of default for a facility of this nature.

The obligations of the borrower under the facility agreement are secured by security including, amongst others, land charges on the properties, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims and a pledge over bank accounts (including liquidity reserve).

14.3.10 **EUR 16,950,000 term loan facility agreement between LGI Properties Beryl Limited, LGI Properties Jasper Limited and LGI Properties Crystal Limited as borrowers and Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender as amended by the first supplemental agreement dated 25 April 2018**

On 2 May 2013, LGI Properties Beryl Limited, LGI Properties Jasper Limited and LGI Properties Crystal Limited as borrowers (the "**borrowers**") entered into a EUR 16,950,000 German law governed facility agreement with Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft as lender (the "**lender**"). The facility agreement was supplemented by an agreement dated 25 April 2018.

Pursuant to this facility agreement a senior facility in an amount of EUR 16,950,000 has been made available to the borrowers for the partial refinancing of the acquisition loan entered into by the borrowers to partially finance the acquisition of fourteen discount food retail properties located in the states of Bavaria, Baden-Württemberg, Hesse and Rhineland-Palatinate. According to the first supplemental agreement the nominal loan amount outstanding as of 12 April 2018 amounts to EUR 14,831,250.

The original facility agreement provides for a term until 30 April 2018 which has been extended until 30 April 2020 under the first supplemental agreement. The interest rate is equal to the three months' EURIBOR and a margin of 1.85 per cent. per annum. If, however, the sum of three months' EURIBOR plus margin would be below zero, the interest rate would be calculated with zero. If the three months' EURIBOR exceeds 1.50 per cent. on three consecutive banking days the borrowers must enter into interest hedging arrangements.

The facility outstanding under the facility agreement must be repaid on the maturity date or partially repaid on the sale of a property.

Financial covenants include:

(a) a LTV ratio which is tested on an annual basis (the lender also has the right to test at other times if sufficiently justified) and:

  (i) if the LTV ratio exceeds 75 per cent and the breach of covenant is not cured within a reasonable time-period, an additional margin of 0.25 per cent. per annum is payable and the lender may terminate the facility; and

  (ii) if the LTV ratio exceeds 70 per cent. but is less than 75 per cent. a cash sweep is triggered and an additional margin of 0.15 per cent. per annum is payable until the breach of covenant is cured; and

(b) a debt service cover ratio which is tested on a semi-annual basis and:

  (i) if the debt service cover ratio is less than 125 per cent. but more than 110 per cent. a cash trap is triggered and the trapped cash will be used to partially repay the facility if the breach of covenant continues for two consecutive interest periods; and

  (ii) if the debt service cover ratio is less than 110 per cent. a cash trap is triggered and the trapped cash will be used to partially repay the facility if the breach of covenant continues for two consecutive interest periods; further, if the breach of covenant is not cured within a reasonable time period, the lender may terminate the facility.

The facility agreement does not provide for mandatory prepayment obligations. However, on the disposal of a property, the lender will only issue a release of the land charge over the relevant property if the borrower partially repays the facility. The facility agreement also provides that on a change of control of the borrower, the lender will reassess the creditworthiness of the new shareholder of the borrower and determine new commercial terms which, if not implemented in a reasonable time, give the lender the right to terminate the facility. A change of control is triggered at any change of shareholding of the borrower, or within the borrower's group structure (including the shareholding of the shareholders of the borrower), of more than 50 per cent.

There are generally customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrowers under the facility agreement are secured by security including, amongst others, land charges on each property, assignment of rents, assignment of receivables under sale and purchase contracts and insurance claims and a pledge over bank accounts (including liquidity reserve).

14.4 Swiss facility agreements

14.4.1 CHF5,050,000 framework agreement for mortgage loan between Algy Properties S.à r.l. and Credit Suisse (Switzerland) Ltd.

On 15 July/28 August 2008, Algy Properties S.à r.l. as borrower (the "**borrower**") entered into a CHF5,050,000 Swiss law governed framework agreement for mortgage loan with Credit Suisse (Switzerland) Ltd. as lender (the "**lender**") in relation to the financing of the property at Gelterkinderstrasse 30, 4450 Sissach.

The amount of the credit facility granted under the framework agreement is continuously reduced by the sum of the amortisations and other loan repayments made.

The framework agreement provides for an unlimited term. It may, however, be terminated by either party at any time, save that any credit facilities drawn down at the time of termination must be separately terminated. According to the framework agreement, a mortgage loan with a fixed term cannot ordinarily be terminated prior to maturity whereas a mortgage loan with no fixed term can be terminated by the borrower on three months' notice.

The interest rate of loans that do not have a fixed term is determined by the lender. The interest rate of fixed term loans is mutually agreed by the borrower and the lender.

The credit facility is to be repaid in quarterly instalments of CHF37,500 each.

The framework agreement provides for customary mandatory prepayment obligations (including, amongst others, on the disposal of the property), as well as a mandatory change of control prepayment undertaking in the event the lender deems there has been a significant change in the direct and/or indirect control of the borrower. In the event of an early termination of a fixed term loan, the borrower must pay the lender a prepayment fee of 0.1 per cent. of the loan amount (but, in any event, not less than CHF1,000).

The facility is subject to a flex rollover mortgage confirmed by the lender at 29 March 2018. An "Overall Term" has been fixed at one year from 1 April 2018 until 30 March 2019. A "Partial Term" after which the mortgage interest rate is readjusted in line with the current market conditions has been fixed at one month. The "Overall Term" defines when the repayment is becoming due or can be requested by the lender at the earliest. Therefore, the lender can only demand repayment on 30 March 2019 at the earliest (subject to the premature repayment clauses of the framework agreement described above).

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the framework agreement are secured by customary security over the property as well as assignment of receivables.

14.4.2 **CHF6,160,000 framework agreement for mortgage loan between Bruce Properties S.à r.l. and Credit Suisse (Switzerland) Ltd.**

On 7 May/15 June 2009, Bruce Properties S.à r.l. as borrower (the "**borrower**") entered into a CHF6,160,000 Swiss law governed framework agreement for mortgage loan with Credit Suisse (Switzerland) Ltd. as lender (the "**lender**") in relation to the financing of the property at Via Livio 1, 6830 Chiasso.

The framework agreement provides for an unlimited term. It may, however, be terminated by either party at any time, save that any credit facilities drawn down at the time of termination must be separately terminated. According to the framework agreement, a mortgage loan with a fixed term cannot ordinarily be terminated prior to maturity whereas a mortgage loan with no fixed term can be terminated by the borrower on three months' notice.

The interest rate of loans that do not have a fixed term is determined by the lender. The interest rate of fixed term loans is mutually agreed by the borrower and lender.

The framework agreement provides for customary mandatory prepayment obligations (including, amongst others, on the disposal of the property), as well as a mandatory change of control prepayment undertaking in the event the lender deems there has been a significant change in the direct and/or indirect control of the borrower. In the event of an early termination of a fixed term loan, the borrower must pay the lender a prepayment fee of 0.1 per cent. of the loan amount (but, in any event, not less than CHF1,000).

The facility is subject to a flex rollover mortgage confirmed by the lender at 29 March 2018. An "Overall Term" has been fixed at one year from 30 March 2018 until 29 March 2019. A "Partial Term" after which the mortgage interest rate is readjusted in line with the current market conditions has been fixed at one month. The "Overall Term" defines when the repayment is becoming due or can be requested by the lender at the earliest. Therefore, the lender can only demand repayment on 30 March 2019 at the earliest (subject to the premature repayment clauses of the framework agreement described above).

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the framework agreement are secured by customary security over the property, as well as assignment of receivables.

14.4.3 **CHF29,000,000 master credit agreement between Polo Property GmbH and UBS Switzerland AG**

On 21/25 October 2011, Polo Property GmbH as borrower (the "**borrower**") entered into a CHF 29,000,000 Swiss law governed master credit agreement with UBS Switzerland AG as lender (the "**lender**") in relation to the financing of the following properties:

(a) Zürcherstrasse 104, 8852 Altendorf;

(b) Fabrikmatteweg 2/2a/4, 4144 Arlesheim; and

(c) an additional property that has subsequently been sold by the borrower.

The amount of the credit facility granted under the master credit agreement is continuously reduced by the sum of the amortisations and other loan repayments made.

The credit facility is available in the form of fixed advances (*feste Vorschüsse*) with three month terms in an amount of at least CHF1,000,000 each. The interest rate is calculated according to the three months' LIBOR (CHF) plus a margin of 1.15 per cent.

The master credit agreement provided for an initial fixed term that expired on 31 March 2017. From the expiry of the initial fixed term, the agreement may be terminated with immediate effect upon notice by either party, save that any credit facilities drawn down at the time of termination shall become due and payable upon maturity of the relevant three month fixed advance.

The credit facility is to be repaid in quarterly instalments of CHF250,000 each. Additional repayments are required if any of the properties are sold.

The master credit agreement provides for customary mandatory prepayment obligations, as well as a mandatory change of control prepayment undertaking in the event that there has been a change of direct ownership of, or controlling interest in, the borrower or a group company of the borrower which, within the lender's reasonable discretion, is material. In the event of an early termination and prepayment of a fixed advance, the borrower must pay the lender an indemnity for early termination calculated on the basis of the difference in interest rate applied until the end of the fixed interest period, where the difference in interest rate shall be the difference between the agreed interest rate and the interest rate obtainable at the time of the prepayment on an investment in the money capital market with a corresponding remaining term. The lender's right to claim additional compensation is reserved.

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the master credit agreement are secured by customary security over the properties set out in paragraphs (a) and (b) above, a bank account pledge as well as assignment of receivables.

14.4.4 CHF36,000,000 master credit agreement between Kantone Holdings Limited and UBS Switzerland AG

On 17/23 August 2011, Kantone Holdings Limited as borrower (the "**borrower**") entered into a CHF60,000,000 Swiss law governed master credit agreement with UBS Switzerland AG as lender (the "**lender**") in relation to the financing of the following properties:

(a) Zentrum Oberdorf, Oberdorfstrasse 2-6, 6340 Baar;

(b) Shopping Center Lugano-Pazzallo, Via Senago 17A, 6915 Lugano Pazallo;

(c) Grand Rue 1-3, 1820 Montreux;

(d) Place de Gare 5, 1800 Vevey; and

(e) two additional properties that have subsequently been sold by the borrower.

On 4/7 December 2017 the master credit agreement was supplemented by written agreement between the parties, providing for an amended maximum facility of CHF36,000,000.

The amount of the credit facility granted under the master credit agreement (as supplemented) is continuously reduced by the sum of the amortisations and other loan repayments made.

The credit facility is available in the form of fixed advances (*feste Vorschüsse*) with three month terms in an amount of at least CHF1,000,000 each. The interest rate is calculated according to the three months' LIBOR (CHF) plus a margin of 1.05 per cent.

The master credit agreement provided for an initial fixed term that expired on 31 March 2017. From the expiry of the initial fixed term, the agreement may be terminated with immediate effect upon notice by either party, save that any credit facilities drawn down at the time of termination shall become due and payable upon maturity of the relevant three month fixed advance.

The credit facility is to be repaid in quarterly instalments of CHF425,000 each. Additional repayments are required if any of the properties are sold.

The master credit agreement provides for customary mandatory prepayment obligations, as well as a mandatory change of control prepayment undertaking in the event that there has been a change of direct ownership of, or controlling interest in, the borrower or a group company of the borrower which, within the lender's reasonable discretion, is material. In the event of an early termination and prepayment of a fixed advance, the borrower must pay the lender an indemnity for early termination calculated on the basis of the difference in interest rate applied until the end of the fixed interest period, where the difference in interest rate shall be the difference between the agreed interest rate and the interest rate obtainable at the time of the prepayment on an investment in the money capital market with a corresponding remaining term. The lender's right to claim additional compensation is reserved.

There are customary representations and warranties and undertakings and customary events of default for a facility of this nature.

The obligations of the borrower under the master credit agreement are secured by customary security over the properties set out in paragraphs (a) to (d) above, a bank account pledge as well as assignment of receivables.

14.5 Industrials.co.uk Portfolio Acquisition Agreement

Under the terms of a unit and share sale agreement dated 6 June 2017 (the "**Industrials.co.uk Portfolio Acquisition Agreement**"), Stenprop Industrials 1 Limited and Stenprop Industrials 2 Limited (together the "**Buyers**") purchased all of the issued units in Industrials Investment Unit Trust (the "**Industrials Units**") from Rebano Holding BV ("**Rebano**"), and the Buyers purchased all the issued share capital of Industrials UK GP LLC (the "**Industrials Shares**") from C2 Industrials LLP (together with Rebano, the "**Sellers**").

The consideration paid for the Industrials Units and the Industrials Shares amounted to £47.2 million in aggregate, based on the net asset value of the target and an assumption that the fixed assets are valued at £127 million. In addition, the Buyers funded the repayment of shareholder debt of approximately

£10.6 million. The existing external bank debt of approximately £69 million remained in the target.

The Sellers provided certain customary warranties in respect of, amongst other things, title to and capacity to sell the Industrials Units and the Industrials Shares, certain information about the Industrials Units, compliance with laws, the business, property, employees, insolvency and tax. In addition, the Industrials.co.uk Portfolio Acquisition Agreement contained a customary tax covenant from the Sellers.

The Company guaranteed the obligations of the Buyers in connection with completion of the transaction but these guarantee obligations are no longer in force or effect. The Company also provided customary warranties in its capacity as guarantor.

Under the terms of a warranty and indemnity insurance policy purchased in connection with the transaction, claims for breach of warranty must be brought within two years of completion, save in respect of tax claims which must be brought within two years of completion. The Sellers' liability for claims under the warranties or tax claims is nominal.

The Sellers' liability for breach of certain obligations is capped at £1,500,000.

The Industrials.co.uk Portfolio Acquisition Agreement is governed by the laws of England and Wales.

14.6 C2 Capital SPA

Under the terms of a sale and purchase agreement dated 6 June 2017 (the "**C2 Capital SPA**"), Stenprop Management Holdings Limited (the "**Purchaser**"), a subsidiary of the Company, purchased 100 per cent. of the issued share capital of C2 Capital Limited, the management business that manages the industrials.co.uk portfolio, from Julian Carey (the "**Seller**"). The Company allotted and issued 3,270,500 new Ordinary Shares (the "**Consideration Shares**") in satisfaction of the consideration of £3,270,000. It was agreed that, on completion of the sale and purchase of the shares in C2 Capital Limited, the Consideration Shares would rank equally in all respects with the other shares of that class of the Company in issue at the date of allotment, except for the dividend declared on 8 June 2017 in respect of the period ending 31 March 2017. The C2 Capital SPA contains restrictions on the Seller's ability to deal in the Consideration Shares for two years following completion.

Completion was conditional on completion of the Industrials.co.uk Portfolio Acquisition Agreement. Both transactions completed on 30 June 2017.

Under the C2 Capital SPA it was agreed that the Seller would procure that certain employees of the Seller would transfer to C2 Capital Limited and the Seller indemnified the Purchaser against TUPE-related losses incurred in respect of such transfer, subject to customary restrictions.

The Seller provided certain warranties and indemnities in relation to, amongst other things, the shares being sold under the C2 Capital SPA, the tax status of C2 Capital Limited and an outstanding shareholder loan. The C2 Capital SPA contains customary warranties relating to the Seller's ownership and title to the shares in C2 Capital Limited and C2 Capital Limited's 50 per cent. holding in Ardale Industrials Limited. In addition, the C2 Capital SPA contains business, commercial, property and employment warranties. There are customary limitations on the Seller's liability under the C2 Capital SPA, including financial limitations. Claims for breach of warranty must be brought within twenty-four months of completion, save in respect of tax claims which must be brought within seven years of completion.

The C2 Capital SPA is governed by the laws of England and Wales.

14.7 Disposal of Office Building Located in Pilgrim Street, London

Under the terms of a sale and purchase agreement dated 20 November 2017, as amended by a deed of amendment dated 6 December 2017 (the "**Pilgrim Street SPA**"), Stenprop (UK) Limited, a wholly-owned subsidiary of the Company, (the "**Seller**") disposed of its office building located in Pilgrim Street, London via the sale of all of the issued share capital of Normanton Properties Limited ("**Normanton**") to Pilgrim Street London Real Estate S.à r.l. (the "**Purchaser**"). The Company acted as guarantor to the Seller in relation to: (i) the Seller performing its obligations under the Pilgrim Street SPA and the tax deed dated 11 January 2018 entered into in connection with the Pilgrim Street SPA; and (ii) payment and discharge of all sums and liabilities by the Seller to the Purchaser in respect of such obligations. Completion took place on 11 January 2018.

The Purchaser acquired Normanton for an aggregate consideration of £10.2 million, based on the net asset value of Normanton, which values the Property at £79.9 million. In addition, the Purchaser funded the repayment of shareholder debt of approximately £32.5 million and bank debt of approximately £37.6 million.

The Pilgrim Street SPA contains customary warranties for a transaction of this nature relating to the Seller's ownership and title to the shares in Normanton and the headlease in relation to the Property, as well as (among others) usual business, property, employee and insurance warranties. Customary tax warranties and covenants were also provided by the Seller plus a covenant to pay any pre-completion tax of Normanton arising in respect or in consequence of a transfer pricing audit by HMRC ("**Audit Covenant**").

The Seller's liability in respect of all claims for breach of general warranties and tax warranties and covenants is capped at £1 (on the basis the Buyer obtained warranty and indemnity insurance in relation to these matters). The Seller's liability in respect of all claims for breach of the Audit Covenant and certain ancillary matters is capped at £1,700,000. Finally, the Seller's liability in respect of all claims for breach of title and capacity warranties, together with all remaining claims under the relevant transaction documents is capped at an amount equal to the aggregate of the consideration under the Pilgrim Street SPA, the shareholder debt and the external debt.

The Pilgrim Street SPA is governed by the laws of England and Wales.

14.8 Java Sponsor Agreement

In accordance with a sponsor agreement dated 30 June 2015 (the "**Java Sponsor Agreement**"), Java has agreed to act as the Company's sponsor in relation to the Company's primary listing of the Ordinary Shares on the JSE. Java is entitled to an annual fee of 140,000 Rand, payable quarterly in advance.

Pursuant to the Java Sponsor Agreement, the Company has given certain customary undertakings and indemnities to Java. The agreement may be terminated by either party giving at least three months' notice to the other party.

14.9 **Broking Agreement**

Numis has been appointed, pursuant to a Broking Agreement dated 16 January 2018, to act as corporate broker to the Company. Numis has agreed, amongst other things, to act for the Company in relation to any market purchases of Ordinary Shares and to act as broker in relation to any tap issues for cash of new Ordinary Shares. These services do not extend to Shareholders or new investors registered or to be registered on the branch register of members of the Company in South Africa.

Numis shall be entitled to a semi-annual retainer of an amount equal to 0.0125 per cent. of the Company's market capitalisation up to £200 million, plus 0.0025 per cent. of the Company's market capitalisation in excess of £200 million, each such semi-annual payment being subject to a minimum of £17,500 (exclusive of any VAT).

The Broking Agreement may be terminated by either party with immediate effect at any time, subject to any rights and obligations that accrued prior to termination and customary continuing obligations such as the indemnification provisions described below.

The Company has agreed to indemnify Numis and its affiliates and their respective directors, officers, employees and agents from and against all claims, losses, damages, liabilities or expenses which an indemnified may suffer or incur by reason of or arising out of or in connection with Numis' engagement under the Broking Agreement, save where the same arises from the finally judicially determined fraud, regulatory breach, gross negligence or wilful default of Numis.

The Broking Agreement is governed by the laws of England and Wales.

14.10 **Guernsey Registrar Agreement**

Computershare Guernsey has been appointed, pursuant to the Guernsey Registrar Agreement to act as the Company's Guernsey registrar. Computershare Guernsey has agreed, amongst other things, to provide a registration and transfer office for the Company at a location in Guernsey. Computershare Guernsey shall be entitled to receive from the Company an annual fee based on activity, subject to a minimum fee of £9,000 per annum (exclusive of any VAT). Computershare shall also be entitled to reimbursement of all reasonably incurred out of pocket expenses.

The Guernsey Registrar Agreement has an initial term of one year commencing on 23 March 2018 and can thereafter be terminated by either party providing to the other at least three months' notice in writing.

The Registrar Agreement is governed by the laws of the Island of Guernsey.

14.11 **South African Registrar Agreement**

Computershare South Africa has been appointed to act as the Company's South African registrar and Computershare South Africa Nominees has been appointed to provide certain nominee services.

Computershare South Africa has agreed, amongst other things, to provide a registration and transfer office for the Company at a location in Johannesburg, South Africa. Together Computershare South Africa and Computershare South Africa Nominees shall be entitled to receive from the Company a minimum fee of

R8,988.66 per month (subject to an annual CPI-linked increase). Computershare South Africa and Computershare South Africa Nominees shall also be entitled to additional fees for out of scope services.

The South African Registrar Agreement has no fixed term and is terminable by any of the parties providing to the others at least three months' notice in writing.

The South African Registrar Agreement is governed by the laws of the Republic of South Africa.

15 RELATED PARTY TRANSACTIONS

The loans described in paragraph 10.3 of this Part 8 and the transactions referred to in notes 31, 28 and 32 of the audited consolidated accounts of the Group for the financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, respectively, included in Part 5 of this document, are the only related party transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other Group Company during the period commencing on 1 April 2015 and terminating immediately prior to the date of this document. Each of the transactions was concluded at arm's length.

16 WORKING CAPITAL

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for the 12 months from the date of this document.

The Group has four non-recourse financing facilities which are either due to reach maturity within the next 12 months or effectively have a rolling three month term (each a "**Swiss Non-Recourse Facility**" and together, the "**Swiss Non-Recourse Facilities**"), at which maturity date or expiry of the relevant term (as the case may be) the outstanding balance of the financings will become due and payable unless such financings can be extended. The maturity/expiry dates and unaudited principal amounts outstanding as at the Latest Practicable Date on each Swiss Non-Recourse Facility are set out below:

Facility (and relevant assets secured against such facility)	Unaudited principal amount outstanding CHF'000	Maturity/expiry date
Credit Suisse: Algy – Sissach	3,088	31 March 2019
Credit Suisse: Bruce – Chiasso	4,755	31 March 2019
UBS: Kantone – Lugano, Baar, Vevey and Montreux	35,150	Rolling (3 monthly)
UBS: Polo – Altendorf and Arlesheim	22,750	Rolling (3 monthly)
Total	**65,743**	

The Swiss Non-Recourse Facilities are secured by assets which represent in aggregate 12.5 per cent. of the total assets of the Group as at the Latest Practicable Date.

The Credit Suisse facilities have a fixed one year term expiring on 31 March 2019.

The master credit agreements governing the UBS facilities provided for a fixed term that expired on 31 March 2017. The agreements shall become due and payable upon expiry of the relevant three month period unless rolled over for a further three month period. The UBS facilities are therefore effectively rolling. Although from a strict legal perspective, UBS could terminate the facility agreements prior to the renewal of the relevant three month period and therefore require the loans to be repaid at the end of such three month period, UBS has confirmed in writing that it has no current intention of terminating either of the credit facilities.

With the exception of the Lugano property, all of the Swiss properties are the subject of an ongoing sale process. The Company anticipates that the Group will be able to repay the Credit Suisse and UBS facilities through asset sales with any remaining outstanding balance likely to be extended or refinanced, although no extension or refinancing is currently under discussion or committed. If all of the Swiss Non-Recourse Facilities were required to be repaid at the same time, the approximate shortfall in the Group's working capital would be £44.6 million.

Given the non-recourse nature of the financings, the Company is not obliged to utilise any additional capital to refinance any of the Swiss Non-Recourse Facilities, and it has no current intention of doing so. In the event that the Group is unable to reach a mutually satisfactory agreement with a lender in relation to a Swiss Non-Recourse Facility then the lender would be entitled to enforce its security rights over the assets secured against such Swiss Non-Recourse Facility. Should the lender enforce its security rights over such assets, the proceeds from the sale of the assets would be applied to repay, to the extent possible, the amount owing under the Swiss Non-Recourse Facilities (with the Group being entitled to any excess proceeds from the sale of the assets following repayment in full of the amount outstanding). In these circumstances, the Group would no longer own those assets and, to the extent that surplus cash is generated by the Swiss Portfolio, would not have the benefit of any cash distributions from such assets. Any excess proceeds from the sale of the assets would be available for reinvestment and would be expected to generate cash returns.

For the year ended 31 March 2018, the Swiss assets delivered net operating income after interest and tax of CHF3.8 million; however, after taking into account bank debt amortisation and capital expenditure, Stenprop invested approximately CHF1 million in its Swiss assets and did not benefit from any distributable cash. In the financial year to 31 March 2019, and assuming that the seven out of eight assets in the Swiss Portfolio which are being marketed for sale are not sold, a further investment of approximately CHF3.4 million will be required.

Each lender only has recourse to the ring-fenced portfolio of assets over which it has security and the subsidiaries that are parties to the relevant Swiss Non-Recourse Facility and does not have any recourse to any other assets of the Company or other subsidiaries of the Group.

The Company is of the opinion that, should any or all lenders enforce their security in relation to any of the Swiss Non-Recourse Facilities and, after taking into account the relevant forfeiture of the assets secured against such Swiss Non-Recourse Facilities and enforcement against subsidiaries as detailed above, the remainder of the Group would be able to continue to operate its business in the ordinary course for at least the next 12 months from the date of this document.

17 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had during the 12 months preceding the date of this document, a significant effect on Company and/or the Group's financial position or profitability.

18 **GENERAL**

18.1 Save as disclosed in this paragraph 18.1, there has been no significant change in the financial or trading position of the Group since 31 March 2018, the date to which the audited financial information of the Group contained in Part 5 of this document was prepared:

(a) In April 2018, Stenprop completed the acquisition of Greenwood Industrial Estate, a MLI estate in Shrewsbury, for £2.9 million.

(b) On 30 April 2018, the Group's 14 Aldi properties in Germany were refinanced with €14,831,250 of debt on an interest only basis for a two year term until 30 April 2020, at an interest rate equal to the three month Euribor plus a margin of 1.85 per cent. with a floor on the all-in rate of zero. Interest rate hedging is only required if the three month Euribor exceeds 1.50 per cent. for three consecutive banking days.

(c) On 1 May 2018, Stenprop elected for UK REIT status.

(d) In May 2018, Stenprop completed the MLI acquisition of Kirkstall Park, Leeds for £8.15 million.

(e) In May 2018, an amount of £8.43 million was drawn down from The Royal Bank of Scotland plc, secured against the MLI properties located in Shrewsbury, Leeds and Huddersfield, with a term of five years and an interest rate equal to three month LIBOR plus a margin of 2.25 per cent. per annum.

(f) On 4 June 2018, Stenprop completed the sale of its 50 per cent. interest in the office building located in Argyll Street at a price which valued the property at £83.4 million.

18.2 JLL is a member firm of RCIS and has given and not withdrawn its written consent to the inclusion of the Valuation Report in Part 6 of this document in the form and in the context in which it appears and has authorised the contents of that part of this document for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. JLL has no interest in the Company. JLL was incorporated in England and Wales on 25 October 1974 as an unlimited company under the Companies Acts 1948 to 1967 under registered number 01188567 (it subsequently re-registered as a limited company under the Companies Act 1985 on 9 March 1999) and its registered office is at 30 Warwick Street, London, W1B 5NH.

18.3 Numis is registered in England and Wales under number 02285918 and its registered office is at 10 Paternoster Square, London, EC4M 7LT. Numis is regulated by the Financial Conduct Authority and is acting in the capacity as financial adviser to the Company in connection with UK Admission.

18.4 Numis has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

18.5 Deloitte LLP is registered in England and Wales under number OC303675 and its registered office is at 2 New Street Square, London, EC4A 3BZ. Deloitte LLP's Guernsey branch is registered with the Guernsey Financial Services Commission with reference number 1037075 and its office is at Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW. Deloitte LLP is a member firm of the Institute of Chartered Accountants for England and Wales.

18.6 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

18.7 As at the date of this document, the Company's entire issued ordinary share capital is admitted to trading on the JSE's Main Board and the BSX.

18.8 Typical investors in the Company are expected to be institutional and sophisticated investors. Distributors should refer to the target market assessment on page (ii) of this document.

19 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the registered office of the Company and at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document to the date one month from the date of UK Admission:

(a) the Articles;

(b) the Valuation Report set out in Part 6 of this document; and

(c) the audited consolidated accounts of the Group for the financial year ended 31 March 2016, the financial year ended 31 March 2017 and the financial year ended 31 March 2018.

Part 9
DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

AIF	an alternative investment fund within the meaning of the AIFMD
AIFM	an alternative investment fund manager within the meaning of the AIFMD
AIFM Directive or **AIFMD**	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
Articles	the articles of incorporation of the Company
Board or **Board of Directors**	the board of directors of the Company
Broking Agreement	the broking agreement dated 16 January 2018 entered into between the Company and Numis, as more particularly described in paragraph 14.9 of Part 8 of this document
BSX	the Bermuda Stock Exchange
certificated or **in certificated form**	in relation to an Ordinary Share, title to the share is recorded on the Company's register of members as being held in certificated form
City Code	the City Code on Takeovers and Mergers as amended from time to time
Company or **Stenprop**	Stenprop Limited, a company incorporated and registered in Guernsey with registered number 64865
Companies Law	the Companies (Guernsey) Law, 2008 (as amended)
Computershare Guernsey	Computershare Investor Services (Guernsey) Limited of 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB
Computershare South Africa	Computershare Investor Services (Pty) Ltd. of 70 Marshall Street, Johannesburg, 2001, South Africa
Computershare South Africa Nominees	Computershare (Pty) Ltd. of 70 Marshall Street, Johannesburg, 2001, South Africa
CREST	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of shares in uncertificated form

CRS	the OECD's "Common Reporting Standard"
CTA 2009	the UK Corporation Tax Act 2009
CTA 2010	the UK Corporation Tax Act 2010
Current Portfolio	the property portfolio held by the Group as at the date of this document, comprising the German Portfolio, the Swiss Portfolio and the UK and Guernsey Portfolio
Deferred Share Bonus Plan	the Stenprop Limited Deferred Share Bonus Plan adopted on 28 April 2015 and as amended at the general meetings of the Company held on 30 July 2015 and 24 January 2018
Deloitte	Deloitte LLP (Guernsey branch) of Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW
Directors	the directors of the Company whose names are set out on page 44 of this document and "**Director**" means any one of them
Disclosure Guidance and Transparency Rules or **DTRs**	the disclosure guidance and transparency rules contained within the FCA Handbook (as amended)
EEA	European Economic Area
ERISA	the United States Employment Retirement Income Secured Act of 1974, as amended, and the regulations thereunder and interpretations thereof promulgated by the US Department of Labor, as in effect from time to time
EU	the European Union
Executive Directors	the executive directors of the Company, being Paul Arenson, Patsy Watson and Julian Carey
FATCA	the United States Foreign Account Tax Compliance Act 2010
FCA	the Financial Conduct Authority of the United Kingdom
FCA Handbook	the FCA handbook of rules and guidance as amended from time to time
FSMA	the Financial Services and Markets Act 2000 (as amended)
German Portfolio	the German real estate assets owned by the Group as at the date of this document, as more particularly described in paragraph 6.2 of Part 1 of this document
GFSC	the Guernsey Financial Services Commission

Group	the Company and its subsidiaries and subsidiary undertakings from time to time and "**Group Company**" and "**member of the Group**" means any one of them
Guernsey Registrar Agreement	the agreement dated 18 May 2018 between Computershare Guernsey and the Company, as more particularly described in paragraph 14.10 of Part 8 of this document
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards, as adopted by the European Union
Independent Non-executive Directors	the independent non-executive directors of the Company, being Richard Grant, Paul Miller and Philip Holland
Introduction Agreement	the introduction agreement dated 8 June 2018 entered into between the Company and Numis, as more particularly described in paragraph 14.1 of Part 8 of this document
Investec RCF	the £50,000,000 revolving facility agreement dated 13 December 2017 entered into between, amongst others, Stenprop (UK) Limited and Investec Bank plc, as more particularly described in paragraph 14.2.1 of Part 8 of this document
JLL	Jones Lang LaSalle Limited of 30 Warwick Street, London, W1B 5NH
JSE	JSE Limited
JSE Listings Requirements	the listings requirements of the JSE as amended from time to time
Latest Practicable Date	6 June 2018, being the latest practicable date prior to the publication of this document
London Stock Exchange or **LSE**	London Stock Exchange plc
Long Term Incentive Plan	the Stenprop Limited Long Term Incentive Plan adopted at the general meeting of the Company held on 24 January 2018
Listing Rules	the listing rules made by the UK Listing Authority under section 73A of FSMA
Market Abuse Regulation or **MAR**	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Main Board	the Main Board for listed securities of the JSE
Non-executive Directors	the non-executive directors of the Company, being Richard

	Grant, Warren Lawlor, Paul Miller and Philip Holland
Non-PID Dividend	a distribution by the Company which is not a PID
Numis	Numis Securities Limited of The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT
OECD	Organisation for Economic Co-operation and Development
Official List	the Official List of the UK Listing Authority
Ordinary Shares	ordinary shares of EUR 0.000001258 each in the capital of the Company
Panel	the Panel on Takeovers and Mergers
PID or Property Income Distribution	a distribution referred to in section 548(1) or 548(3) of the CTA 2010, being a dividend or distribution paid by the Company in respect of the profits or gains of the Property Rental Business of the Group (other than gains arising to non-UK resident Group Companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Property Rental Business
Property Rental Business	a business within the meaning of section 205 of the CTA 2009 or an overseas property business within the meaning of section 206 of the CTA 2009, but, in each case, excluding certain types of business (as per section 519(3) of the CTA 2009)
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended)
Prospectus Rules	the prospectus rules made by the UK Listing Authority under section 73A of FSMA
REIT	a group or company which has elected for real estate investment trust status under Part 12 of the CTA 2010
REIT Group	a group UK REIT within the meaning of Part 12 of the CTA 2010
Relevant Member State	each member state of the EEA which has implemented the Prospectus Directive
Residual Business	that part of the business of companies within a REIT that is not part of the Property Rental Business
RICS	Royal Institute of Chartered Surveyors
RIS or **Regulatory Information Service**	a regulatory information service as defined in the Listing Rules

SENS	the Stock Exchange News Service of the JSE
Share Incentive Plans	the Deferred Share Bonus Plan and the Long Term Incentive Plan
Share Purchase Plan	the Stenprop Limited Share Purchase Plan adopted by the directors of the Company on 28 April 2015
Shareholder	a holder of Ordinary Shares
South Africa Registrar Agreement	the agreement entered into between Computershare South Africa, Computershare South Africa Nominees and the Company with a commencement date of 2 February 2015, as more particularly described in paragraph 14.11 of Part 8 of this document
Special General Meeting	the special general meeting of the Company held on 7 March 2018
Specialist Fund Segment or **SFS**	the Specialist Fund Segment of the London Stock Exchange
Swiss Portfolio	the Swiss real estate assets owned by the Group as at the date of this document, as more particularly described in paragraph 6.3 of Part 1 of this document
treasury shares	the Company's own issued shares that have been repurchased by the Company but not cancelled
UK Admission	admission of the Ordinary Shares to trading on the Specialist Fund Segment
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council from time to time
UK Listing Authority or **UKLA**	a division of the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UK and Guernsey Portfolio	the UK and Guernsey real estate assets owned by the Group as at the date of this document, as more particularly described in paragraph 6.1 of Part 1 of this document
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland
United States or **US**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
uncertificated or **in uncertificated form**	in relation to an Ordinary Share, title to the share is recorded on the Company's register of members as being held in uncertificated form

US-Guernsey IGA	the intergovernmental agreement between the US and Guernsey regarding FATCA
US Investment Company Act	the United States Investment Company Act of 1940, as amended
Valuation Report	the valuation report prepared by JLL and set out in Part 6 of this document
VAT	value added tax or any similar or replacement tax
2017 AGM	the annual general meeting of the Company held on 15 September 2017

Part 10
GLOSSARY

EPRA the European Public Real Estate Association

EPRA EPS an audited measure of EPS designed by EPRA to present underlying earnings from core operating activities

EPRA issued Best Practices Policy Recommendations in November 2016 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.

EPRA NAV an audited measure of the Group's NAV designed by EPRA to present the fair value of a company on a long term basis, by excluding items such as interest rate derivatives that are held for long term benefit, net of deferred tax

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.

gross lettable area the total floor area within a tenancy or building, usually measured from its outside walls, and usually applying to warehouses, industrial buildings and similar properties

gross to net leakage the difference between the gross rent collected and the net amount distributable after deductions for operational expenditure, such as management costs, repairs and maintenance

IFRS	International Financial Reporting Board Standards
IFRS NAV	an audited measure of the Group's NAV calculated in accordance with IFRS
loan to value or **LTV**	a loan to value ratio expresses the gearing on an asset or within a company or group by dividing the outstanding loan amount by the value of the assets on which the loan is secured
MLI	multi-let industrial, typically smaller units of 500-10,000 sq ft, arranged in terraces and comprising a single 'industrial estate'. MLI assets tend to be located near towns and cities in areas of high population density, as many of the occupiers service the local population. Units tend to be generic in nature, typically comprising a large open space accessed through a roller shutter door plus c. 10 per cent. office content, toilet facilities and a small kitchenette. A typical estate will comprise 5-50 units, and the majority have capital values from £2-20 million. Most leases are 3-5 years in duration, and rents will range from £3-8 psf depending upon unit size, quality and location
MLI estate	a collection of industrial buildings, often built as a terrace or group of individual buildings, which together form an individual asset. Often they are self-contained, but in some instances a MLI estate may form part of a larger industrial area. Typically a MLI estate will have 5-50 tenants, and total from 25,000 to 250,000 sq ft. Most units comprise an open space, accessed by a large roller-shutter door, with a small amount of integrated office accommodation. Tenants generally come from a wide range of different industries, and typically operate under the planning designations of B1 (office), B2 (light industrial) and B8 (distribution) use classes
net asset value or **NAV**	the measure shown in the balance sheet of a company or a group of all assets less all liabilities, equal to the equity attributable to shareholders in any company or group
net initial yield or **NIY**	passing rent divided by total acquisition cost
passing rent	the rent receivable at a particular date expressed as an annual amount
rent roll	the contracted annual rent collectable from tenants
solus	a detached and individual building which stands on its own
vacancy rate	the percentage of a property or portfolio which is not let, being the vacant area divided by the lettable area
WAULT	weighted average unexpired lease term