

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used on this cover page.

If you are in any doubt as to the action you should take, please consult your broker, banker, legal advisor, accountant, investment dealer, CSDP, CREST provider or other professional advisor immediately.

ACTION REQUIRED

If you have disposed of all of your Stenprop shares, this circular, together with the attached notice of general meeting and form of proxy, should be handed to the purchaser of such shares or to the broker, banker, investment dealer, CSDP, CREST provider or other agent through whom the disposal was effected.

Beneficial shareholders who hold dematerialised shares through a CSDP or broker but who have not elected own-name registration who wish to attend the general meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting or must instruct their CSDP or broker to vote on their behalf in terms of their agreement with their CSDP or broker.

Shareholders are referred to page 2 of this circular, which sets out the detailed action required of them in respect of the transaction and ancillary matters set out in this circular. If you are in any doubt as to the action you should take, please consult your broker, CSDP, CREST provider, banker, legal advisor, accountant or other professional advisor immediately.

Stenprop does not accept responsibility and will not be held liable for any failure on the part of the broker, banker, investment dealer, CSDP or CREST provider of any holder of dematerialised shares to notify such shareholder of the action required of them in respect of the transaction and ancillary matters set out in this circular.

**STENPROP****Stenprop Limited**

(Incorporated in Guernsey)

(Registration number 64865)

LSE ticker: STP

JSE share code: STP

ISIN: GG00BFWMR296

("Stenprop" or the "Company")

CIRCULAR TO STENPROP SHAREHOLDERS

relating to:

- the proposed disposal of the property known as the Bleichenhof property in Hamburg, Germany, in which Stenprop holds a 94.9% interest, which disposal constitutes a category 1 transaction for Stenprop in terms of the JSE Listings Requirements and requires shareholders' approval, in consideration for €160.15 million,

and enclosing:

- a notice of general meeting of Stenprop shareholders;
- a form of proxy to attend and vote at the general meeting of Stenprop shareholders, for use only by certificated shareholders (other than shareholders on the SA share register); and
- a form of proxy to attend and vote at the general meeting of Stenprop shareholders, for use only by certificated shareholders on the SA share register and dematerialised shareholders who have elected own-name registration on the SA share register.

**South African corporate advisor
and JSE sponsor**

Independent reporting accountants

Independent property valuer

Date of issue: 27 January 2020

This circular is available in English only. Copies of this circular may be obtained from the registered office of the Company between 09:00 and 16:30 on business days, from Monday, 27 January 2020 to Tuesday, 18 February 2020, both dates inclusive. The circular will also be available on Stenprop's website www.stenprop.com/investors/circulars-and-notices/ from Monday, 27 January 2020.

Corporate Information

Registered office of the Company

Stenprop Limited
(Registration number 64865)
Kingsway House
Havilland Street
St. Peter Port
Guernsey, GY1 2QE

Postal address of the Company

180 Great Portland Street
London, W1W 5QZ

Corporate advisor

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Legal advisors to the Company as to German law

Jebens Mensching Part GmbB
Rechtsanwälte, Wirtschaftsprüfer, Steuerberater
Großer Burstah 45
20457 Hamburg

Independent property valuer

Jones Lang LaSalle Proprietary Limited
(Registration number 1995/000505/07)
Cnr Biermann and Cradock Ave
Rosebank, 2196

Guernsey registrars

Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House,
Le Bordage, St Peter Port,
Guernsey, GY1 1DB

Date and place of incorporation of the company

Registered in Guernsey on 23 March 2018

Company secretary

Sarah Bellilchi
180 Great Portland Street,
London, W1W 5QZ

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Independent reporting accountants

Deloitte & Touche
(Practice number 902276)
Deloitte Place, The Woodlands
20 Woodlands Drive
Woodmead
Sandton
Johannesburg
South Africa, 2052
(Postal address as above)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers,
15 Biermann Ave,
Rosebank, 2196

Correspondence address

PO Box 61051
Marshalltown
2107
South Africa

Table of Contents

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used in the following table of contents

	Page
Corporate information	Inside front cover
Action required by Stenprop shareholders	3
Salient dates and times	4
Definitions and interpretations	5
PART I – THE TRANSACTION	
1. Introduction	7
2. Rationale, strategy and prospects	8
3. Details of the transaction	8
4. Conditions precedent	9
5. Approval required	9
6. The general meeting	9
PART II – PROPERTY INFORMATION	
7. The Bleichenhof property	10
PART III – FINANCIAL INFORMATION	
8. <i>Pro forma</i> financial information	13
9. Historical financial information	13
PART IV – GENERAL	
10. Major and controlling shareholders	14
11. Directors' interests	14
12. Directors' emoluments	15
13. Relationship information	15
14. Material contracts	15
15. Material changes	15
16. Material borrowings	15
17. Statement as to working capital	15
18. Litigation	16
19. Responsibility statement	16
20. Opinion and recommendation	16
21. Consents	16
22. Preliminary and issue expenses	17
23. Documents available for inspection	17
Annexure 1 Summary valuation report	18
Annexure 2 Material contracts	23
Annexure 3 Pro forma financial information	24
Annexure 4 Independent reporting accountant's assurance report on the compilation of the pro forma financial information of Stenprop	30
Annexure 5 Historical financial information	32
Annexure 6 Independent reporting accountant's report on the carve-out historical financial information of the disposal property	38
Annexure 7 Material borrowings	41
Annexure 8 Details of the property manager	46
Notice of general meeting of shareholders	47
Form of proxy	Attached

Action Required by Shareholders

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used in this section.

THE GENERAL MEETING

A general meeting of Stenprop shareholders will be held at 09:00 (GMT) / 11:00 (SAST) on Wednesday, 19 February 2020, at 180 Great Portland Street, London W1W 5QZ, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to be approved by shareholders in order to authorise and implement the transaction. The notice of general meeting is attached to and forms part of this circular.

SHAREHOLDERS RECORDED ON THE GUERNSEY SHARE REGISTER

Certificated shareholders

Certificated shareholders must complete the attached form of proxy in accordance with the instructions contained in it and lodge it by post to Computershare Investor Services (Guernsey) Limited, c/o the Pavilions, Bridgwater Road, Bristol, BS99 6ZY United Kingdom so as to arrive by no later than 09:00 (GMT) on Monday, 17 February 2020. If the form of proxy is not returned by the relevant deadline your vote will not count unless you are entitled to attend and vote at the general meeting in person and do so. Completion and return of the form of proxy will not prevent you from attending and voting in person at the general meeting or any adjournment thereof if you so wish and are so entitled.

CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the general meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual (<https://my.euroclear.com/eui/en/reference/public/legal-information/crest-manual.html>). The message must be transmitted so as to be received by the issuer's agent (ID 3RA50), by 09:00 (GMT) on Monday, 17 February 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations, 2009. Please refer to the CREST Manual at <https://my.euroclear.com/eui/en/reference/public/legal-information/crest-manual.html>

Action Required by Shareholders

SHAREHOLDERS RECORDED ON THE SA SHARE REGISTER

Certificated shareholders

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting but who wish to be represented are requested to complete and return the attached form of proxy in accordance with the instructions contained therein. The duly completed forms of proxy are requested to be received by the transfer secretaries by no later than 11:00 (SAST) on Monday, 17 February 2020. Forms of proxy not lodged with the transfer secretaries in time may be handed to the chairperson of the general meeting immediately before the commencement thereof.

Dematerialised shareholders

Dematerialised shareholders who have not elected own-name registration and who wish to attend the general meeting must instruct their CSDP or broker timeously in order that such CSDP or broker issues them with the necessary letter of representation.

Dematerialised shareholders who have not elected own-name registration and who do not wish to attend the general meeting but wish to vote, must provide their CSDP or broker with their instruction for voting at the general meeting in the manner stipulated in the agreement governing the relationship between such shareholders and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Such shareholders should not complete the form of proxy.

Stenprop does not accept responsibility and will not be held liable for any failure on the part of the broker, banker, investment dealer, CREST provider or CSDP of any holder of dematerialised shares to notify such shareholder of the general meeting or any business to be conducted thereat.

QUORUM FOR THE GENERAL MEETING

The quorum requirement for the general meeting to begin or for a matter to be considered at the general meeting is at least three shareholders present in person or by proxy.

SALIENT DATES AND TIMES

2020

Date on which shareholders must be recorded on the Guernsey share register and SA share register to receive the circular and notice of general meeting	Friday, 17 January
Circular and notice of general meeting issued	Monday, 27 January
Announcement relating to the issue of the circular and notice of general meeting released on RNS and SENS	Monday, 27 January
Last day to trade on the JSE in order to be eligible to participate in and vote at the general meeting	Tuesday, 11 February
Voting record date	Friday, 14 February
Last day to lodge forms of proxy for the general meeting with the transfer secretaries, by 09:00 (GMT) / 11:00 (SAST)	Monday, 17 February
General meeting held at 09:00 (GMT) / 11:00 (SAST)	Wednesday, 19 February
Results of the general meeting released on RNS and SENS	Wednesday, 19 February

Notes:

1. All dates and times in this circular are local dates and times in Guernsey and South Africa and are subject to change. Any changes will be released via RNS and SENS.
2. Stenprop shareholders are referred to page 3 of this circular for information on the action required to be taken by them.

Definitions and Interpretations

In this circular and the annexures to it, unless the context indicates otherwise, references to the singular include the plural and vice versa, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and vice versa, and the words in the first column have the meanings stated opposite them in the second column.

“Articles of Incorporation”	the memorandum and articles of incorporation of the Company, dated 23 March 2018;
“Company” or “Stenprop”	Stenprop Limited, a company registered under the Companies (Guernsey) Law, 2008 (as amended) with registered number 64865;
“board” or “board of directors” or “directors”	the board of directors of Stenprop;
“business day”	any day other than a Saturday, Sunday or an official public holiday in Guernsey or South Africa;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	shares in respect of which physical share certificates have been or will be issued;
“circular”	this circular dated Monday, 27 January 2020, including all annexures;
“Companies Law”	the Companies (Guernsey) Law, 2008 (as amended);
“CPI”	consumer price index;
“CREST”	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of shares in uncertificated form;
“CREST Manual”	the manual issued by Euroclear concerning the CREST system and available on the Euroclear website;
“CREST provider, broker or custodian”	a person or company that enables shareholders to hold and transfer their securities in uncertificated form or to hold and transfer their securities in uncertificated form on their behalf;
“conditions precedent”	the conditions precedent set out in part I, paragraph 4 of this circular;
“CSDP”	a Central Securities Depository Participant in South Africa, appointed to hold and administer dematerialised shares;
“dematerialised shareholder”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares, title to which is not represented by physical share certificates and has been replaced with electronic records of ownership under CREST in respect of shares on the Guernsey share register or have been converted to an electronic form as dematerialised shares under Strate in respect of shares on the SA share register;
“disposal” or “transaction”	the proposed disposal by the Seller of the Leasehold, in consideration for €160.15 million, as more fully detailed in this circular;
“disposal property” or “Bleichenhof property”	the property known as Bleichenhof and the subject of the Leasehold held by the Seller and proposed to be disposed of by the Seller pursuant to the transaction, further details of which are set out in Part II of this circular;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
“general meeting”	the general meeting of Stenprop shareholders to be held at 09:00 (GMT) / 11:00 (SAST) on Wednesday, 19 February 2020 at 180 Great Portland Street, London W1W 5QZ, convened for the purpose of considering, and if deemed fit passing, with or without modification, the resolutions set out in the notice of general meeting which is attached to and forms part of this circular;
“GMT”	Greenwich Mean Time;
“group” or “Stenprop group”	the Company and its subsidiaries;
“Guernsey record date”	the date on which a Stenprop shareholder on the Guernsey share register must be recorded in the register in order to participate in and vote at the general meeting;
“Guernsey registrars”	Computershare Investor Services (Guernsey) Limited (registration number 50855), a non-cellular company incorporated and registered in Guernsey and the Guernsey registrars to the Company, further details of which are set out in the “Corporate Information” section;
“Guernsey share register”	the register of shareholders maintained on behalf of the Company by the Guernsey registrars;
“IFRS”	International Financial Reporting Standards;
“independent reporting accountants” or “Deloitte”	Deloitte & Touche (Practice number 902276), full details of which are set out in the “Corporate Information” section;
“Java Capital” or “JSE sponsor”	Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), in its capacity as sponsor to the company and Java Capital Proprietary Limited (Registration number 2012/089864/07) in its capacity as corporate advisor to the company, both private companies incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;

Definitions and Interpretations

“JSE”	the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“last practicable date”	Thursday, 16 January 2020, being the last practicable date prior to the finalisation of this circular;
“Leasehold”	the leasehold of the Bleichenhof property registered in the name of the Seller and listed at the Local Court of Hamburg in the land register for leaseholds of Neustadt Nord in folio 2711 on the plots 2370, 2371, 1655, 2069, 2071 and 2072 of the local subdistrict of Neustadt Nord, and proposed to be disposed of by the Seller pursuant to the transaction, further details of which are set out in Part II of this circular;
“London Stock Exchange or LSE”	London Stock Exchange plc;
“material contracts”	restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, by the Company and (i) entered into within the two years prior to the date of this circular; or (ii) entered into at any time and containing an obligation or settlement that is material to a company as at the date of this circular;
“NAV”	net asset value;
own-name dematerialised shareholders”	dematerialised shareholders who have elected own-name registration;
the “Partnership” or the “Seller”	Kommanditgesellschaft Bleichenhof Grundstücksverwaltung GmbH & Co. KG, a German partnership registered in the Commercial Register of the Local Court (Amtsgericht) of Hamburg under number HRB 81441 and in which Stenprop indirectly holds a 94.9% interest and Quantum Grundsbesitz GmbH holds a 5.1% interest, acting by its general partner Bleichenfleet Verwaltungs GmbH, a German company registered in the Commercial Register of the Local Court (Amtsgericht) of Hamburg under number HRB 97355
“property manager”	Quantum Investment GmbH (Registration number HRB 105520), a private company incorporated and registered in Hamburg, Germany which provides property management services to the Partnership in respect of the Bleichenhof Property, further details of which are set out in Annexure 8;
the “Purchaser”	Projekt Palais Verwaltungs GmbH, a vehicle beneficially owned by three German pension funds specialising in the provision of pensions to members of the medical sector in Germany;
“Rand” or “R”	South African Rand;
“REIT”	Real Estate Investment Trust;
“RNS”	Regulatory News Service of the LSE;
“SA record date”	the date on which a Stenprop shareholder on the SA share register must be recorded in the register in order to participate in and vote at the general meeting;
“SA share register”	the share register maintained on behalf of the company in South Africa;
“SA transfer secretaries” or “Computershare Investor Services”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa and the SA transfer secretaries to the Company, further details of which are set out in the “Corporate Information” section;
“SAST”	South African Standard Time;
“SENS”	the Stock Exchange News Service operated by the JSE;
“shares” or “Stenprop shares”	ordinary shares with a par value of EURO.000001258 in the share capital of the company;
“shareholders” or “Stenprop shareholders”	the registered holders of shares;
“South Africa”	the Republic of South Africa;
“sterling” or “GBP” or “£”	Great British Pound, the lawful currency of the United Kingdom;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement system used by the JSE;
“transaction agreement”	the agreement entered into on 18 December 2019 between the Seller and the Purchaser in respect of the transaction;
“transfer secretaries” and/or “registrars”	collectively, the SA transfer secretaries and the Guernsey registrars;
“UK”	United Kingdom; and
“voting record date”	the SA record date and/or the Guernsey record date as the context may indicate.

Directors

Richard Grant (*Independent non-executive chairman*)

Paul Arenson (*Chief executive officer*)

James Beaumont (*Chief financial officer*)

Julian Carey (*Executive property director*)

Warren Lawlor (*Non-executive director*)

Patsy Watson (*Non-executive director*)

Paul Miller (*Independent non-executive director*)

Philip Holland (*Independent non-executive director*)



STENPROP

STENPROP LIMITED

(Incorporated in Guernsey)
(Registration number 64865)

LSE ticker: STP

JSE share code: STP

ISIN: GG00BFWMR296

Circular to Stenprop Shareholders

PART I: THE TRANSACTION

1. INTRODUCTION

- 1.1. Stenprop is a UK REIT listed on the Specialist Fund Segment of the LSE and the Main board of the JSE. Stenprop's intention is to become the leading multi-let industrial ("MLI") business in the UK.
- 1.2. As at 30 September 2019, Stenprop's property portfolio was valued at approximately £654.5 million and comprised 68 UK MLI properties, six industrial properties, one retail property (subsequently sold in December 2019) and one office property situated in the UK, 13 predominantly retail and office properties situated in Germany (including the Bleichenhof property) and one leisure property, which is held for sale, situated in Switzerland.
- 1.3. As announced on SENS on 18 December 2019, the Seller, a German partnership in which Stenprop holds a 94.9% interest, has entered into the transaction agreement for the disposal of the Leasehold of the Bleichenhof property for a consideration of €160.15 million, as more fully described in paragraph 3 below and subject to the satisfaction or waiver of the conditions precedents set out in paragraph 4 below.
- 1.4. The transaction constitutes a category 1 disposal in terms of sections 9.5(b) and 9.20(a) of the JSE Listings Requirements, requiring the approval of Stenprop shareholders by way of an ordinary resolution.
- 1.5. The purpose of this circular is to:
 - 1.5.1. provide Stenprop shareholders with information relating to the transaction and the manner in which it will be implemented, so as to enable shareholders to make an informed decision as to whether or not they should vote in favour thereof; and
 - 1.5.2. give notice convening the general meeting at which the resolutions necessary to approve and implement the transaction, as more fully detailed in this circular, will be considered and, if deemed fit, approved with or without modification. The notice convening the general meeting is attached to and forms part of this circular.

Circular to Stenprop Shareholders

2. RATIONALE, STRATEGY AND PROSPECTS

- 2.1. The disposal is in line with Stenprop's strategy to become a 100% UK MLI business via the sale of all non-MLI properties in its portfolio and the reinvestment of the proceeds into UK MLI properties. As at 30 September 2019, approximately 44.6% of the Stenprop portfolio was made up of UK MLI estates. On completion of the disposal, assuming no further purchases of MLI estates, the MLI percentage of the portfolio will rise to 56% calculated based on Stenprop's total property asset value.
- 2.2. The Bleichenhof property is the largest single asset in the Stenprop property portfolio making up approximately 21% of the gross portfolio by value. It is a mixed-use property situated in the centre of Hamburg with a total lettable area of approximately 19,500 sqm, of which 94% is let, generating a contractual rent of approximately €7.0 million per annum.
- 2.3. As at 30 September 2019, the property was valued at €151.7 million. Under the terms of the disposal for €160.15 million, Stenprop is required to complete the refurbishment works at the property which have been on-going since 2016. As at 30 September 2019, the additional capital expenditure required to complete these works was estimated at €8.0 million. The transaction therefore reflects a sale price €0.45 million above valuation. After deduction of transaction costs, loan breakage costs and taxes, Stenprop's IFRS NAV is expected to decrease by approximately €2.3 million against the IFRS NAV reported at 30 September 2019. Following completion of the refurbishment works, the disposal will release net cash proceeds of approximately €62.8 million after transaction costs, the repayment of external debt and taxes. Stenprop has a beneficial ownership interest in the Bleichenhof property of 94.9%, which means its share of net cash proceeds is expected to be approximately €59.6 million.
- 2.4. Stenprop intends to use the net cash proceeds from the disposal to acquire additional UK MLI estates which meet the purchasing and return criteria of Stenprop and to repay debt.

3. DETAILS OF THE TRANSACTION

- 3.1. On 18 December 2019, the Seller entered into the transaction agreement for the sale of the Leasehold of the Bleichenhof property to the Purchaser for a total purchase price of €160.15 million. A maximum amount of €500,000 may be retained by the Purchaser and deducted from the Purchase Price to the extent that one of the tenants due to take possession of its lease in the next few weeks does not do so by 30 June 2020.
- 3.2. Completion of the transaction will occur within 10 business days of satisfaction of the last condition precedent described in paragraph 4 below (the "effective date"), at which time the Purchase Price (less the maximum retention amount of €500,000) will be paid. The transaction is expected to complete by 31 March 2020. The parties have agreed that if completion does not take place by 31 July 2020 (the "Deadline"), they shall each be entitled to withdraw from the transaction.
- 3.3. The Seller has also agreed that if the transaction fails to complete by the Deadline due to ordinary resolutions 1 and 2 (each set out in the notice of general meeting) not being passed by the requisite majority of shareholders, then the Seller shall pay to the buyer the amount of €600,000 as fixed compensation for the buyer's transaction costs. Should this compensation be payable, it would result in a reduction of Stenprop's cash balances and a debit against earnings as an expense.
- 3.4. The transaction agreement contains warranties standard for a transaction of its nature.

Circular to Stenprop Shareholders

4. CONDITIONS PRECEDENT

The implementation of the transaction remains subject to the fulfilment and/or waiver of the following conditions precedent:

- 4.1. ordinary resolutions 1 and 2 (each set out in the notice of general meeting) having been passed by the requisite majority of shareholders;
- 4.2. the current lender (LandesBank Berlin, Berlin Hyp AG) having deposited a cancellation notice for the existing land charge on the Bleichenhof property with an escrow agent pending completion of the transaction and repayment in full of all amounts due under the facility; and
- 4.3. the City of Hamburg having consented to the transaction and waived its pre-emption right in respect of the sale.

The City of Hamburg holds the freehold of the Bleichenhof property and benefits from a right of pre-emption on the sale. If it were to exercise such right, it would acquire the Leasehold instead of the buyer under the transaction agreement on the terms of the transaction agreement. The board believes that the City of Hamburg is unlikely to seek to exercise its right of pre-emption and that the necessary consents to the transaction will be obtained.

5. APPROVAL REQUIRED

An ordinary resolution of shareholders in terms of sections 9.20 of the JSE Listings Requirements will be put to shareholders at the general meeting in order to approve the transaction.

6. THE GENERAL MEETING

A general meeting of Stenprop shareholders will be held at 09:00 (GMT) / 11:00 (SAST) on Wednesday, 19 February 2020, at 180 Great Portland Street, London W1W 5QZ, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to be approved by shareholders in order to authorise and implement the transaction. The notice of general meeting is attached to and forms part of this circular.

Circular to Stenprop Shareholders

PART II: PROPERTY INFORMATION

7. THE BLEICHENHOF PROPERTY

7.1. Overview of the Bleichenhof property

The Bleichenhof property was valued in aggregate at €151.7 million as at 30 September 2019. The reason for the difference between the purchase price payable and the valuation amount is because the purchase price is a negotiated value which takes into account additional capital expenditure to be spent by the Seller to complete certain refurbishment works, while the value attributed to the Bleichenhof property by the independent property valuer is an open market value.

7.2. Analysis of the Bleichenhof property

An analysis of the Bleichenhof property as at 30 September 2019 in respect of the geographic profile, sectoral profile, tenant profile, vacancy profile, lease expiry profile, weighted average rental per square metre, weighted average rental escalation profile and average annualised property yield is set out below.

7.2.1. Geographic profile

The Bleichenhof property is situated in Hamburg, Germany.

7.2.2. Sectoral profile

	Based on GLA %	Based on revenue %
Office	75.8	39.5
Retail	17.6	20.4
Other	6.6	1.9
Subtotal	100.0	61.8
Parking	n/a	38.2
Total	100.0	100.0

7.2.3. Tenant profile

	Based on GLA %	Based on gross income %
A	18.4	49.1
B	19.7	12.2
C	61.9	38.7
Subtotal	100.0	61.8
A (Parking)	n/a	38.2
Total	100.0	100.0

For the table above, the following key is applicable:

- A. Large national tenants, large listed tenants, government and major franchisees, such as APCOA, L'Osteria, Hamburger Sparkasse, HIIE Hamburg Invest.
- B. National tenants, listed tenants, franchisees, medium to large professional firms, such as Dean & David, Grossman & Berger, Peter Pane, Ostasiatischer Verein.
- C. Other (comprising 37 tenants).

7.2.4. Vacancy profile

	Based on GLA %
Office	3.6
Parking	0.0
Retail	4.0
Other	8.4
Total	4.0

Circular to Stenprop Shareholders

7.2.5. Lease expiry profile

Total

	Based on GLA %	Based on revenue %
Vacant	4.0	2.8
September 2020	3.2	2.4
September 2021	4.5	3.4
September 2022*	5.1	34.1
September 2023	7.5	12.0
September 2024 and beyond	75.7	45.3
	100.0	100.0

* The lease for the car park does not form part of the GLA, but contributes significant revenue, hence the expiry in this year causes a difference between the GLA and revenue profiles

Office expiry profile

	Based on GLA %	Based on revenue %
Vacant	3.6	3.9
September 2020	3.2	3.7
September 2021	5.1	5.3
September 2022	5.4	5.6
September 2023	5.0	5.0
September 2024 and beyond	77.7	76.5
	100.0	100.0

Parking expiry profile

	Based on GLA %	Based on revenue %
Vacant		0.0
September 2020		0.0
September 2021		0.0
September 2022		83.3
September 2023		16.7
September 2024 and beyond		0.0
	n/a	100.0

Retail expiry profile

	Based on GLA %	Based on revenue %
Vacant	4.0	5.0
September 2020	3.4	4.1
September 2021	3.0	5.9
September 2022	4.6	4.2
September 2023	17.3	17.9
September 2024 and beyond	67.7	62.9
	100.0	100.0

Circular to Stenprop Shareholders

Continued

Other expiry profile

	Based on GLA %	Based on revenue %
Vacant	8.4	6.8
September 2020	2.1	2.1
September 2021	1.1	1.1
September 2022	2.6	1.9
September 2023	10.4	3.5
September 2024 and beyond	75.4	84.6
	100.0	100.0

7.2.6. Weighted average rental per square metre by rentable area per sector

	Weighted average rental per m ² (£)
Office	174
Parking	n/a
Retail	389
Other	128
Total	328

7.2.7. Weighted average rental escalation profile*

	% p.a
Office	0.35%
Parking	0.00%
Retail	0.29%
Other	1.13%
Total	0.34%

* These are the guaranteed, fixed rental uplifts. Some leases have CPI-linked increases dependent on a specific hurdle rate being achieved before they are applied

7.2.8. The average annualised property yield for the Bleichenhof property is 3.13%.

7.3. Valuation reports

7.3.1. The Bleichenhof property was valued by Shawn Crous (MRICS) of JLL, an independent external registered professional valuer.

7.3.2. A detailed valuation report has been prepared in respect of the Bleichenhof property and is available for inspection. A summary of the detailed valuation report has been included in Annexure 1.

PART III: FINANCIAL INFORMATION

8. PRO FORMA FINANCIAL INFORMATION

- 8.1. The pro forma statement of financial position and statement of comprehensive income of Stenprop, showing the pro forma effects of the transaction (the “pro forma financial information”), is set out in Annexure 3.
- 8.2. The pro forma financial information has been provided for illustrative purposes only, to provide information on how the transaction may have affected the financial position of Stenprop, assuming it was implemented on 30 September 2019 and the statement of comprehensive income assuming it was implemented on 1 April 2019. Because of its nature, the pro forma financial information may not fairly represent Stenprop’s financial position, changes in equity, results of operations or cash flows after the transaction.
- 8.3. The pro forma financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of directors. The pro forma financial information has been prepared in accordance with Stenprop’s accounting policies and in compliance with IFRS and are consistent with those applied in the reviewed unaudited interim financial statements of Stenprop for the six months ended 30 September 2019. The pro forma financial information is presented in accordance with the JSE Listings Requirements and the Guide on pro forma financial information issued by the South African Institute of Chartered Accountants (“SAICA”).
- 8.4. The pro forma financial information should be read in conjunction with the independent reporting accountant’s assurance report thereon, as contained in Annexure 4.

9. HISTORICAL FINANCIAL INFORMATION

- 9.1. The carve-out historical financial information of Bleichenhof, which was extracted from the audited financial statements of Stenprop for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and the unaudited interim financial statements of Stenprop for the six months ended 30 September 2019, is set out in Annexure 5.
- 9.2. The carve-out historical financial information is the responsibility of the board of directors.
- 9.3. The independent reporting accountants’ report on the carve-out historical financial information of the Bleichenhof property is presented in Annexure 6.

Circular to Stenprop Shareholders

PART IV: GENERAL

10. MAJOR AND CONTROLLING SHAREHOLDERS

- 10.1. Set out below are the names of Stenprop shareholders, other than directors, that were, directly or indirectly, beneficially interested in 5% or more of the issued shares as at 31 March 2019:

Shareholder	Number of shares	% of issued share capital
Zarclear Holdings Limited	20,227,079	6.77

- 10.2. As at the last practicable date, the company does not have a controlling shareholder and the transaction will not result in the company having a controlling shareholder.

11. DIRECTORS' INTERESTS

- 11.1. Directors' interests in Stenprop shares

- 11.1.1. Set out below are the interests of directors (including their associates) in Stenprop shares as at 31 March 2019. Direct and indirect beneficial interests are disclosed.

Director	Direct beneficial	Indirect beneficial	Held by associates	Total shares	% of total shares
P Arenson	-	13,387,114	-	13,387,114	4.48
P Watson	-	4,548,618	-	4,548,618	1.52
W Lawlor	-	1,208,669	-	1,208,669	0.40
P Miller	21,898	-	-	21,898	0.01
R Grant	100,000	-	-	100,000	0.03
J Carey	3,271,923	-	-	3,271,923	1.10
P Holland	24,999	-	-	24,999	0.01
Total	3,418,820	19,144,401	-	22,563,221	7.55

- 11.1.2. Since 31 March 2019 to the last practicable date:

11.1.2.1. James Beaumont was appointed director of Stenprop on 5 June 2019. On 18 December 2019, James Beaumont sold 173,983 Stenprop shares. As at the last practicable date, he directly holds 50,320 shares representing 0.017% of the total issued shares.

11.1.2.2. 107 090 vested nil cost options, which were awarded under the Stenprop Amended Deferred Share Bonus Plan, were exercised by Julian Carey on 3 September 2019;

11.1.2.3. In respect of the offer to shareholders to receive the final dividend of 3.375 pence per share for the six months ended 31 March 2019 either as a cash dividend or a scrip dividend in return for Stenprop shares, on 16 August 2019:

11.1.2.3.1. Paul Arenson received 12,338 shares;

11.1.2.3.2. associates of Paul Arenson received 373,947; and

11.1.2.3.3. an associate of Patsy Watson received 131,251 shares.

11.1.2.4. On 20 December 2019, an associate of Patsy Watson sold 50,000 Stenprop shares.

- 11.2. Directors' interests in transactions

Save in respect of the directors' interests in Stenprop shares, as set out in paragraph 11 above, no director of Stenprop has or had any material beneficial interest, whether direct or indirect, in any transaction that was effected by Stenprop during the current or immediately preceding financial year or during an earlier financial year and which remains in any respect outstanding or unperformed.

12. DIRECTORS' EMOLUMENTS

There will be no changes to the directors remuneration and benefits as disclosed in the Stenprop annual report for the year ended 31 March 2019 as a result of the transaction.

Circular to Stenprop Shareholders

13. RELATIONSHIP INFORMATION

- 13.1. Details of the property manager are set out in Annexure 8.
- 13.2. No director or promoter of Stenprop has any beneficial interest, whether direct or indirect, in relation to any property held or property to be acquired by the Company nor are they contracted to become a tenant of any part of the property of the Company.
- 13.3. Save by virtue of their interests in Stenprop shares as disclosed in paragraph 11 above, no director of Stenprop has any beneficial interest, whether direct or indirect, in relation to any property held or property to be acquired by the Company nor are they contracted to become a tenant of any part of the property of the Company.
- 13.4. There is no relationship between any director of Stenprop and another person that may conflict with a duty to the Company.
- 13.5. No securities or other participatory interests will be issued by the Company in order to finance the acquisition of any properties acquired or to be acquired.
- 13.6. No director of Stenprop has been beneficially interested, whether directly or indirectly, in the acquisition or disposal of any properties by the Company since 30 September 2017.

14. MATERIAL CONTRACTS

Save for:

- 14.1. the transaction agreement, the salient features of which are set out in paragraph 4;
- 14.2. the loan agreements detailed in in Annexure 7; and
- 14.3. the material contracts, the salient features of which are set out in Annexure 2,

no material contract has been entered into either verbally or in writing by Stenprop, any of its major subsidiaries or by any subsidiary where it is material to the Company.

15. MATERIAL CHANGES

- 15.1. On 23 March 2018, the Company registered as a Guernsey company under the Companies Law. As announced on SENS on 30 April 2018 and 7 June 2018, the Company converted to a UK REIT on 1 May 2018 and listed on the LSE on 15 June 2018.
- 15.2. Save as set out above, there has been no change in the trading objects of the Company and its major subsidiaries during the five years preceding the last practicable date. Following the implementation of the transaction, Stenprop will continue to operate its business as a UK REIT listed on the LSE and the JSE. The trading objects of the Company following the implementation of the transaction are set out in paragraph 2 above, and more generally throughout this circular.
- 15.3. Save as disclosed in this circular, there has been no material change in the financial or trading position of the group that has occurred since the six months ended 30 September 2019, being the last financial period in respect of which the Company has published either audited annual financial statements or unaudited interim reports.

16. MATERIAL BORROWINGS

Details of all material loans made to Stenprop and/or to its subsidiaries that remain outstanding as at the last practicable date, and that will remain outstanding following implementation of the transaction, are set out in Annexure 7.

17. STATEMENT AS TO WORKING CAPITAL

- 17.1. 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 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 Facility are set out below:

Facility (and relevant assets secured against such facility)	Unaudited principal amount outstanding (£'000)	Maturity/expiry date
UBS: Kantone – Lugano	6,407	Rolling (3 monthly)
Royal Bank of Scotland International – Trafalgar Court (LPE)	30,000	31 March 2020
Deutsche Genossenschafts-Hypothekenbank – Hermann Quartier	8,371	30 June 2020
Deutsche Genossenschafts-Hypothekenbank – Victoria Centre	9,143	31 August 2020
Total	53,921	

Circular to Stenprop Shareholders

- 17.2. The above facilities are secured by assets which represent in aggregate 19.2 per cent. of the total assets of the Group as at the latest practicable date.
- 17.3. The UBS facility is a three-monthly rolling facility. Although from a strict legal perspective, UBS could terminate the facility agreement prior to the renewal of the relevant three-month period and therefore require the loan to be repaid at the end of such three-month period, UBS has confirmed that it has no current intention of terminating the facility.
- 17.4. The Royal Bank of Scotland International facility which matures on 31 March 2020 is currently under negotiation. Indicative terms are being discussed and a refinancing on the maturity date is anticipated on favourable terms.
- 17.5. Discussions in relation to the refinancing of the two Deutsche Genossenschafts-Hypothekenbank facilities have not yet commenced. Both assets secured against these two separate facilities are being prepared for sale. If the assets are not sold prior to the maturity of the facilities, then management anticipates that, given the quality of the properties and the strong relationship with the lenders, a refinancing can be secured on favourable terms.
- 17.6. If all of the above facilities were required to be repaid at the same time, the approximate shortfall in the group's working capital would be £53.9 million. Given the non-recourse nature of the financings, the Company is not obliged to utilise any additional capital to refinance any of the above facilities, and it has no current intention of doing so.
- 17.7. In the event that the group is unable to reach a mutually satisfactory agreement with a lender in relation to the above facilities then the lender would be entitled to enforce its security rights over the assets secured against such 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 facilities (with the group being entitled to any excess proceeds from the sale of the assets following repayment in full of the amount outstanding).
- 17.8. Each lender only has recourse to the ring-fenced asset over which it has security and does not have any recourse to any other assets of the Company or other subsidiaries of the group.
- 17.9. The board is of the opinion that, should any or all lenders enforce their security in relation to any of the facilities and, after taking into account the relevant forfeiture of the assets secured against such 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.

18. LITIGATION

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the board of directors is aware, that may have had, or have during the 12 months preceding the last practicable date had, a material effect on the group's financial position.

19. RESPONSIBILITY STATEMENT

The directors, whose names are given on page 7 of this circular, collectively and individually accept full responsibility for the accuracy of the information contained in this circular and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the circular contains all information required by the JSE Listings Requirements.

20. OPINION AND RECOMMENDATION

- 20.1. The board of directors is of the opinion that the transaction is beneficial to Stenprop shareholders and, accordingly, recommends that Stenprop shareholders vote in favour of the resolutions to be proposed at the general meeting. The opinion of the directors as to the prospects of the Company following implementation of the transaction is set out in paragraph 2 above.
- 20.2. Those directors that hold a beneficial interest in Stenprop shares intend voting in favour of the transaction and all resolutions to be proposed at the general meeting.

21. CONSENTS

- 21.1. The sponsor, legal advisors, independent reporting accountant, independent property valuers, company secretary, Guernsey registrars and the transfer secretaries have each consented in writing to act in the capacities stated and to their names appearing in this circular, which consent has not been withdrawn prior to the issue of this circular.
- 21.2. The independent reporting accountant and independent property valuer have each consented to the inclusion of their reports in the circular in the form and context in which they appear, which consent has not been withdrawn prior to the issue of this circular. The independent reporting accountant has confirmed that the contents of the circular are not contradictory to the information contained in their reports.

Circular to Stenprop Shareholders

22. PRELIMINARY AND ISSUE EXPENSES

The estimated total amount of expenses (excluding VAT) incurred by Stenprop in respect of the transaction within the three years preceding the last practicable date are set out below:

Fees incurred by Stenprop	Recipient	GBP
Costs of circular		
JSE sponsor fees	Java Capital	27,500
Independent reporting accountant's fees	Deloitte	40,000
Independent property valuation fees	JLL	4,600
Printing costs	Jones & Palmer	7,500
Printing costs	Ince	7,500
JSE documentation fees	JSE	3,750
Contingency		9,150
Sub-total		100,000
Transaction fees		
Legal advisory fees	Jebens Mensching	170,000
Building Survey	Drees & Sommer	23,000
Measure Survey	1000hands AG	13,500
Broker fee	BNP Paribas	750,000
Broker fee	Grossman & Berger	750,000
Sale advisor fee	W.RE	492,100
Sale advisor fee	Quantum	281,400
Sub-total		2,480,000
Total		2,580,000

23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and the sponsor between 09:00 and 16:30 from 27 January 2020 to 19 February 2020, both days inclusive:

- 23.1. this circular;
- 23.2. the Articles of Incorporation;
- 23.3. the memorandum of incorporation of each of the company's major subsidiaries;
- 23.4. the transaction agreement;
- 23.5. the property management agreements detailed in Annexure 8;
- 23.6. the material contracts referenced in paragraph 14;
- 23.7. the summary valuation report, prepared by the independent property valuer as set out in Annexure 1, together with the detailed valuation report;
- 23.8. service agreements with directors, managers or secretary/ies entered into during the three years preceding the last practicable date;
- 23.9. the signed reports by the independent reporting accountant as set out in Annexure 4 and Annexure 6;
- 23.10. the audited annual financial statements of the Company for the financial years ended 31 March 2019, 31 March 2018 and 31 March 2017 and the reviewed interim results for the six months ended 30 September 2019; and
- 23.11. the written consents referenced in paragraph 21.

Signed on behalf of the board of directors

Paul Arenson
Chief Executive Officer

22 January 2020

ANNEXURE 1

Summary Valuation Report

17 January 2020

The Directors

The Board of Directors
Stenprop Limited (“Stenprop”)
Kingsway House
Havilland Street
St. Peter Port
Guernsey, GY1 2QE

Dear Sirs

RE: INDEPENDENT PROPERTY VALUER’S SUMMARY VALUATION REPORT ON BLEICHENHOF

In accordance with your instruction of 28 August 2019, I confirm based on the detailed valuation report completed 17 October 2019 that our colleague in JLL Germany, Julika Puls, has visited and inspected Bleichenhof (“the Subject Property”) listed in the attached schedule, on 16 September 2019 and we have received all necessary details required to perform a valuation in order to provide you with an opinion of the property’s Market Value as at 30 September 2019.

1. INTRODUCTION

The valuation of the Subject Property has been carried out by the valuer who has carefully considered all aspects of the property. A detailed valuation report of the Subject Property has been prepared and given to the management of Stenprop. The detailed valuation report includes commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the detailed valuation report of the Subject Property and the valuer has relied upon information provided by the management of Stenprop. The detailed valuation report has further addressed the tenancy income capability and expenditure for the property and tenants. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the Market Value of the property which is detailed in the detailed valuation report and which has been summarised on a summary schedule, attached hereto. The important aspects of the detailed valuation report including the property Market Value has been summarised in the attached schedule.

2. BASIS OF VALUATION

Our valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) 2017, on the basis of the Market Value.

According to the RICS Valuation – Professional Standards, “Market Value” is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s- length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.

3. VALUE CALCULATION

In arriving at our opinion of Market Value we have adopted the internationally recognised Discounted Cashflow (DCF) method of valuation as prepared by our Argus Enterprise Software. This software is a sophisticated application, which allows the forecasting of income streams to be modelled and assumptions to be made accordingly. We have undertaken a Discounted Cash Flow (DCF) analysis over a 10-year investment horizon as outlined in the valuation report and our Market Value is net of the Purchaser’s costs, which is standard for the German property market.

The DCF valuation is also the approach by which private, institutional, local and overseas investors analyse property for investment purposes to estimate the Market Value or Fair Value.

The DCF basis is a generally accepted valuation method for assessing the Market Value or Fair Value. Based on a 10-year holding period, the DCF method derives a 10-year cash flow incorporating the lease obligations including escalations to termination. The present value of the 10 years’ cash flow and the net proceeds from the hypothetical exit value, being the 11th year’s hypothetical will produce gross capital value and after deduction for Purchaser’s costs, the net capital value (Market Value) annual income capitalised into perpetuity at an appropriate market related rate.

The discount and exit capitalisation rates are determined by reference to comparable sales, appropriate surveys, benchmarking against other comparable valuations and after consultation with experienced and informed people in the property industry including other property valuers, brokers, managers and investors.

Summary Valuation Report

The considerations for the discounted valuations are as follows:

- 3.1. Calculating the forward cash flow of all contractual and other income from the property;
- 3.2. Calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3. The current area vacancy as a percentage is approximately 4%. In order to apply a conservative approach, we have allowed 0-12 months void period and 0-3 months' rent-free months as a provision for rental that may not be collected as a consequence of vacancy, tenant sourcing or tenant refitting during the course of the coming year. The current vacancy is market related. The void provision used in the valuation is therefore adequate;
- 3.4. Generally, the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square metre. The rental rate has also been discussed with brokers who are active participants in the Hamburg real estate market. Only a few tenants are over-rented, or that cannot be re-rented at the same or higher rental rate should such property become vacant. There is therefore minimal potential for rental flow reversion. There is however, a positive upside potential for real growth in rental, given the low base off which the average rentals flow. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy.
- 3.5. The valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It is also considered numerous other portfolios of similar properties in order to determine if any properties are over rented or have excessive expenditure; and
- 3.6. Various provisions for capital contingencies were deducted from the capitalised value.

4. VACANT LAND/ADDITIONAL BULK

There are no properties with large tracts of vacant zoned and serviced spare land attached to Bleichenhof. The owner of the heritable building right has only a temporary right to build or maintain a building on the site. The Market Value reported does not include any land value.

5. BRIEF DESCRIPTION

The Subject Property is mixed-use mainly utilised for retail and office purposes and forms part of the high-street district of Hamburg. The property is held on a long leasehold with term expiry at 31 March 2062. The property is generally old and was constructed in 1950 /1988. However, despite its age, the building benefits from a good physical construction, sufficient parking facilities and good architectural merit, however with a poor aesthetic appeal. Bleichenhof comprises approximately 19,500 m² lettable area which is inclusive of the structural refurbishment section that measures approximately 2,408 m². The refurbishment is expected to be completed by the end of 2019 and comprises retail units with rentable space ranging between 12 m² and 575 m². We are of the opinion that the aesthetic appeal will then improve post the refurbishments.

Leases tend to be of a general contractual rental nature with provision for the recovery of services consumed by the lessees. Escalations are market related but are high enough to ensure a more than positive growth rate is ensured without creating an over-rent potential in the medium term. The property is generally highly visible and dominates the environment. In respect of the property, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in the detailed property valuation report.

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable area of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all these aspects in the valuation of the Subject Property. The Subject Property is not prejudiced in value by the influence of the above factors.

The valuers are however not responsible for the competent daily management of the property that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To the best of our knowledge, there are no contractual arrangements on the property other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the property.

To the best of our knowledge, there are no options in favour of any parties for any purchase of the property.

8. INTRA-GROUP OR RELATED PARTY LEASES

To our knowledge, based on the inspection conducted and the rent roll received from the Stenprop management, we can confirm that there are no intra-group or related party leases.

Summary Valuation Report

9. CURRENT STATE OF DEVELOPMENT

We can confirm that there is no development taking place at the Subject Property. Note, however, that structural refurbishment on certain sections of the property is currently ongoing, a process to reconfigure the former retail area and structural improvements to the parking space. The site is not subject to a qualified and legally binding plan. Therefore, the building structural refurbishment is carried out according to SS 34 BauGB stipulating that structural refurbishment/ re-development projects must blend in with their immediate surroundings, in terms of type and scale of use of the building(s). The refurbishment is expected to be completed by the end of 2019 and we have estimated 12 months void period commencing from 01 October 2019 to re-let the premises.

Based on the information provided by Stenprop management and relying on such information as stated in the valuation report, the outstanding required refurbishment costs as at 30 September 2019 amount to a total of € 12,774,230 as a component of € 4.9 million for the retail space, € 7.2 million for the parking facilities and an additional € 674,230 for maintenance backlog.

10. RENTALS USED IN VALUATIONS

The refurbishments are expected to be completed by end of 2019 with assumed occupancy commencing in the year 2020. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for the property increases on average by approximately 1.3% compounding per annum with an exception / an outlier of 17% increase in the first year as a result of the completed refurbishment space and the reletting assumptions applied.

11. EXTERNAL PROPERTY

The Subject Property is situated in Bleichenbrucke 9-11, Hamburg, 20354, Germany. The valuation in respect to the Subject Property was prepared for Stenprop Limited for internal decision-making and accounting purposes as at 30 September 2019.

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

A detailed valuation report is available on the property detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Stenprop and will be available for inspection at the offices of Stenprop.

13. ALTERNATIVE USE FOR A PROPERTY

The property has been valued in accordance with their existing use which represents its Market Value. No alternative use for the property has been considered in determining its value.

14. OTHER COMMENTS

The valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

15. CAVEATS

15.1. Source of information and verification

Information on the property regarding rental income, recoveries, turnovers and other income detail has been provided to us by the current owners and their managing agents.

We have received copies of some of the leases of the property where some of such leases are the major tenant or tenants comprising anything higher than 10% occupancy of the property. The leases have been read to check against management detail, in order to ensure that management has correctly captured tenant information as per contractual agreement. This has been done to test management information against the underlying agreements.

We have further compared certain expenditures given to us, to the market norms of similar properties. This has also been compared to historic expenditure levels of the property itself.

15.2. Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

We have to the best of our ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

15.3. Leases

Our valuation has been based on a review of some actual tenants' leases where provided (which includes material terms such as repairing obligations, escalations, break options), the rent roll and other pertinent details supplied to us by the managing agents and by Stenprop.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases we had access to have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

Summary Valuation Report

15.4. Lessee's credibility

In arriving at our valuation, cognisance has been taken of the lessee's security and rating. In some cases, this has influenced the market rentals applied and capitalisation rate by way of a risk consideration.

15.5. Mortgage bonds, loans, etc.

The property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off, however a deduction for Purchaser's costs of 5.5% was made in order to derive the Net Market Value reported reflecting a cost to Purchaser when purchasing the property. This deduction is standard for the German property market. The applied amount of Purchaser's costs is based on experience values of Jones Lang LaSalle. In our calculation we take into account rental growth provisions.

15.6. Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and corresponds with the rent roll provided to us by the Stenprop management and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

Updated plans were not available for the property in respect of internal configuration. The properties generally appear to have the stated square meterage which could only be more accurately determined if re-measured by a professional.

15.7. Structural condition

The property has been valued in their existing state. We have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have we arranged for the testing of any electrical or other services.

15.8. Contamination

The valuation assumes based on the due diligent report provided that there is no evidence of soil contamination and further that property is not environmentally impaired or contaminated, unless otherwise stated in our report.

15.9. Town planning

The valuation was prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations. This is to ensure that for the basis of the valuation that the Property comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by the property that we are aware of.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to the property which infringement could decrease the value of the property as stated.

16. MARKET VALUE

We are of the opinion that the market value of the property as at 30 September 2019 is €151,700,000 (One Hundred and Fifty-One Million Seven Hundred Thousand Euros) (excluding VAT). A summary of the valuation and details of the property is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 25 years' experience in the valuation of all nature of property and on behalf of JLL, I am qualified to express an opinion on the Market Value of the property.

I trust that we have carried out the instruction to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

for Jones Lang LaSalle Pty Limited

Shawn Crous MRICS

RICS Registered Valuer

Professional Valuer (South Africa)

Registration number: 3718/

Registered without restrictions in terms of the Property Valuer's Professional Act, No 47 of 2000

Schedule of properties

No	1
Property name	Bleichenhof
Physical address	Bleichenbrücke 9-11, Stadthausbrücken 12, 20354, Hamburg
Registered legal description (Erf number)	Parcel 1655,2068,2069,2071 and 2072
Property description and use	Retail and Office
Valuer's inspection date	16-Sep-19
Freehold/Leasehold	Leasehold
Tenure of leasehold	31/03/2062
Rentable area (GLA) (m ²)	Approx. 19,500
Approximate age of building	69 years - main building and 31 years for parking garage
Building grade	Not Stated
Zoning, town planning and statutory contravention (if any)	N/A
Assumed perpetual void/vacancy	0-12 months
Income projection (Euro) for the period October 2019 to September 2020	€ 6,003,522
Income projection (Euro) for the period October 2020 to September 2021 - Post refurbishments	€ 7,035,777
Valuation (Euro) as at 30 September 2019	€ 151,700,000

ANNEXURE 2

Material Contracts

In addition to the transaction agreement, the salient features of which are set out in paragraph 4 of the circular the loan agreements described in Annexure 7, the following are details of material contracts, being (i) contracts entered into otherwise than in the ordinary course of business, within the two years prior to the date of this circular or at any time containing an obligation or settlement that is or may be material to the Company or its subsidiaries at the last practicable date; and (ii) contracts that are otherwise considered material by the Company.

The following transactions each constituted a category 2 transaction, further details of which can be found in the relevant announcements issued on RNS and SENS as described below.

Disposal of Euston House

On 12 March 2019, Stenprop completed the sale of its London office building known as Euston House via the sale of all its shares in a special purpose vehicle to Erel 4 S.a.r.l, being a wholly owned subsidiary of Eurazeo. The consideration received for the disposal was £95 million. Following sales costs, rental top-ups and the repayment of external debt of the group, the released cash proceeds were approximately £66 million. This disposal is more fully detailed in the announcements issued on RNS and SENS on 10 January 2019 and 14 March 2019 respectively.

Acquisition of a Multi-Let Industrial Portfolio

On 21 December 2018, Stenprop acquired a portfolio of MLI properties across the UK (comprising of 18 freeholds and 4 long-leaseholds) from Hansteen Holdings plc. The gross lettable area of the portfolio was approximately 1.16 million square feet (107,749 sq m) and had a diversified base of approximately 281 tenancies. The gross consideration for the acquisition was £72.2 million (which includes acquisition costs of £4.3 million), which was paid by Stenprop in cash using existing cash resources and a drawdown of £35 million under a revolving credit facility with Investec Bank plc. This acquisition is more fully detailed in the announcement issued on RNS and SENS on 24 December 2018.

Disposal of Seven Swiss Properties

On 17 July 2018, Stenprop completed the sale of two of its Swiss properties, Altendorf and Arlesheim, via the sale of the entire issued share capital of its subsidiary, Polo Property GmbH to Helvetica Swiss Commercial AG, a wholly owned subsidiary of Helvetica Swiss Commercial Fund, which is managed by Helvetica Property Investors AG, Zurich. Subsequently in July 2018, three subsidiaries of Stenprop sold five additional Swiss properties, being Baar, Vevey, Montreux, Chiasso and Sissach, as asset sales to the same purchaser. The combined transactions value of the seven properties was CHF 103.65 million (£79.73 million). The disposals are more fully detailed in the announcement issued on RNS and SENS on 19 July 2018.

As part of the agreements entered into for the sale of the seven Swiss properties, Stenprop provided a guarantee for obligations and liabilities of each of the selling entities. The maximum amount of the guarantee is CHF6 million, which lasts until all obligations under the sale agreements have been fulfilled, with a backstop date of 31 July 2028.

Disposal of 25 Argyll Street

On 4 June 2018, Stenprop completed the sale of its London office building known as 25 Argyll Street, situated at 252-260 (even) Regent Street and 19-27(odd) Argyll St, London, W1 via the sale of its shares in Stenprop Argyll Limited to the holders of the remaining 50% interest in the Property, being Darlaya Limited and Yennelle Limited, which each held 25% of the issued share capital of Stenprop Argyll Limited. The consideration received for the disposal was £22.78 million, which was based on the estimated net asset value of Stenprop Argyll Limited as at the date of share purchase agreement. This disposal is more fully detailed in the announcement issued on SENS on 4 June 2018.

ANNEXURE 3

Pro Forma Financial Information

PRO FORMA FINANCIAL INFORMATION

Set out below is the *pro forma* statement of financial position and statement of comprehensive income of Stenprop, showing the *pro forma* effects of the transaction (the “*pro forma* financial information”).

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the transaction may have affected the financial position of Stenprop, assuming it was implemented on 30 September 2019 and the statement of comprehensive income assuming it was implemented on 1 April 2019. Because of its nature, the *pro forma* financial information may not fairly represent Stenprop’s financial position, changes in equity, results of operations or cash flows after the transaction.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of directors. The *pro forma* financial information has been prepared in accordance with Stenprop’s accounting policies and in compliance with IFRS and are consistent with those applied in the reviewed interim financial statements of Stenprop for the six months ended 30 September 2019. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *pro forma* financial information issued by SAICA.

The *pro forma* financial information should be read in conjunction with the independent reporting accountant’s assurance report thereon, which is presented in Annexure 4.

Pro Forma Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Unadjusted reviewed interim results for the six months ended 30 September 2019 £'000 A	Adjustment for income and expenses for six months to 30 September 2019. Property specific items only. £'000 B	Adjustment on sale of Bleichenhof including non property related income /expenditure for six months to 30 September 2019 C	Costs of circular D	Pro forma after the Proposed Transaction 30 September 2019 £'000 E
Continuing operations						
Net rental income		15,806	(1,932)	-	-	13,874
Revenue		21,065	(2,922)			18,143
Property expenses		(5,259)	990			(4,269)
Net management fee income		440	-	-	-	440
Management fee income		440	-			440
Adjustment to deferred consideration		-	-			0
Operating costs	9	(4,557)	-	191	(100)	(4,466)
Net operating income		11,689	(1,932)	-	(100)	9,657
Fair value gain on investment properties		4,804	(57)			4,747
Income from associates		-	-			-
Income from joint ventures		1,320	-			1,320
Profit from operations		17,813	(1,989)	-	(100)	15,724
Net gain from fair value of derivative financial instruments		(953)	-			(953)
Interest receivable		223	-			223
Finance costs	10	(3,471)	-	(2,245)		(5,716)
Net foreign exchange loss		(68)	-			(68)
Profit on disposal of property	11	(119)	-	1,764		1,645
Profit for the period before taxation		13,425	(1,989)	(481)	(100)	10,855
Current tax	12	125	306	(5,713)		(5,282)
Deferred tax	12	(560)	-	6,026		5,466
Profit for the period from continuing operations		12,990	(1,683)	5,329	(100)	11,039
Discontinued operations						
Loss for the period from discontinued operations		(49)	-			(49)
Profit for the period		12,941	(1,683)	(168)	(100)	10,990

Pro Forma Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Unadjusted reviewed interim results for the six months ended 30 September 2019 £'000 A	Adjustment for income and expenses for six months to 30 September 2019. Property specific items only. £'000 B	Adjustment on sale of Bleichenhof including non property related income /expenditure for six months to 30 September 2019 C	Costs of circular D	Pro forma after the Proposed Transaction 30 September 2019 £'000 E
Profit attributable to:						
Equity holders		13,157	(1,597)	(160)	(95)	11,305
Non-controlling interest derived from continuing operations		(216)	(86)	(9)	(5)	(315)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation reserve	14	4,860	(3,964)	3,081		3,977
Total comprehensive profit for the period		17,801	(5,647)	2,913	(100)	14,967
Total comprehensive profit attributable to:						
Equity holders		18,017	(5,359)	2,765	(95)	15,328
Non-controlling interest		(216)	(288)	149	(5)	(360)
Total shares in issue						
		Number		Number		
Weighted average number of shares in issue (excluding treasury shares)		282,798,778		282,798,778		
Share-based payment award		3,869,130		3,869,130		
Diluted weighted average number of shares in issue		286,667,908		286,667,908		
Earnings per share						
		Pence		Pence		
IFRS EPS		4.65		4.00		
Diluted IFRS EPS		4.59		3.94		
Headline EPS		3.02		1.57		
Diluted headline EPS		2.98		1.55		
Workings re: Headline earnings per share GBP'000:						
Earnings per IFRS statement of comprehensive income from continuing operations attributable to shareholders						
		13,157	(1,597)	(160)	(95)	11,305
Changes in fair value of investment properties		(4,799)	57			(4,742)
Deferred tax in respect of headline earnings adjustments		778	(544)			234
Loss/(Profit) on disposal of properties		119		(1,764)		(1,645)
Loss on disposal of subsidiaries		-				-
<i>Adjustments above in respect of joint ventures and associates</i>						
Changes in fair value of investment properties		(884)				(884)
Deferred tax		182				182
Adjusted earnings for HEPS		8,553	(2,084)	(1,923)	(95)	4,451

Pro Forma Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Notes and assumptions

- The *pro forma* consolidated statement of comprehensive income for the six months ended 30 September 2019 is prepared on the assumption that the transaction took place on 1 April 2019.
- The adjustments in columns B-D in the above table are 'one off' adjustments to reflect the effect of the sale of Bleichenhof except for interest costs.
- The figures in column B have been reviewed by Stenprop's auditors - Deloitte. They are the results for the six months to 30 September 2019 which have been 'carved out' from the Stenprop Limited's results.
- The property ("Bleichenhof") is being sold and NOT the property owning entity ("KG Bleichenhof"). The property is located in Hamburg, Germany where the operational currency is Euros ('EUR').
- All Euro amounts relating to adjustments other than those relating to the sale of Bleichenhof have been converted to GBP at the average exchange rate for the six months to 30 September 2019 of 1 GBP = EUR 1.1263.
- All Euro amounts relating to adjustments on the sale of Bleichenhof have been converted to GBP at the 31 March 2019 spot exchange rate of 1 GBP = EUR 1.1617.
- Stenprop owns a 94.9% interest in the property hence there is a non controlling interest of 5.1%.
- Once off costs of the circular are estimated to be approximate GBP 100,000 for audit, valuation, sponsor, legal and other fees.
- The GBP 191 000 operating costs comprise of GBP 98,000 legal and professional fees; GBP 83,000 investment advisory fees; GBP 4,000 administration fees and GBP 6,000 other fees.
- Finance costs of GBP 2.245m relate to bank loan break costs following the repayment of the bank loan upon sale of the Bleichenhof property. This amounts to EUR 3.3m converted at the 31 March 2019 exchange rate of 1.1617 i.e. GBP 2.841m less GBP 596k adjustment, at average rate of 1.1263 for six months to 30 September 2019, for finance costs incurred in this six month period. This adjustment is of a continuing nature.
- The profit on disposal of property is analysed as follows:

Amounts below have been converted to GBP at the 31 March 2019 spot exchange rate of 1 GBP = EUR 1.1617

	EUR'000	GBP '000
Sale price	160,150	137,858
Less: Costs to complete	(8,000)	(6,886)
Book value (31 March 2019 valuation)	(147,400)	(126,883)
	4,750	4,089
Sales fees:		
Agents' fees	(2,466)	(2,123)
Legal fees	(185)	(159)
Other	(50)	(43)
	(2,701)	(2,325)
Profit on sale	2,049	1,764

- The deferred tax at 1 April 2019 was GBP 5.822m which has been calculated on the basis of the valuation at that date of GBP 126.883m (EUR 147.4m). This has been transferred to current tax to reflect the nature of the liability. Based on a sale price of GBP 137.858m (EUR 160.15m), total deferred tax would be €6.637m which at 31 March 2019 rate of 1.1617 is GBP 5.713m i.e. GBP 109k less than the GBP 5.822m at 1 April 2019, hence the current tax figure of GBP 5.713m. The GBP 6.026m reflects the transfer of the GBP 5.822m to current tax plus a GBP 204k movement in deferred tax for the six months to 30 September 2019.
- The net effect of the sale is a loss of GBP 3.949m i.e. profit on sale of GBP 1.764m less tax of GBP 5.713m. Stenprop's 94.9% share of the loss is GBP 3.747m whilst the non-controlling interest's share is GBP 202k.
- Of the total foreign currency translation reserve movement of GBP 4.860m, a total of GBP 883k relates to Bleichenhof. GBP 3.964m is in respect of exchange rate movements relating directly to the asset whilst the balance relates to all other movements predominantly bank borrowings.
- There are no other subsequent events which require adjustment to/disclosure in these pro forma accounts.

Pro Forma Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2019

	Notes	Unadjusted reviewed interim financial position at 30 September 2019 £'000 A	Adjustment on sale of Bleichenhof £'000 B	Costs of circular £'000 C	Pro forma after the Proposed Transaction 30 September 2019 £'000 D
ASSETS					
Non-current assets					
Investment properties		465,917			465,917
Investment in associates					-
Investment in joint ventures		15,709			15,709
Other debtors		13,895			13,895
Right of use asset		573			573
Derivative financial instruments		-			-
		496,094	-	-	496,094
Current assets					
Cash and cash equivalents	4, 5	21,012	48,692	(100)	69,604
Trade and other receivables		7,138			7,138
Assets classified as held for sale	6	160,430	(134,664)		25,766
		188,580	(85,972)	(100)	102,508
Total assets		684,674	(85,972)	(100)	598,602
LIABILITIES					
Current liabilities					
Bank loans		47,235			47,235
Taxes payable		1,342			1,342
Derivative financial instruments		128			128
Accounts payable and accruals		13,930			13,930
Lease obligations		274			274
Liabilities directly associated with assets classified as held for sale	7	93,955	(81,045)		12,910
		156,864	(81,045)	-	75,819
Non-current liabilities					
Bank loans		121,232			121,232
Derivative financial instruments		1,593			1,593
Lease obligations		425			425
Deferred tax		3,153			3,153
		126,403	-	-	126,403
Total liabilities		283,267	(81,045)	-	202,222
Net assets		401,407	(4,927)	(100)	396,380
EQUITY					
Capital and reserves					
Share capital and share premium		322,993			322,993
Equity reserve		(14,974)			(14,974)
Retained earnings	8	64,674	(4,927)	(100)	59,647
Foreign currency translation reserve		25,874			25,874
Total equity attributable to equity shareholders		398,567	(4,676)	(100)	393,540
Non-controlling interest	9	2,840	(251)		2,589
Total equity		401,407	(4,927)	(100)	396,129

Pro Forma Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2019

	Notes	Unadjusted reviewed interim financial position at 30 September 2019 £'000 A	Adjustment on sale of Bleichenhof £'000 B	Costs of circular £'000 C	Pro forma after the Proposed Transaction 30 September 2019 £'000 D
Total shares in issue		Number			Number
Number of shares in issue (excluding treasury shares)		282,945,135			282,945,135
Share-based payment award		3,869,130			3,869,130
Diluted number of shares in issue		286,814,265			286,814,265
IFRS Net asset value per share (basic and diluted)		GBP			GBP
Basic IFRS Net asset value per share		1.41			1.40
IFRS Tangible net asset value per share ('TNAV')		1.41			1.40
Diluted IFRS Net asset value per share		1.39			1.38

Notes

- The *pro forma* consolidated statement of financial position as at 30 September 2019 is prepared on the assumption that the transaction took place on 30 September 2019.
- All movements in the above Statement of Financial position have been converted at the 30 September 2019 exchange rate of 1 GBP = EUR 1.1265.
- There are no other subsequent events which require adjustment to/disclosure in these *pro forma* accounts.
- The GBP 48.692m movement in cash and cash equivalents reflects the net sale proceeds being the sales price of GBP142.166m (EUR 160.15m) less costs associated with the sale as shown below:

Net sale proceeds:

	GBP '000s
Sale price	142,166
Further capital expenditure to complete development	(7,102)
Sales fees	(2,398)
Deferred tax	(5,646)
Bank loan	(75,399)
Break costs	(2,929)
Total	48,692

- Once off costs of the circular are estimated to be approximately GBP100,000 for audit, valuation, sponsor, legal and other fees.
- The GBP 134.664 m movement reflects the EUR151.7m independent valuation of the property at 30 September 2019.
- The movement in liabilities directly associated with assets classified as held for sale of GBP 81.045m comprises the repayment of the bank loan of GBP 75.399m and deferred tax of GBP 5.646m.
- The loss of GBP 4.927m is the net effect on retained earnings as a result of the sale of Bleichenhof.
- The GBP 251,000 is the non-controlling interest's share of increase in net assets as a result of the sale of Bleichenhof.

ANNEXURE 4

Independent Reporting Accountant's Assurance Report on the Compilation of the *Pro Forma* Financial Information

The Directors
Stenprop Limited
180 Great Portland Street
London
W1W 5QZ

17 January 2020

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

Dear Sirs/Madams

We have completed our assurance engagement to report on the compilation of pro forma financial information of Stenprop Limited ("the company") by the directors. The pro forma financial information, as set out in paragraph 8.3 and Annexure 3 of the circular ("the circular"), to be dated on or about 27 January 2020, consists of the pro forma statement of financial position, the pro forma statement of comprehensive income and related notes. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 3 of the circular, on the company's financial position as at 30 September 2019, and the company's financial performance for the six months then ended, as if the corporate action or event had taken place at 1 April 2019 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's reviewed financial statements for the period ended 30 September 2019, on which an unmodified conclusion was expressed on 21 November 2019.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 8.3 and Annexure 3 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. We do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 would have been as presented.

Independent Reporting Accountant's Assurance Report on the Compilation of the *Pro Forma* Financial Information

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 8.3 and Annexure 3 of the circular.

Deloitte & Touche

Registered Auditor
Per: Leon Taljaard
Partner
17 January 2020

Deloitte Place
20 Woodlands Drive
Woodmead
Johannesburg
2052

ANNEXURE 5

Historical Financial Information

REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE CARVE-OUT FINANCIAL INFORMATION ON THE BLEICHENHOF PROPERTY

Carve-Out Financial Information

Shareholders are referred to the announcement released on SENS on 18 December 2019 and published in the South African press on 20 December 2019 detailing the proposed disposal of the property known as the Bleichenhof.

In terms of the transaction, Stenprop will dispose of the Bleichenhof to Projekt Palais Verwaltungs GmbH for a disposal consideration €160.15 million.

The historical financial information has been extracted from the audited financial statements of Stenprop for the years ended 31 March 2019, 2018 and 2017 and from the reviewed interim financial statements for the period ended 30 September 2019.

The statement of assets in respect of the sale asset (Bleichenhof) as at 30 September 2019, 31 March 2019, 2018 and 2017 and the statement of income and expenses in respect of the sale asset as at 30 September 2019, 31 March 2019, 2018 and 2017 and the related accounting policies and notes have been compiled, in accordance with the special purpose framework set out below:

The carve-out historical financial information has been prepared on a carve-out basis from the accounting records of Stenprop and using historical results of operations, assets and liabilities attributable to the property.

The accounting policies are consistent with those applied in the interim financial period statements for the period to 30 September 2019.

The property does not represent a separate legal entity and does not operate with a separate bank account. The Directors have therefore decided not to include equity movements in the form of a statement of changes in equity, as well as a cash flow statement in the presentation of carve-out financial statements. Similarly, the Directors have not allocated a portion of the other operating expenses which are not directly linked to the property. The other operating costs relates to the head office running costs for all the support functions to the property.

Directors' responsibility statement

The Directors are responsible for the preparation and presentation of the carve-out financial information, comprising the statement of assets in respect of the sale asset as at 30 September 2019, 31 March 2019, 2018 and 2017 and the statement of income and expenses in respect of the sale asset for the period ended and the years then ended, the related accounting policies and notes ("**Financial Information**"), in accordance with the basis of accounting described in the notes to the Financial Information.

The Financial Information has been prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements and for no other purpose. In addition, the Directors are responsible for preparing the Directors' commentary included in the Financial Information. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Financial Information may not be indicative of the financial position, results of operations and cash flows that would have been presented if the property existed as a separate legal entity during the periods presented. Therefore, the Financial Information may not necessarily be indicative of the property's future financial position, results of operations and cash flows.

Approval of the Financial Information

The Financial Information, as identified above, was approved by the Directors on 22 November 2019 and were prepared under the supervision of James Beaumont, being the Chief Financial Officer.

THE HISTORICAL FINANCIAL INFORMATION IN RESPECT OF THE SALE ASSET FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 AND THE YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

The historical financial information set out below has been derived from the audited financial statements of Stenprop for the years ended 31 March 2017, 2018 and 2019 and the reviewed results for the six months ended 30 September 2019. The financial statements of Stenprop were prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements for Stenprop were reported on by Deloitte LLP for all respective periods and by Deloitte & Touche (South Africa) for the year ended 31 March 2019 and the six months ended 30 September 2019, without qualification:

The report of historical financial information is the responsibility of the directors.

The accountants' report on the historical financial information is set out in Annexure 6.

Historical Financial Information

Statement of income and expenses in respect of the sale asset

	Notes	Reviewed six months ended 30 September 2019 GBP	Audited year ended 31 March 2019 GBP	Audited year ended 31 March 2018 GBP	Audited year ended 31 March 2017 GBP
Revenue	1	2,921,729	5,816,357	5,788,625	5,441,772
Operating expenses	2	(989,532)	(1,102,202)	(1,353,857)	(1,422,568)
Unrealised gain/(loss) on investment property and foreign exchange movement	3	4,021,180	(8,926,761)	21,360,040	10,730,766
Net profit/(loss) for the period/year before tax		5,953,377	(4,212,606)	25,794,808	14,749,970
Notional Tax at German CIT rate of 15.825%		(305,770)	(746,015)	(701,802)	(636,039)
Net profit for the period/year after tax		5,647,607	(4,958,621)	25,093,006	14,113,931
Analysed as follows:					
Non-controlling interest share (5.1%)		228,028	(252,890)	1,279,743	719,810
Stenprop share (94.9%)		5,359,579	(4,705,731)	23,813,263	13,394,121

Statement of assets in respect of sale asset

	Notes	Reviewed six months ended 30 September 2019 GBP	Audited year ended 31 March 2019 GBP	Audited year ended 31 March 2018 GBP	Audited year ended 31 March 2017 GBP
<i>Non-current assets</i>					
Investment Property	3	134,664,891	126,883,016	132,008,517	109,067,579
Total non-current assets		134,664,891	126,883,016	132,008,517	109,067,579
Analysed as follows:					
Non-controlling interest share (5.1%)		6,867,909	6,471,034	6,732,434	5,562,447
Stenprop share (94.9%)		127,796,982	120,411,982	125,276,083	103,505,132

Commentary on Results

In early 2017 the Stenprop Board took the strategic decision that the Company's investment objective to deliver sustainable growing dividends to shareholders would be best achieved by becoming a specialised UK multi let industrial ('MLI') business and has to 30 September 2019 acquired MLI assets valued at GBP 291.6m (44.6% of the portfolio) and will continue to sell non-MLI assets over the next two years until the business is wholly MLI invested.

Significant Accounting Policies

Reporting entity

The Financial Information is obtained from Stenprop which is domiciled in Guernsey. The Financial Information is prepared on the going-concern basis and the accounting policies set out below have been applied consistently to all periods presented.

Nature of business

Stenprop directly owns a portfolio of 89 investment properties (including Bleichenhof) in the UK and Europe.

Basis of preparation

Statement of compliance

The Financial Information has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and incorporate the principal accounting policies and valuation principles set out below. The Financial Information has been extracted from the respective financial statements of Stenprop, which have been prepared in accordance with International Financial Reporting Standards.

The property does not represent a separate legal entity and does not operate with a separate bank account. The Directors have therefore decided not to include equity movements in the form of a statement of changes in equity, as well as a cash flow statement in the presentation of carve-out historical financial information.

This reviewed and audited Financial Information is intended for the sole use of providing financial information to meet the requirements of section 8 of the JSE Listings Requirements. The Financial Information relates to the Property which comprises of 'the Bleichenhof Property' which is situated at Bleichenbrucke 9/11/Grosse Bleichen 35 Hamburg Germany.

Section 8 of the JSE Listings Requirements require that the Financial Information of the disposals be presented in respect of the subject matter of those disposals, namely, the property. The Financial Information includes net asset statements and statements of profit or loss and other comprehensive income which contain financial information relating only to the property listed above. This Financial Information is therefore referred to as "carve-out" Financial Information.

The carve-out Financial Information has been prepared in accordance with the accounting policies set out below.

Functional and presentation currency

Whilst the functional currency for the sale asset is the Euro ('EUR'), the Financial Information is presented in Stenprop's functional currency of Pound Sterling ('GBP'),

All income and expenditure amounts shown in the historical information in this circular have been translated to GBP at the average rate for the period being reported. All assets and liabilities have been translated at the period end rate. The relevant rates are indicated in the notes below.

	6 months to 30.09.19 GBP: EUR	12 months to 31.03.19 GBP: EUR	12 months to 31.03.18 GBP: EUR	12 months to 31.03.17 GBP: EUR
Average exchange rate	1.1263	1.1338	1.1338	1.1904
End of year/period exchange rate	1.1265	1.1617	1.1272	1.1690

Investment Property

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 properties being valued ('valuers').

The fair value of the Subject Property, as at 30 September 2019, 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. Where a sale and purchase agreement has been signed as at the Statement of Financial Position date, the fair value is taken as the sales price less expected associated disposal costs.

The valuations performed by the independent external 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 regarding the valuation process and results are held between 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 year end.

Significant Accounting Policies

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.

Revenue recognition

Revenue comprises operating lease income and operating cost recoveries from the letting of investment properties. Revenue is recognised when it is probable that the economic benefits associated with the transaction will be received 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 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.

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.

Expenditure

Expenses are accounted for on an accrual basis.

Taxation

Notional tax at the current German Corporate Income Tax ('CIT') rate of 15.825% has been applied to the Net Income shown in the Historical Financial Information.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Significant Accounting Policies

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Key estimates and assumptions

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported for the company's assets, liabilities income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results may differ from these estimates.

In valuing the investment property, a number of assumptions are made.

All the significant inputs and assumptions in respect of the valuation process are developed in close consultation with management. The valuation process and fair value changes are reviewed by the audit committee and the board of directors at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the registered valuers.

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rentals at the end of the lease, assumptions regarding vacancy levels (based on current and expected future market conditions), the discount rate, the capitalisation rate and terminal value taking into account rental and maintenance projections. The estimated fair value increases if: the estimated rental increases, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline.

The valuations were based on the discounted cash flow methodology applying appropriate capitalisation rates. Changes to the rates attributable to changes in market conditions can have a significant impact on property valuations. An increase in the capitalisation rate will decrease the value of the investment property and a decrease in the capitalisation rate will increase the value of the investment property.

Non-controlling interest

A third party, unrelated to Stenprop holds a 5.1% non-controlling interest in the property. This non-controlling interest is reflected in the historical financial information.

Risk management

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's exposure to credit, liquidity and market risk relating to the disposal properties is included in the integrated annual reports for the respective years.

Subsequent Events

There were no subsequent events to disclose.

Details of the Bleichenhof Property:

Predominantly office and retail use building situated at Bleichenbrücke 9/11 / Grosse Bleichen 35 Hamburg Germany.

Registered under title deeds HRA 203176 and HRB 213. Purchased on 1 October 2014 at a price of EUR 119,400,000 i.e. GBP 93,063,133 based on the exchange rate at that date of 1 GBP = EUR 1.283.

Notes to the Historical Financial Information

	Reviewed six months ended 30 September 2019 GBP	Audited year ended 31 March 2019 GBP	Audited year ended 31 March 2018 GBP	Audited year ended 31 March 2017 GBP
Note 1				
Revenue				
Rental income	2,566,848	5,108,461	5,114,669	4,886,026
Other income – tenant recharges	354,881	707,897	673,956	555,747
Total Revenue	2,921,729	5,816,358	5,788,625	5,441,773
Note 2				
Operating expenses				
Utilities	157,490	331,014	388,783	313,097
Land Tax	68,269	135,635	137,640	131,732
Insurance	35,605	47,129	64,665	50,968
Security	53,761	80,699	61,353	52,070
Repairs and maintenance	317,665	128,302	573,849	620,497
Advertising/Letting	99,409	265,106	64,903	187,213
Property Management	38,050	71,107	54,244	46,981
Bad Debts	219,283	43,210	8,419	20,011
Total Operating Expenses	989,532	1,102,202	1,353,856	1,422,569
Unrealised gain/(loss) on investment property	4,021,180	-8,926,761	21,360,040	10,730,766
NET INCOME BEFORE TAX	5,953,377	(4,212,606)	25,794,808	14,749,970
Notional Tax at German CIT rate of 15.825%	(305,770)	(746,015)	(701,802)	(636,039)
NET INCOME AFTER TAX	5,647,607	(4,958,621)	25,093,006	14,113,931
Analysed as follows:				
Non-Controlling Interest Share (5.1%)	228,028	(252,890)	1,279,743	719,810
Stenprop Share (94.9%)	5,359,579	(4,705,731)	23,813,263	13,394,121
Note 3				
Investment Property				
Fair value	134,664,891	126,883,016	132,008,517	109,067,579
Opening balance	126,883,016	132,008,517	109,067,579	97,763,376
Capitalised expenditure	3,760,695	3,801,260	1,580,898	573,437
Foreign exchange movement	3,964,064	(3,890,715)	4,154,555	8,111,999
Net fair value gain.(loss) on investment property	57,116	(5,036,046)	17,205,485	2,618,767
Closing balance	134,664,891	126,883,016	132,008,517	109,067,579
Analysed as follows:				
Non-Controlling Interest Share (5.1%)	6,867,909	6,471,034	6,732,434	5,562,447
Stenprop Share (94.9%)	127,796,982	120,411,982	125,276,083	103,505,132

ANNEXURE 6

Independent Reporting Accountant's Report on the Carve-Out Historical Financial Information of the Disposal Property

The Directors
Stenprop Limited
180 Great Portland Street
London
W1W 5QZ

Dear Sirs/Madams

17 January 2020

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE BLEICHENHOF PROPERTY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 AND THE THREE YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

Introduction

At your request, and for the purposes of the circular to be issued on or about 27 January 2020 ("the Circular"), we have audited the Historical Financial Information of the Bleichenhof property ("the Property") for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and reviewed the Historical Financial Information of the Property for the six months ended 30 September 2019 presented in the report of historical financial information of the carve-out financial information on the Property ("Carve-out Historical Financial Information") which has been set out in Annexure 5 to the Circular (collectively "the Special Purpose Carve-out Historical Financial Information").

The Special Purpose Carve-Out Historical Financial Information includes the historical statement of financial position as at 30 September 2019, 31 March 2019, 31 March 2018 and 31 March 2017, and the historical statement of comprehensive income for the six months ended 30 September 2019 and the years ended 31 March 2019, 31 March 2018 and 31 March 2017, and notes to the historical statements of comprehensive income and financial position of the Property, including a summary of significant accounting policies which is prepared in accordance with the basis of preparation paragraph set out in the Carve-out Historical Financial Information and the JSE Listings Requirements.

The directors of Stenprop ("Directors") are responsible for the preparation of the Special Purpose Carve-Out Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Circular which includes the Special Purpose Carve-Out Historical Financial Information for the six months ended 30 September 2019 and the years ended 31 March 2019, 31 March 2018 and 31 March 2017 in accordance with the JSE Listings Requirements.

Part A – Special Purpose Carve-Out Historical Financial Information for the six months ended 30 September 2019

Independent Reporting Accountant's Report on the Special Purpose Carve-Out Historical Financial Information

We have reviewed the Special Purpose Carve-Out Historical Financial Information of the Property, which comprise the historical statement of assets as at 30 September 2019, the historical statement of income and expenses for the six-month period ended 30 September 2019 and the notes to the historical statements of income and expenses and assets, including a summary of significant accounting policies as presented in set out in the Carve-out Historical Financial Information.

Responsibilities of the Directors of Stenprop for the Special Purpose Carve-Out Historical Financial Information

The Directors are responsible for the preparation and presentation of the Special Purpose Carve-Out Historical Financial Information in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Directors determine is necessary to enable the preparation of the Special Purpose Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Independent Reporting Accountant's Responsibility for the Special Purpose Carve-Out Historical Financial Information

Our responsibility is to express a conclusion on the Special Purpose Carve-Out Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Special Purpose Carve-Out Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Special Purpose Carve-Out Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

Independent Reporting Accountant's Report on the Carve-Out Historical Financial Information of the Disposal Property

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Special Purpose Carve-Out Historical Financial Information.

Conclusion on the Special Purpose Carve-Out Historical Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the Special Purpose Carve-Out Historical Financial Information of the Property for the six-month period ended 30 September 2019 are not prepared, in all material respects, in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements.

Emphasis of Matter – Basis of Preparation

We draw attention to the basis of preparation paragraph to the Special Purpose Carve-Out Historical Financial Information of the Property, which describes the basis of preparation, including the approach to and the purpose for preparing the financial information. Our opinion is not modified in respect of this matter.

Part B – Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017

Independent Reporting Accountant's Audit Report on the Special Purpose Carve-out Historical Financial Information Opinion

We have audited the Special Purpose Carve-Out Historical Financial Information of the Property, which comprise the historical statement of assets as at 31 March 2019, 31 March 2018 and 31 March 2017 and the historical statement of income and expenses for the years then ended, and notes to the historical statements of income and expenses and assets, including a summary of significant accounting policies, as presented in the Carve-out Historical Financial Information.

In our opinion, the Special Purpose Carve-Out Historical Financial Information of the Property for the years ended 31 March 2019, 31 March 2018 and 31 March 2017, are prepared, in all material respects, in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements.

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 Independent Reporting Accountant's Responsibilities for the Audit of the Special Purpose Carve-Out Historical Financial Information section of our report. We are independent of Stenprop in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to the basis of preparation paragraph to the Special Purpose Carve-out Historical Financial Information of the Property included in the Carve-out Historical Financial Information, which describes the basis of preparation, including the approach to and the purpose for preparing the financial information. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors of Stenprop for the Special Purpose Carve-Out Historical Financial Information

The Directors are responsible for the preparation of the Special Purpose Carve-Out Historical Financial Information in accordance with the basis of preparation paragraph included in the Carve-out Historical Financial Information and the JSE Listings Requirements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Directors determine is necessary to enable the preparation of the Special Purpose Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carve-Out Historical Financial Information the Directors are responsible for assessing the ability of the Property to continue as a going concern as if the asset had operated as an independent entity, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the Directors either intend to liquidate the Property or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Report on the Carve-Out Historical Financial Information of the Disposal Property

Independent Reporting Accountant's Responsibilities for the Audit of the Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017.

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an independent reporting accountant'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 this Special Purpose Carve-Out Historical Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017.

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 Special Purpose Carve-Out Historical Financial Information, 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 Stenprop's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Stenprop.
- Conclude on the appropriateness of the Directors' 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 ability of the Property to continue as a going concern as if the asset had operated as an independent entity. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Special Purpose Carve-Out Historical Financial Information 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 independent reporting accountant's report. However, future events or conditions may cause the Property to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Carve-Out Historical Financial Information, including the disclosures, and whether the Special Purpose Carve-Out Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 the Directors 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.

Deloitte & Touche
Registered Auditor
Per: LT Taljaard
Partner
17 January 2020

Deloitte Place
20 Woodlands Drive
Woodmead
Johannesburg
2052

ANNEXURE 7

Material Borrowings

1. Set out below are details of all material loans made to Stenprop and/or to any of its subsidiaries, that remain outstanding as at the last practicable date:

Material Borrowings as at the last practicable date:

Lender	Description	Origination	Outstanding (£)	Interest Rate	Amount, terms and conditions of repayment or renewal	Security	Repayment date
UK							
1 Royal Bank of Scotland International	Senior Term Loan	Refinancing existing facility on 2 June 2017	30,000,000	3M Libor + 2%	£30,000,000 for a Five-year term Facility	The Loan is 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).	31st March 2020
Royal Bank of Scotland	Senior Term Loan	Refinancing existing facility on 2 June 2017	61,484,375	3m Libor + 2.25%	£61,484,375 for a Five-year term Facility	The Loan is 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).	2nd June 2022
National Westminster Bank Plc	Senior Term Loan	Refinancing existing facility on 14 November 2019	34,878,825	3M Libor + 2.00%	£41,303,825 for a Five-year term Facility	The Loan is 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).	14th November 2024
Lloyds Bank PLC	Senior Term Loan	Funding the property acquisition on 1 February 2019	26,840,000	3M Libor + 2.00%	£26,840,000 for a Five-year term Facility	The Loan is 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).	1st February 2024

Material Borrowings

Lender	Description	Origination	Outstanding (£)	Interest Rate	Amount, terms and conditions of repayment or renewal	Security	Repayment date
Santander UK plc	Senior Term Loan	Refinancing existing facility on 26 May 2016	4,500,000	3M Libor + 2.25%	£4,500,000 for a Five-year term Facility	The Loan is 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).	26th May 2021
Investec Bank plc	Revolving Credit Facility	Extension of Facility on 10th September 2019	nil	1M Libor + 7%	£30,000,000 on an 18-month Revolving Credit Facility	Any amount outstanding is 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.	24th April 2021
SWITZERLAND							
UBS	Senior Term Loan	Refinancing existing facility on 23 July 2018	6,407,322.65	3M Libor (CHF) + 1.15%	£6,407,322.65 on a 3-month rolling Facility	The obligations of the borrower under the master credit agreement are secured by customary security over the property, a bank account pledge as well as assignment of receivables.	Rolling (3 monthly)
GERMANY							
Deutsche Genossenschafts-Hypothekenbank	Senior Term Loan	Refinancing existing facility on 22 December 2017	7,358,455.39	3M Euribor + 1.55%	£7,358,455.39 on a Five-year term.	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.	31st December 2022

Material Borrowings

Lender	Description	Origination	Outstanding (£)	Interest Rate	Amount, terms and conditions of repayment or renewal	Security	Repayment date
Deutsche Genossenschafts-Hypothekenbank	Senior Term Loan	Refinancing existing facility on 22 December 2017	3,826,631.16	3M Euribor + 1.55%	£3,826,631.16 on a Five-year term.	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.	31st December 2022
2 Deutsche Genossenschafts-Hypothekenbank	Senior Term Loan	Funding the property acquisition on 12 August 2015	8,371,060.81	Fixed Rate 1.42%	£8,371,060.81 on a Five-year term.	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).	30th June 2020
2 Deutsche Genossenschafts-Hypothekenbank	Senior Term Loan	Funding the property acquisition on 26 October 2015	9,143,364.40	Fixed Rate 1.36%	£9,143,364.40 on a Five-year term.	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).	31st August 2020
LandesBank Berlin, Berlin Hyp AG	Senior Term Loan	Refinancing existing facility on 23 February 2017	75,399,023.52	Fixed Rate 1.58%	£75,399,023.52 on a Five-year term.	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.	28th February 2022

Material Borrowings

Lender	Description	Origination	Outstanding (£)	Interest Rate	Amount, terms and conditions of repayment or renewal	Security	Repayment date
Hypothekebank Frankfurt AG	Senior Term Loan	Refinancing existing facility on 5 December 2014	7,989,347.54	3M Euribor + 2.32%	£7,989,347.54 on a Seven-year term.	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.	30th December 2021
Deutsche Postbank	Senior Term Loan	Refinancing existing facility on 23 March 2018	4,921,208.17	3M Euribor + 1.25%	£4,921,208.17 on a Five-year term.	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.	30th December 2023
Deutsche Postbank	Senior Term Loan	Refinancing existing facility on 23 March 2018	4,869,164.67	3M Euribor + 1.25%	£4,869,164.67 on a Five-year term.	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.	30th December 2023
Deutsche Postbank	Senior Term Loan	Refinancing existing facility on 23 March 2018	5,419,692.85	3M Euribor + 1.25%	£5,419,692.85 on a Five-year term.	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.	30th December 2023

Material Borrowings

Lender	Description	Origination	Outstanding (£)	Interest Rate	Amount, terms and conditions of repayment or renewal	Security	Repayment date
Deutsche Postbank	Senior Term Loan	Refinancing existing facility on 23 March 2018	3,467,759.43	3M Euribor + 1.25%	£3,467,759.43 on a Five-year term.	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.	30th December 2023

Notes

1. Currently in discussions with RBSi to extend the term of this Facility.
 2. Currently exploring a sale of the asset.
- None of the above material loans are the subject of any conversion or redemption rights.
2. The material loans made to Stenprop and/or to any of its subsidiaries as set out above will remain outstanding following implementation of the transaction.

ANNEXURE 8

Details of the Property Manager

Details of the property manager are set out below. As at the last practicable date, the property manager provides property management services to the Partnership in respect of the Bleichenhof property, in terms of a property management agreement entered into between the Partnership and property manager on 5 September 2017.

Name	Quantum Investment GmbH
Address	Dornbusch 4, 20095 Hamburg
Shareholder(s)	Quantum Immobilien Aktiengesellschaft
Director(s)	Daniel Gedack, Stephan Pientka , Knut Karl-Friedrich Sieckmann, Martin Berghoff, Maximilian Schneider
Functions performed	All duties that may be reasonably required of a manager and administrator of a property, including without limitation (i) letting and tenant management, (ii) retail management, (iii) facilities management, (iv) energy and utility management, and (v) financial management.

Notice of General Meeting of Shareholders



Stenprop Limited
 (Incorporated in Guernsey)
 (Registration number 64865)
 LSE ticker: STP
 JSE share code: STP
 ISIN: GG00BFWMR296
 (“**Stenprop**” or the “**Company**”)

Where appropriate and applicable, the terms defined in the circular to which this notice of general meeting is attached bear the same meanings in this notice of general meeting and, in particular, in the resolutions set out below.

Notice is hereby given that a general meeting of Stenprop shareholders will be held at 09:00 (GMT)/11:00 (SAST) on Wednesday, 19 February 2020 at 180 Great Portland Street, London W1W 5QZ, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

Shareholders are referred to the circular, which sets out the information and explanatory material that they may require in order to determine whether to participate in the general meeting and vote on the resolutions set out below.

The resolutions set out in this notice of general meeting are all inter-conditional and are further each subject to the fulfilment or, if applicable, waiver of the conditions precedent to the transaction, as set out in paragraph 4 of the circular, save for any such condition precedent relating to the passing of such resolution.

Salient dates and times

2020

Last day to trade on the JSE in order to be eligible to participate in and vote at the general meeting	Tuesday, 11 February
Voting record date	Friday, 14 February
Last day to lodge forms of proxy for the general meeting with the transfer secretaries, by 09:00 (GMT)/11:00 (SAST)	Monday, 17 February
General meeting held at 09:00 (GMT)/11:00 (SAST)	Wednesday, 19 February
Results of the general meeting released on SENS	Wednesday, 19 February

Notes:

- All dates and times in this notice of general meeting are local dates and times and are subject to change. Any changes will be released via RNS and on SENS.
- Stenprop shareholders are referred to page 5 of the circular to which this notice of general meeting is attached for information on the action required to be taken by them.

ORDINARY RESOLUTION 1: DISPOSAL OF THE BLEICHENHOF PROPERTY

“Resolved in terms of paragraph 9.20 of the JSE Listings Requirements that the disposal by the Seller of the Leasehold to the Bleichenhof Property to Projekt Palais Verwaltungs GmbH, pursuant to the implementation of the transaction agreement, be and is hereby authorised.”

In order for ordinary resolution 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the general meeting, is required. Only shareholders reflected on the register as such on the voting record date are entitled to vote on ordinary resolution 1.

ORDINARY RESOLUTION 2: AUTHORITY TO GIVE EFFECT TO RESOLUTIONS

“Resolved that any director or the company secretary of Stenprop be and is hereby authorised to do all such things and sign all such documents required to give effect to the resolutions passed at the general meeting.”

In order for ordinary resolution 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the general meeting, is required. Only shareholders reflected on the register as such on the voting record date are entitled to vote on ordinary resolution 2.

QUORUM

The quorum requirement for the general meeting to begin or for a matter to be considered at the general meeting is at

Notice of General Meeting of Shareholders

least three shareholders present in person or by proxy.

SHAREHOLDERS

General instructions

Shareholders who are entitled to attend, speak and vote at the general meeting are encouraged to do so.

Certificated shareholders (other than shareholders on the SA share register)

- You will find enclosed a form of proxy for use at the general meeting. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the general meeting. Forms of proxy should be returned so as to be received by Computershare Investor Services (Guernsey) Limited, c/o the Pavilions, Bridgewater Road, Bristol, BS99 6ZY by no later than 09:00 GMT/11:00 SAST on Monday, 17 February 2020.
- If the form of proxy is not returned by the relevant deadline your vote will not count unless you are entitled to attend and vote at the general meeting in person and do so. Completion and return of the form of proxy will not prevent you from attending and voting in person at the general meeting or any adjournment thereof if you so wish and are so entitled.

Certificated shareholders and own-name dematerialised shareholders on the SA register

- Certificated shareholders and own-name dematerialised shareholders registered on the SA share register will find enclosed a form of proxy for use at the general meeting. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the general meeting. To be valid the signed form of proxy must be sent to Computershare Investor Services Proprietary Limited either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to proxy@computershare.co.za, or via post to PO Box 61051 Marshalltown 2107 South Africa, to be received by no later than 09:00 GMT/11:00 SAST on Monday, 17 February 2020.
- If the form of proxy is not returned by the relevant deadline your vote will not count unless you are entitled to attend and vote at the general meeting in person and do so. Completion and return of the form of proxy will not prevent you from attending and voting in person at the general meeting or any adjournment thereof if you so wish and are so entitled.

CREST members

CREST members should lodge their voting instructions by submitting a CREST message. For further details, please see note 8 below.

Dematerialised shareholders on the SA share register

- Dematerialised shareholders who have not elected own-name registration on the SA share register who wish to attend the general meeting must instruct their CSDP or broker to provide them with the necessary authority to attend.
- Dematerialised shareholders on the SA share register who are unable to attend the general meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.

Stenprop does not accept responsibility and will not be held liable for any failure on the part of the broker, banker, investment dealer, CSDP or CREST provider of any holder of dematerialised shares to notify such shareholder of the general meeting of or any business to be conducted thereat.

GENERAL NOTES

- As at 16 January 2020 (being the last practicable date prior to the publication of the circular), the company's issued capital consisted of 298,775,175 ordinary shares of EURO.000001258 each carrying one vote each, of which 15,830,040 are held in treasury. Therefore, the total voting rights in the company as at 16 January 2020 are 282,945,135.
- A shareholder entitled to attend and vote at the general meeting is entitled to appoint a person as a proxy or two or more persons as proxies in the alternative, but only one of such proxies may attend and vote instead of such shareholder. A proxy need not also be a shareholder. The delivery of an appointment of proxy shall not preclude a shareholder from attending and voting at the general meeting or at any adjournment thereof.
- To appoint a proxy:
 - if you are a certificated shareholder (other than a certificated shareholder registered on the SA share register), to be valid the original of the form of proxy and the original of any power of attorney or of the authority under which it is executed (or a notarial certified or office copy of such power of attorney) must be lodged as soon as possible with Computershare Investor Services (Guernsey) Limited, c/o the Pavilions, Bridgewater Road, Bristol, BS99 6ZY and to be received by no later than 09:00 GMT/11:00 SAST on Monday, 17 February 2020;
 - if you are a certificated shareholder or an own-name dematerialised shareholder and are registered on the SA share register, to be valid the signed form of proxy must be sent to Computershare Investor Services Proprietary Limited either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to proxy@computershare.co.za, or via post to PO Box 61051 Marshalltown 2107 South Africa, to be received no later than 09:00 GMT/11:00 SAST on Monday, 17 February 2020; and

Notice of General Meeting of Shareholders

- 3.3. if you are a CREST member, use the CREST electronic proxy appointment service as described in note 8 below.

A form of proxy is enclosed. Completion and return of the form of proxy will not prevent a shareholder from attending and voting in person at the general meeting or any adjournment thereof, if the shareholder so wishes and is so entitled to attend.

4. Dematerialised shareholders who have not elected own-name registration on the SA share register who wish to attend the general meeting must instruct their CSDP or broker to provide them with the necessary authority to attend. Dematerialised shareholders on the SA share register who are unable to attend the general meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
5. Where there are joint registered holders of any ordinary share, the vote of the senior holder who tenders a vote (whether in person or by proxy) will be counted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders stand in the register of shareholders.
6. No shareholder shall be entitled to vote in respect of any ordinary shares unless he has been registered as their holder or has been validly appointed as a proxy. For the purposes of determining which persons are entitled to attend or vote at the general meeting and how many votes such person may cast the shareholder must be entered on the register of members of the Company at 09:00 GMT/11:00 SAST on Friday, 14 February 2020.
7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the general meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual (<https://my.euroclear.com/eui/en/reference/public/legal-information/crest-manual.html>). The message must be transmitted so as to be received by the issuer's agent (ID 3RA50), by 09:00 GMT on Monday, 17 February 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations, 2009. Please refer to the CREST Manual at <https://my.euroclear.com/eui/en/reference/public/legal-information/crest-manual.html>

By order of the board

Stenprop Limited

27 January 2020

Registered office

Kingsway House
Havilland Street
St. Peter Port
Guernsey, GY1 2QE

Form of Proxy



Stenprop Limited
 (Incorporated in Guernsey)
 (Registration number 64865)
 LSE ticker: STP
 JSE share code: STP
 ISIN: GG00BFWMR296
 (“**Stenprop**” or the “**company**”)

This form of proxy is for use by shareholders on the SA share register ONLY.

Where appropriate and applicable, the terms defined in the circular to which this form of proxy is attached bear the same meanings in this form of proxy.

THIS FORM OF PROXY IS ONLY FOR USE BY:

- **certificated shareholders on the SA share register; and**
- **own-name dematerialised shareholders on the SA share register.**

For completion by the aforesaid registered shareholders who are unable to attend the general meeting to be held at 09:00 (GMT)/11:00 (SAST) on Wednesday, 19 February 2020 at 180 Great Portland Street, London W1W 5QZ.

If you are a dematerialised shareholder, other than with own-name registration, do not use this form. Dematerialised shareholders, other than with own-name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

Email address

Telephone number

Cellphone number

of (address)

being the holder(s) of Stenprop shares hereby appoint:

1. or failing him/her
2. of failing him/her
3. the chairperson of the general meeting

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the general meeting of shareholders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the general meeting, and to vote on the resolutions in respect of the shares registered in my/our name(s).

Please indicate with an “X” in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary resolution 1: Disposal of the Bleichenhof Property			
Ordinary resolution 2: Authority to give effect to resolutions			

One vote per Stenprop share held by shareholders, recorded in the registers on the voting record date



Form of Proxy

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed thisday of 2020

Signature.....

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of Stenprop. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the general meeting.

Forms of proxy are requested to be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to PO Box 61051, Marshalltown, 2107, or faxed to +27 11 688 5238, or emailed to proxy@computershare.co.za, so as to arrive no later than 11:00 (SAST) on Monday, 17 February 2020. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting should the shareholder decide to do so.

Please read notes below

NOTES TO THE FORM OF PROXY:

1. This form of proxy is for use by certificated shareholders and own-name dematerialised shareholders on the South African share register only. Certificated shareholders and own-name dematerialised shareholders unable to attend the general meeting, but who wish to vote, are requested to complete this form of proxy and return it (together with the power of attorney and other authority, if any, under which it is signed, or a notarially certified office copy thereof) to Computershare Investor Services (South Africa) Proprietary Limited, either by depositing it at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, via email to proxy@computershare.co.za, or via post to PO Box 61051 Marshalltown 2107 South Africa, to be received no later than 09:00 GMT/11:00 SAST on Monday, 17 February 2020.
2. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairperson of the general meeting of shareholders". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. If the appointer is a corporation, this proxy must be executed under its common seal or under the hand of some officer or attorney duly authorised on its behalf.
4. In the case of joint holders, any one such person may sign.
5. Dematerialised shareholders who have not elected own-name registration who are unable to attend the general meeting, but who wish to vote, must promptly provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker, and must not complete this form.



STENPROP