

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this circular have been used throughout the circular.

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 your shares in Stenprop, then this circular 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.

Stenprop shareholders are referred to page 4 of this circular, which sets out the detailed action required of them in respect of the proposals set out in this circular.

Stenprop has a listing on the Specialist Fund Segment of the main market of the LSE and a primary listing on the Main Board of the JSE.

All times indicated are local times in the country to which they refer.

IF SHAREHOLDERS DO NOT ACTION THE CONTENTS OF THIS CIRCULAR, THEY WILL BE DEEMED TO HAVE ELECTED TO RECEIVE THE CASH DIVIDEND.

Stenprop does not accept responsibility and will not be held liable for any failure on the part of the broker, banker, investment dealer, CSDP, CREST provider or other agent of a shareholder to notify such shareholder of the proposals set out in this circular.

**STENPROP****Stenprop Limited**

(Incorporated in Guernsey)
(Registration number 64865)

LSE ticker: STP

JSE share code: STP

ISIN: GGO0BFWMR296

CIRCULAR TO STENPROP SHAREHOLDERS

relating to:

- an election being offered to Stenprop shareholders to receive either a cash dividend or a scrip dividend by way of an issue of new Stenprop shares,

and enclosing:

- a scrip election form for use by certificated shareholders on the SA share register wishing to receive the scrip dividend; and
- a scrip election form for use by certificated shareholders on the Guernsey share register wishing to receive the scrip dividend.

South African corporate advisor and JSE sponsor

JAVACAPITAL

Date of issue: Thursday, 19 December 2019

This circular is available in English only. Electronic copies of this circular may be obtained from the company secretary by sending a request to Sarah.Bellilchi@stenprop.com. Hard copies of this circular may be obtained during business hours from the registered address of the Company from Thursday, 19 December 2019 to Friday, 24 January 2020 during business hours. It will also be available on the website of the Company (www.stenprop.com) as from Thursday, 19 December 2019.

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

Company secretary

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

JSE sponsor

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

South African corporate advisor

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

SA 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

Guernsey registrars

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

Correspondence address in the United Kingdom:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol, BS99 6ZZ
United Kingdom

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Important Dates and Times

The definitions and interpretations commencing on page 6 of this circular apply throughout this circular, including to this section (unless the context indicates a contrary intention).

FOR SHAREHOLDERS ON THE SA SHARE REGISTER

2019

Date on which shareholders must be recorded on the SA share register to receive this circular	Friday, 13 December
Posting of the circular and announcement on SENS (declaration announcement)	Thursday, 19 December

2020

Announcement of scrip dividend reference price, Sterling to Rand conversion rates, cash payment applicable to fractional entitlement and whether the dividend will be paid as a PID, a non-PID or a mixture of the two released on SENS (finalisation announcement) before 11:00 (SAST) on	Tuesday, 14 January
Last day to trade on the JSE in order to be eligible for the cash dividend or alternatively the scrip dividend	Tuesday, 21 January
Shares commence trading ex the cash dividend or scrip dividend on the JSE	Wednesday, 22 January
Record date for shareholders recorded on the SA share register	Friday, 24 January
Last day to elect to receive the scrip dividend instead of the cash dividend. Forms of election to reach the transfer secretaries by no later than 12:00 (SAST) on	Friday, 24 January
Announcement on SENS of the amount of new Stenprop shares issued	Thursday, 13 February
Dispatch of share certificates, payment of cash dividend, CSDP/broker accounts credited/updated	Friday, 14 February
Listing and trading of new shares on the JSE commences	Friday, 14 February

Notes:

- All dates and times quoted above are local dates and times in South Africa. The above dates and times are subject to change. Any changes will be released on SENS.
- Stenprop shareholders are referred to page 4 of this circular for information on the action required to be taken by them.
- Shareholders should note that new Stenprop shares should not be traded until the new Stenprop shares are issued or reflect in their accounts with their CSDP or broker on Friday, 14 February 2020.**
- Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2020 and Friday, 24 January 2020, both days inclusive.
- No transfers of shares may take place between the registers in South Africa and Guernsey between Tuesday, 14 January 2020 and Friday, 24 January 2020, both days inclusive.
- Shareholders on the SA share register who do not elect to receive a scrip dividend will receive a cash dividend in South African Rand, based on the exchange rate to be obtained by the Company on Monday, 13 January 2020. An announcement in this respect will be made on Tuesday, 14 January 2020.

FOR SHAREHOLDERS ON THE GUERNSEY SHARE REGISTER**2019**

Date on which shareholders must be recorded on the Guernsey share register to receive this circular	Friday, 13 December
Posting of the circular and announcement on RNS (declaration announcement)	Thursday, 19 December

2020

Announcement of scrip dividend reference price, Sterling to Rand conversion rates, cash payment applicable to fractional entitlement and whether the dividend will be paid as a PID, a non-PID or a mixture of the two released via RNS (finalisation announcement) before 09:00 (GMT) on	Tuesday, 14 January
Last day to trade on the LSE in order to be eligible for the cash dividend, or alternatively the scrip dividend	Wednesday, 22 January
Shares commence trading ex the cash dividend or scrip dividend on the LSE	Thursday, 23 January
Record date for shareholders recorded on the Guernsey share register	Friday, 24 January
Closing date for receipt of completed election forms/Dividend Election Input Message via CREST by no later than 17:00 (GMT) on	Monday, 27 January
Announcement via RNS of the amount of new Stenprop shares issued	Thursday, 13 February
Payment of cash dividend, CREST accounts credited/updated	Friday, 14 February
Listing and trading of new shares on the LSE commences	Friday, 14 February

Notes:

1. Unless stated otherwise, all dates and times quoted above are local dates and times in Guernsey. The above dates and times are subject to change. Any changes will be announced via RNS.
2. Stenprop shareholders are referred to page 4 of this circular for information on the action required to be taken by them.
3. **Shareholders should note that new Stenprop shares should not be traded until the new Stenprop shares reflect in their CREST accounts on Friday, 14 February 2020.**
4. Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2020 and Friday, 24 January 2020, both days inclusive.
5. No transfers of shares may take place between the registers in South Africa and Guernsey between Tuesday, 14 January 2020 and Friday, 24 January 2020, both days inclusive.
6. Shareholders on the Guernsey share register who do not elect to receive a scrip dividend will receive a cash dividend in Sterling on or about Friday, 14 February 2020.

Action Required by Shareholders

The definitions and interpretations commencing on page 6 of this circular apply to this section.

The following information pertains to all of the Company's shareholders.

On Friday, 22 November 2019 it was announced that the board had approved an interim dividend of 3.375 pence per share in respect of the 6 months ended 30 September 2019 and that the board intended to offer shareholders a cash dividend or an election to receive a scrip dividend by way of an issue of new Stenprop shares (of the same class as existing shares) credited as fully paid up.

Should you wish to receive the cash dividend or should you take no action, regardless of being a certificated or dematerialised shareholder, you will, on Friday, 14 February 2020, receive the cash dividend. Shareholders who do not elect to receive the scrip dividend will, without any action on their part, be deemed to have chosen to receive the cash dividend. Dividend payments will be made in accordance with the payment instructions held.

Shareholders may elect the scrip dividend in respect of all or part of their Stenprop shares.

Instructions for completing each election form and relevant return address are given on each election form.

All times indicated below are local times in the country to which they refer.

If you elect to receive the scrip dividend, please note the following action is required to be taken by you:

SHAREHOLDERS RECORDED ON THE SA SHARE REGISTER

1. CERTIFICATED SHAREHOLDERS

Certificated shareholders must complete the attached election form in accordance with the instructions contained in it and lodge it with the SA transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196, to be received by them by no later than 12:00 noon (SAST) on Friday, 24 January 2020. Election forms received after this date and time will not be accepted.

Where applicable, share certificates will be dispatched to all certificated shareholders by registered post at the risk of such shareholders, on or about Friday, 14 February 2020 or in accordance with the instructions given to the SA transfer secretaries.

2. DEMATERIALISED SHAREHOLDERS

Dematerialised shareholders are required to notify their duly appointed CSDP, broker or custodian if they wish to receive the new Stenprop shares pursuant to the scrip dividend in the manner and the time stipulated in the agreement governing the relationship between such shareholders and their CSDP, broker or custodian, failing which they will receive the cash dividend on Friday, 14 February 2020.

Dematerialised shareholders' CSDP/broker accounts will be credited and updated on Friday, 14 February 2020 with the new Stenprop shares.

SHAREHOLDERS RECORDED ON THE GUERNSEY SHARE REGISTER

1. CERTIFICATED SHAREHOLDERS

Certificated shareholders must complete the attached election form in accordance with the instructions contained in it and lodge it by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, United Kingdom so as to arrive by no later than 5:00 p.m. (GMT) on Monday, 27 January 2020. Election forms received after this date and time will not be accepted. If it has not been received by then, you will receive the full amount of your dividend entitlement in cash in Sterling.

2. DEMATERIALISED (CREST) SHAREHOLDERS

Shareholders who hold their shares in CREST can only elect to receive dividends in the form of new Stenprop shares by use of the CREST Dividend Election Input Message.

A CREST Dividend Election Input Message must be received by **5:00 p.m. (GMT) on Monday, 27 January 2020** in order to be effective.

Under the Uncertificated Securities Regulations 2009, if holdings of shares are held partly in certificated and partly in uncertificated form, the Company will treat such shareholdings as if they were separate shareholdings and a separate election form/CREST Dividend Election Input Message will need to be completed for each holding.

To the extent that a holding is wholly or partly in uncertificated form at the record date for the dividend, by submitting a CREST Dividend Election Input Message the relevant shareholder is deemed to authorise the Company to issue new Stenprop shares in uncertificated form in respect of that holding.

Mandates other than CREST Dividend Election Input Messages, including paper election forms, will not be accepted in respect of shares held through CREST and will be ignored.

The CREST Dividend Election Input Message must contain the number of shares relating to the election. If the number of elected shares is zero or left blank, the election will be rejected. If the number is greater than the shares held by the relevant shareholder through CREST at the relevant record date, the election will be scaled back to the holding at the record date.

Once an election is made using the CREST Dividend Election Input Message system it cannot be amended. Therefore, if a shareholder wishes to change their CREST Dividend Election Input Message, such shareholder would need to cancel their previous election and submit a new election.

Uncertificated shareholders' CREST accounts will be credited and updated on or about Friday, 14 February 2020 with the new Stenprop shares.

Instructions for submitting a CREST Dividend Election Input Message

The CREST procedures require the use of the Dividend Election Input Message in accordance with the CREST Manual. The Dividend Election Input Message submitted must contain the number of ordinary shares on which the election is being made, whether this is all or part of your holding of ordinary shares at the Record Date.

The Dividend Election Input Message includes a number of fields which, for a valid election to be made, must be input correctly as indicated below:

1. Dividend Election Reference: You must indicate here a reference for the dividend election which is unique to your CREST participant ID;
2. Account ID: If you have more than one member account, you must indicate the member account ID to which the election relates;
3. ISIN: This is GGO0BFWMR296;
4. Dividend type: You must enter "SCRIP" here;
5. Corporate Action: You must enter here the Corporate Action number for the dividend on which your election is being made;
6. Number of shares: You must enter here the number of Stenprop shares over which your election is made regardless of whether this is all or part of your holding of Stenprop shares. If you leave this field blank or enter zero in this field, your election will be rejected. If you enter a number of Stenprop shares greater than your holding of Stenprop shares in CREST on the Guernsey record date, the election will be applied to the total holding of Stenprop shares in the relevant CREST member account at the Guernsey record date; and
7. Contact details: this field is optional, although you are asked to include contact details in the event of a query relating to your election.

The Company and/or the transfer secretaries or registrars (as relevant) reserve the right to treat as valid an election which is not complete in all respects.

Notes:

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

Stenprop does not accept responsibility and will not be held liable for any failure on the part of CSDP, CREST provider or any broker, banker or other agent of a shareholder to notify such shareholder of the proposals set out in this circular.

Definitions and Interpretations

In this circular and the election forms attached to it, unless the context indicates a contrary intention, the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and vice versa; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and vice versa and cognate expressions shall bear corresponding meanings.

“Articles of Incorporation”	the memorandum and articles of incorporation of the Company, dated 23 March 2018;
“cash dividend”	the cash dividend of 3.375 pence per share payable to shareholders out of the Company’s profits in accordance with their shareholding in the Company as at the record date, unless receipt of the scrip dividend has been elected;
“certificated shareholder”	Stenprop shareholders holding certificated shares in the Company;
“certificated shares”	shares in respect of which physical share certificates have been or will be issued;
“circular” or “this circular”	this circular dated Thursday, 19 December 2019, including the election form;
“common monetary area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Law”	the Companies (Guernsey) Law, 2008 (as amended);
“CREST”	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of shares in uncertificated form;
“CREST Dividend Election Input Message”	the procedure for shareholders registered on the Guernsey share register to elect to participate in the scrip dividend;
“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;
“CSDP”	a Central Securities Depository Participant appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder in South Africa;
“dematerialise” or “dematerialisation”	the process whereby physical share certificates are replaced with electronic records of ownership under CREST in respect of shares on the Guernsey share register or the process whereby certificated shares are converted to an electronic form as dematerialised shares under Strate and recorded in the sub-register of shareholders by the CSDP or broker in the case of shares on the SA share register;
“dematerialised shareholder”	a Stenprop shareholder holding dematerialised shares;
“dematerialised shares”	Stenprop shares which have been dematerialised and deposited in CREST or incorporated into the Strate system;
“directors” or “the board of directors” or “the board”	the board of directors of Stenprop;
“election form”	the election forms enclosed with this circular to be completed by certificated shareholders on the SA share register and certificated shareholders on the Guernsey share register wishing to receive the scrip dividend;
“emigrant”	an emigrant from South Africa whose address is outside of the common monetary area;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
“Exchange Control”	the Financial Surveillance Department of the South African Reserve Bank;
“FCA”	the Financial Conduct Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time (including, for the avoidance of doubt, the Prudential Regulation Authority);
“GMT”	Greenwich Mean Time;
“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 the cash dividend or the scrip dividend being the close of business on Friday, 24 January 2020;
“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;

“Java Capital” or “JSE sponsor” or “South African corporate advisor”	collectively, Java Capital Proprietary Limited (Registration number 2012/089864/07), the South African corporate advisor and Java Capital Trustees and Sponsors (Proprietary) Limited (Registration number 2008/005780/07), the JSE sponsor, full details of which are set out in the “Corporate Information” section;
“JSE”	Johannesburg Stock Exchange, being the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act of South Africa, 2012 (Act 19 of 2012), as amended;
“JSE Listings Requirements”	the Listings Requirements as published by the JSE, as amended from time to time;
“last practical date”	the last practical date prior to finalisation of this circular, being Thursday, 12 December 2019;
“London Stock Exchange or LSE”	London Stock Exchange plc;
“new Stenprop shares” or “scrip dividend shares”	new fully-paid ordinary Stenprop shares to be issued pursuant to the scrip dividend;
“non-resident”	a person not ordinarily resident in South Africa;
“pence”	Great British pence;
“PID” or “Property Income Distribution”	a dividend payable which, in accordance with the UK legislation on UK-REITs, is subject to deduction of UK withholding tax unless exemptions apply;
“Rand” or “R” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“record date”	the SA record date and/or the Guernsey record date as the context may indicate;
“REIT”	Real Estate Investment Trust;
“RNS”	Regulatory News Service of the LSE;
“SA Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“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 the cash dividend or the scrip dividend being the close of business on Friday, 24 January 2020;
“SA share register”	the register of shareholders maintained on behalf of the Company in South Africa by Computershare Investor Services;
“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;
“scrip dividend”	the issue of new Stenprop shares to Stenprop shareholders who have elected to receive the scrip dividend as determined in accordance with paragraph 3.1.2 below;
“scrip dividend reference price”	the average closing price of Stenprop shares traded on the LSE over a period of five days (less the amount of the cash dividend), to be announced on Tuesday, 14 January 2020. For Stenprop shares on the SA share register, the scrip dividend reference price will be converted to Rand at the Sterling exchange rate;
“SENS”	the Stock Exchange News Service, being the news service operated by the JSE;
“South Africa” or “SA”	the Republic of South Africa;
“Stenprop” or “the Company”	Stenprop Limited (Registration number 64865), a company registered and incorporated in accordance with the laws of Guernsey;
“Stenprop shareholders” or “shareholders”	holders of Stenprop shares;
“Stenprop shares” or “shares”	ordinary shares with a par value of EUR 0.000001258 in the share capital of the Company;
“Sterling” or “£”	Great British Pound, the lawful currency of the United Kingdom;
“Sterling exchange rate”	the Sterling to Rand conversion rate to be determined on Monday, 13 January 2020 and announced on Tuesday, 14 January 2020;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in terms of the laws of South Africa, which is licensed to operate, in terms of the Financial Markets Act (Act 19 of 2012), as amended, and which is responsible for the electronic settlement system of the JSE; and
“transfer secretaries and/or registrars”	collectively, the SA transfer secretaries and the Guernsey registrars.

Circular to Stenprop Shareholders



STENPROP

STENPROP LIMITED

(Incorporated in Guernsey)
 (Registration number 64865)
 LSE ticker: STP
 JSE share code: STP
 ISIN: GG00BFWMR296

1. INTRODUCTION

On Friday, 22 November 2019, it was announced that the board had approved and declared an interim dividend of 3.375 pence per share in respect of the 6 months ended 30 September 2019. The board intends to offer shareholders a cash dividend or an election to receive a scrip dividend by way of an issue of new Stenprop shares (of the same class as existing shares) credited as fully paid up.

A cash dividend will be paid to shareholders out of the Company's profits unless shareholders elect to receive a scrip dividend in respect of all or a part of their Stenprop shareholding by way of an issue of new Stenprop shares credited as fully paid up.

Shareholders of Stenprop on the record date who elect to receive the scrip dividend instead of the cash dividend must ensure that their election forms are received by the relevant transfer secretaries or registrars in accordance with the salient dates and times mentioned in this circular.

2. CASH DIVIDEND

2.1. Shareholders on the SA share register

- 2.1.1. Shareholders who hold shares on the SA share register and who do not elect to receive the scrip dividend will receive the cash dividend in Rand.
- 2.1.2. Shareholders who hold shares on the SA share register not electing to receive the scrip dividend will, without any action on their part, be deemed to have elected to receive the cash dividend.

2.2. Shareholders on the Guernsey share register

- 2.2.1. Shareholders who hold Stenprop shares on the Guernsey share register and who do not elect to receive the scrip dividend will receive the cash dividend in Sterling.
- 2.2.2. Shareholders who hold Stenprop shares on the Guernsey share register not electing to receive the scrip dividend will, without any action on their part, be deemed to have elected to receive the cash dividend in Sterling.

2.3. Maximum value of cash dividends

If no shareholders were to elect to receive the scrip dividend, the value of the cash dividends will amount to £9,549,398. However, as noted in section 6.3 below, any part of the cash dividend that represents a PID may be paid by the Company subject to withholding tax at source.

3. SCRIP DIVIDEND

3.1. Terms of the scrip dividend and calculation of the scrip dividend

- 3.1.1. The scrip dividend will take place in accordance with Article 39 of the Articles of Incorporation, the JSE Listings Requirements and the Companies Law. The scrip dividend is conditional on the directors remaining content that: (i) the requirements of section 304 of the Companies Law regarding the payment of the scrip dividend continue to be satisfied; and (ii) the requirements set out in section 295 of the Companies Law are satisfied.
- 3.1.2. Should a shareholder validly elect to receive the scrip dividend for all or part of his Stenprop shareholding, such shareholder will become entitled to a number of new Stenprop shares which value will be as near as possible to the cash dividend such shareholder would have otherwise received in respect of the elected shares. A shareholder's entitlement to new Stenprop shares will be calculated by multiplying the number of elected shares held by that shareholder at the record date by the dividend of 3.375 pence per share (converted to Rand at the Sterling exchange rate for Stenprop shares on the SA share register) and dividing it by the scrip dividend reference price. Where the scrip dividend represents a PID and UK withholding tax has to be accounted for, the calculation will be by reference to the net amount of the dividend per share, i.e. 3.375 pence less the current applicable withholding tax rate of 20 per cent.
- 3.1.3. The election may be made by shareholders, including nominee shareholders in respect of all or part of their shareholdings held at the close of business on the record date only.

3.2. Fractions

The allocation of new Stenprop shares will be such that shareholders who elect to receive the scrip dividend will not be allocated a fraction of a new Stenprop share. Any entitlement to receive a fraction of a new Stenprop share will be rounded down to the nearest whole number, with a cash payment ("cash payment") made to the relevant shareholder in respect of the fraction. The cash payment due to shareholders will be determined with reference to the scrip dividend reference price, which amount will be announced on Tuesday, 14 January 2020 before 11:00 (SAST)/09:00 (GMT).

3.3. Maximum number of new Stenprop shares to be issued in case all shareholders elect to receive the scrip dividend

Should all shareholders elect to receive the scrip dividend, the maximum total number of new Stenprop shares to be issued by Stenprop will be calculated as £9,549,398 divided by the scrip dividend reference price. However, where shareholders elect to receive a scrip dividend in place of their entitlement to a PID cash dividend, as noted in section 6.3 below, the number of new Stenprop shares to be issued by the Company may be reduced on account of withholding tax at source.

4. RATIONALE FOR THE SCRIP DIVIDEND

The rationale for the scrip dividend is to afford shareholders the opportunity to increase their shareholding in Stenprop.

5. SHARE CAPITAL

The share capital of the Company as at the last practical date is as follows:

	EUR
Share capital	
<i>Authorised</i>	
1,000,000,000 ordinary shares with a par value of EUR 0.000001258 each	1,258
<i>Issued share capital</i>	
298,775,175 ordinary shares with a par value of EUR 0.000001258 each	376

6. TAX IMPLICATIONS

Introduction

Stenprop converted to a UK REIT on 1 May 2018. The Company may distribute dividends to shareholders either in the form of a PID or as an ordinary dividend ("non-PID"). Both the cash dividend and new Stenprop shares received in lieu of a cash dividend under the scrip dividend may be paid as PID, a non-PID or a mixture of the two. The company will indicate whether the dividend will be paid as a PID, a non-PID or a mixture of the two along with the scrip reference price in a separate announcement to this circular on Tuesday, 14 January 2020.

6.1. SA resident shareholders

The statements in this section relate only to certain limited aspects of the South African taxation treatment of distributions paid by the Company in the form of cash and/or new Stenprop shares. Shareholders should note that the summary is a general guide to the material effects of the South African tax regime currently in place and is not exhaustive. Although this summary is believed to be correct at the time of preparation of this circular, the decision whether to participate in the scrip dividend is the sole responsibility of each Stenprop shareholder. Stenprop shareholders are advised to consult their professional advisors regarding the tax consequences of the cash dividend and the scrip dividend or if they are in any doubt as to the appropriate action to take. This section does not constitute advice and applies only to South African tax resident shareholders who are the beneficial owners of the shares and relevant distributions and apply only in relation to shares that are listed on the JSE.

The receipt of the cash dividend or an election to receive the scrip dividend may have tax implications for shareholders.

Cash dividend

The taxation of a cash dividend for South African tax purposes will depend on whether the cash dividend is a "foreign dividend" as defined in section 1 of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"), which will, broadly speaking, be the case if the dividend is regarded as a "dividend or similar payment" in terms of the income tax laws of the UK on companies. On the basis that both the PID and non-PID cash dividends constitute a "dividend or similar payment" in terms of the UK law on the taxation of company income in respect of the Company, the PID and non-PID cash dividends are "foreign dividends" as defined in section 1 of the Income Tax Act.

Circular to Stenprop Shareholders

Continued

South African dividend withholding tax

For those South African resident shareholders receiving the cash dividend, such amount may be subject to South African dividends withholding tax at a rate of 20 per cent as South African dividends withholding tax applies to foreign dividends paid by a foreign company in respect of shares that are listed on the JSE, unless an exemption as set out in the Income Tax Act applies and provided the necessary declarations and undertakings are provided to the broker or central securities depository participant as contemplated in section 64H(2) of the Income Tax Act.

In this regard, South African resident shareholders who are companies or other tax-exempt shareholders (e.g. a pension fund or public benefit organisation) should qualify for an exemption from South African dividend withholding tax, subject to the necessary declaration and undertaking being provided in order to ensure that no dividend withholding tax is withheld.

In respect of the non-PID cash dividend, South African resident shareholders who are individuals do not qualify for an exemption from South African dividend withholding tax and are therefore subject to withholding tax at a rate of 20 per cent. In respect of the PID cash dividend which attracts UK withholding tax, in terms of section 64N of the Income Tax Act, a rebate of the UK withholding tax must be deducted from the dividend withholding tax payable in South Africa. However, the rebate is limited to the UK withholding tax which may not be recovered from the UK. In terms of the agreement for the avoidance of double taxation between South Africa and the UK, the 20 per cent UK withholding tax in respect of the PID cash dividend may be reduced to 15 per cent, and South African residents may accordingly claim 5 per cent back from the UK revenue authorities. Accordingly, a rebate of 15 per cent UK withholding tax may be deducted in respect of the South African dividends tax payable by South African resident shareholders, resulting in a balance of 5 per cent South African dividends tax being payable. South African resident shareholders should be in contact with their brokers or CSDP in order to ensure that the reduced amount of dividends tax is withheld.

South African income tax

The receipt or accrual by South African resident shareholders (whether a company, individual or tax-exempt person) of the PID and non-PID cash dividend should be exempt from South African income tax on the basis that it constitutes a foreign dividend received by or accrued to that shareholder in respect of a share listed on the JSE that does not consist of a distribution in specie.

Scrip dividend

South African dividend withholding tax

The receipt of new Stenprop shares by South African resident shareholders should not be classified as a dividend or a foreign dividend for South African tax purposes and, accordingly, South African dividends withholding tax should not be levied on the new Stenprop shares.

UK withholding tax

In terms of the agreement for the avoidance of double taxation between South Africa and the UK, the 20 per cent UK withholding tax in relation to PIDs paid by the Company in the form of new Stenprop shares may be reduced to 15 per cent, and accordingly qualifying South African residents may claim 5 per cent back as a cash payment from the UK revenue authorities.

South African income tax

The receipt of new Stenprop shares by South African resident shareholders should not be classified as a dividend or a foreign dividend for South African tax purposes. Scrip dividends are generally treated as not being included in the gross income of South African resident shareholders. However, the legislation in this regard is complex and its implementation is uncertain. Accordingly, shareholders should seek independent professional tax advice.

The expenditure actually incurred by the South African resident shareholders in respect of the acquisition of the new Stenprop shares will be deemed to be nil in terms of the provisions of section 40C of the Income Tax Act.

6.2. UK resident shareholders

The statements made in this section relate only to certain limited aspects of the UK taxation treatment of distributions paid by the Company in the form of cash and/or new Stenprop shares to Shareholders holding their shares as an investment. Shareholders should note that the summary is a general guide to the material effects of the UK tax regime currently in force and current HM Revenue & Customs published practice and is not exhaustive. Although this summary is believed to be correct at the time of preparation of this circular, the decision whether to participate in the scrip dividend is the sole responsibility of each Stenprop shareholder. Stenprop shareholders are advised to consult their professional advisors regarding the tax consequences of the cash dividend and the scrip dividend or should they be in any doubt as to the appropriate action to take.

UK taxation of PIDs

The statements made in this paragraph in relation to PIDs paid by the Company in the form of new Stenprop shares relate only to certain limited aspects of the UK taxation treatment of such PIDs.

Amount received

Where withholding tax does not apply, shareholders who receive a PID in the form of new Stenprop shares pursuant to a scrip dividend election will be regarded as having received a PID equal to the cash amount of the dividend forgone by the shareholder in electing to receive the dividend in the form of shares. However, if the market value of the new Stenprop shares on the date of first dealing in these shares differs from this cash amount by more than 15 per cent of the cash amount, then the amount of the PID regarded as received by the shareholder will be taken to be the market value of the Stenprop shares on the date of first dealing in those shares.

Where withholding tax applies to a particular shareholder, a reduced number of new Stenprop shares will be issued to reflect this withholding tax, and the cash equivalent will fall to be determined by grossing up the value of that reduced number of new Stenprop shares at the scrip dividend reference price by reference to the withholding tax rate, currently 20 per cent. However, if the market value of the Stenprop shares on the date of first dealing in these shares differs from the scrip dividend reference price by more than 15% of the scrip dividend reference price, then the amount of the PID regarded as received by the individual will be calculated by reference to the market value of the Stenprop shares on the date of first dealing in those shares rather than the scrip dividend reference price.

Individuals

UK resident shareholders are taxed on PIDs as property letting income separate from any other property letting business. The gross amount of the PID is subject to tax with a credit for withholding tax deducted from the payment (see further below). HMRC tax returns contain a separate box and explanatory notes to enable individual tax payers to declare amounts received in the form of PIDs.

Subject to limited exceptions, Stenprop is required to withhold tax at source from its PIDs at the UK basic rate of income tax, currently 20 per cent. Because of the withholding tax, a UK resident individual taxable at the Scottish starter rate of 19 per cent or the UK basic rate of 20 per cent will have no further tax to pay. By contrast, a UK resident individual not taxable at the Scottish rates, taxable at the UK higher rate of 40 per cent (or the additional rate of 45 per cent) will have a further 20 per cent (25 per cent if an additional rate tax payer) to pay. A UK resident individual taxable Scottish rates, taxable at the Scottish intermediate rate of 21 per cent (or the higher rate of 41 per cent or the top rate of 46 per cent) will have a further 1 per cent (or 21 per cent if a higher rate tax payer or 26 per cent if a top rate tax payer) to pay. An individual, who does not pay tax perhaps because of personal allowances, or who pays Scottish starter rate tax at 19 per cent may reclaim any excess tax withheld in their tax return.

A shareholder who is an individual resident (for tax purposes) in the UK and who receives new Stenprop shares in PID form pursuant to a scrip dividend election will be treated as having acquired those new Stenprop shares for an amount equal to the cash equivalent for capital gains tax purposes.

Corporate shareholders (other than pension funds and charities)

Subject to certain exceptions, a PID will generally be treated in the hands of shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in Part 4 of the Corporation Tax Act 2009). A PID is, together with any PIDs from any other UK-REIT, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant shareholder. This means that any surplus expenses from a shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the shareholder's UK property business profits.

The rate of UK corporation tax on such profits is currently 19 per cent.

Circular to Stenprop Shareholders

Continued

Registered pension schemes and charities

A registered pension scheme, or charity, resident (for tax purposes) in the UK should generally have no liability to UK tax in respect of a PID.

UK taxation of non-PIDs

Individuals – cash dividend

Individuals who are resident in the UK (for tax purposes) have a £2,000 dividend tax allowance (the “**Allowance**”). Dividend income received in excess of the Allowance will be taxed at 7.5 per cent for basic rate tax payers, 32.5 per cent for higher rate tax payers and 38.1 per cent for “additional” rate tax payers. In determining the relevant tax band for non-PID dividends, the total non-PID dividends for the tax year (including the part within the Allowance) will be treated as the highest part of the individual's total income for income tax purposes.

Individuals – scrip dividend

An individual resident in the UK receiving a non-PID dividend in the form of Stenprop shares will be treated as receiving a non-PID of an amount equal to the cash amount of the dividend forgone by the individual in electing to receive the dividend in the form of shares for income tax purposes. However, if the market value of the Stenprop shares on the date of first dealing in these shares differs from this cash amount by more than 15 per cent of the cash amount, then the amount of the non-PID regarded as received by the individual will be taken to be the market value of the Stenprop shares. The consequences of the individual being taken to receive a non-PID are set out in “Individuals – cash dividend” above.

For capital gains tax purposes, such an individual will be treated as receiving new Stenprop shares for an amount equal to this cash equivalent.

Corporate shareholders (other than pension funds and charities) – cash dividend

A company which is resident (for tax purposes) in the UK which receives a cash non-PID dividend will be treated as receiving a distribution in an amount equal to the cash non-PID dividend. There are a number of exemptions available to companies in relation to the receipt of such distributions and, in the usual case, one of these exemptions would generally apply. However, companies considering electing to receive a cash non-PID dividend are advised to confirm their position with their own advisers.

Corporate shareholders (other than pension funds and charities) – scrip dividend

To the extent that a company which is resident (for tax purposes) in the UK receives new Stenprop shares in place of the right to receive a cash non-PID dividend pursuant to the scrip dividend election, the issue of the new Stenprop shares should be treated as not giving rise to any distribution for the purposes of corporation tax on income.

For the purposes of corporation tax on chargeable gains, such an issue should be treated as bonus issue for which there is no acquisition cost. Consequently, the calculation of any chargeable gain or allowable loss on a future disposal of, or of part of, that company's enlarged holding should fall to be made by reference to the base cost of the original holding only. Corporate shareholders should therefore note that there will be no addition to the base cost of the increased shareholding and, in particular, no addition to the base cost representing the cash equivalent.

Registered pension schemes and charities

Generally, a registered pension scheme, or charity, resident (for tax purposes) in the UK which receives a non-PID will not be subject to tax on receipt of the non-PID nor will it be entitled to a tax credit in respect of such dividend, whether in the form of cash or new Stenprop shares. Accordingly, no payment in respect of such a tax credit can be claimed from HMRC. Registered pension schemes, or charities, resident (for tax purposes) in the UK should not generally be subject to UK taxation on any chargeable gain arising on a subsequent disposal of any new Stenprop shares.

6.3. UK withholding tax*Withholding tax on PIDs*

Subject to the exceptions discussed below or the possible application of a tax treaty, the Company will generally be required to withhold tax at source at the basic rate (currently 20 per cent) from its PIDs. This is the case whether PIDs are paid in cash or in the form of new Stenprop shares pursuant to the scrip dividend. Where shareholders elect to receive the scrip dividend in lieu of PID cash dividends, those shareholders that are unable to receive PIDs gross will receive new Stenprop shares equal to 80 per cent of the cash equivalent of the PID. The cash equivalent of the remaining 20 per cent will be treated as tax withheld at source.

Exceptions to requirement to withhold tax on PIDs

Under the UK-REIT rules, certain categories of shareholders are entitled to receive PIDs without withholding tax. Shareholders qualifying for gross payment are principally UK resident companies, UK public bodies, UK charities, UK pension funds and Managers of ISAs, PEPs and Child Trust Funds.

UK shareholders who qualify for gross payment are required to complete the relevant exemption declaration form, which form is available on Stenprop's website and can also be obtained by contacting the Guernsey registrars or the company secretary.

Withholding tax on non-PIDs

Under current UK tax law, the Company will not be required to withhold tax at source from non-PIDs. This is the case whether the non-PID is paid in the form of new Stenprop shares or in cash.

6.4. UK Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax is payable in respect of a cash dividend. No stamp duty or stamp duty reserve tax will generally be payable on the issue of new Stenprop shares pursuant to the scrip dividend.

6.5. Shareholders residing outside of South Africa or the United Kingdom

The receipt of the cash dividend or electing to receive the scrip dividend may have tax implications for shareholders who are resident in countries other than South Africa or the United Kingdom and such shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

7. LISTING OF NEW STENPROP SHARES

Application will be made to the JSE and the LSE to list the new Stenprop shares issued in terms of the scrip dividend, with effect from the commencement of trading on Friday, 14 February 2020. This document does not constitute a prospectus as the exemptions in Rule 1.2.2R(4) and Rule 1.2.3R(5) of the FCA Prospectus Rules from the requirement to produce a prospectus apply.

8. SOUTH AFRICAN LAW AND GUERNSEY LAW

All transactions arising from the provisions of this circular and the election form shall be governed by and be subject to the laws of Guernsey.

Circular to Stenprop Shareholders

Continued

9. EXCHANGE CONTROL REGULATIONS (FOR SHAREHOLDERS ON THE SA SHARE REGISTER)

The following is intended only as a guide and is therefore not a comprehensive statement of the SA Exchange Control Regulations applicable to shareholders on the SA share register.

Stenprop shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisors.

Any new Stenprop shares issued in terms of the scrip dividend are not freely transferable from South Africa and must be dealt within the terms of the SA Exchange Control Regulations.

Shareholders who hold shares on the SA share register can only receive new Stenprop shares on that register.

9.1. Shareholders who elect to receive:

9.1.1. *The cash dividend*

Non-residents and emigrants

As the cash dividend will be paid out of the Company's profits, such dividends are freely transferable from South Africa.

The election of the cash dividend by emigrants must be made through an authorised dealer in foreign exchange controlling the shareholder's emigrant blocked assets.

9.1.2. *New Stenprop shares*

9.1.2.1. **In the case of certificated shareholders:**

9.1.2.1.1. **Non-residents**

Share certificates will be issued with a "non-resident" endorsement and will be sent to the registered address of the shareholder concerned or in accordance with the instructions given to the SA transfer secretaries.

9.1.2.1.2. **Emigrants**

Any new share certificates based on emigrants' shares controlled in terms of the SA Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed "non-resident".

9.1.2.2. **In the case of dematerialised shareholders:**

All aspects relating to the SA Exchange Control Regulations will be managed by their CSDP or broker, as follows:

9.1.2.2.1. **Non-residents**

Ordinary shares issued will be credited to their CSDP or broker accounts and a "non-resident" annotation will appear in the CSDP or broker register.

Dividend payments will be credited directly to the bank accounts nominated for them by their CSDP or broker.

9.1.2.2.2. **Emigrants**

New Stenprop shares issued, based on ordinary shares controlled in terms of the SA Exchange Control Regulations, will be credited to the emigrant blocked share accounts at the CSDP or broker controlling their blocked assets and a "non-resident" annotation will appear in the CSDP or broker register.

Signed by Paul Arenson on his own behalf and on behalf of all of the other directors of the Company on Friday, 13 December 2019, he being duly authorised in terms of a written resolution signed by each director on Friday, 13 December 2019.

13 December 2019