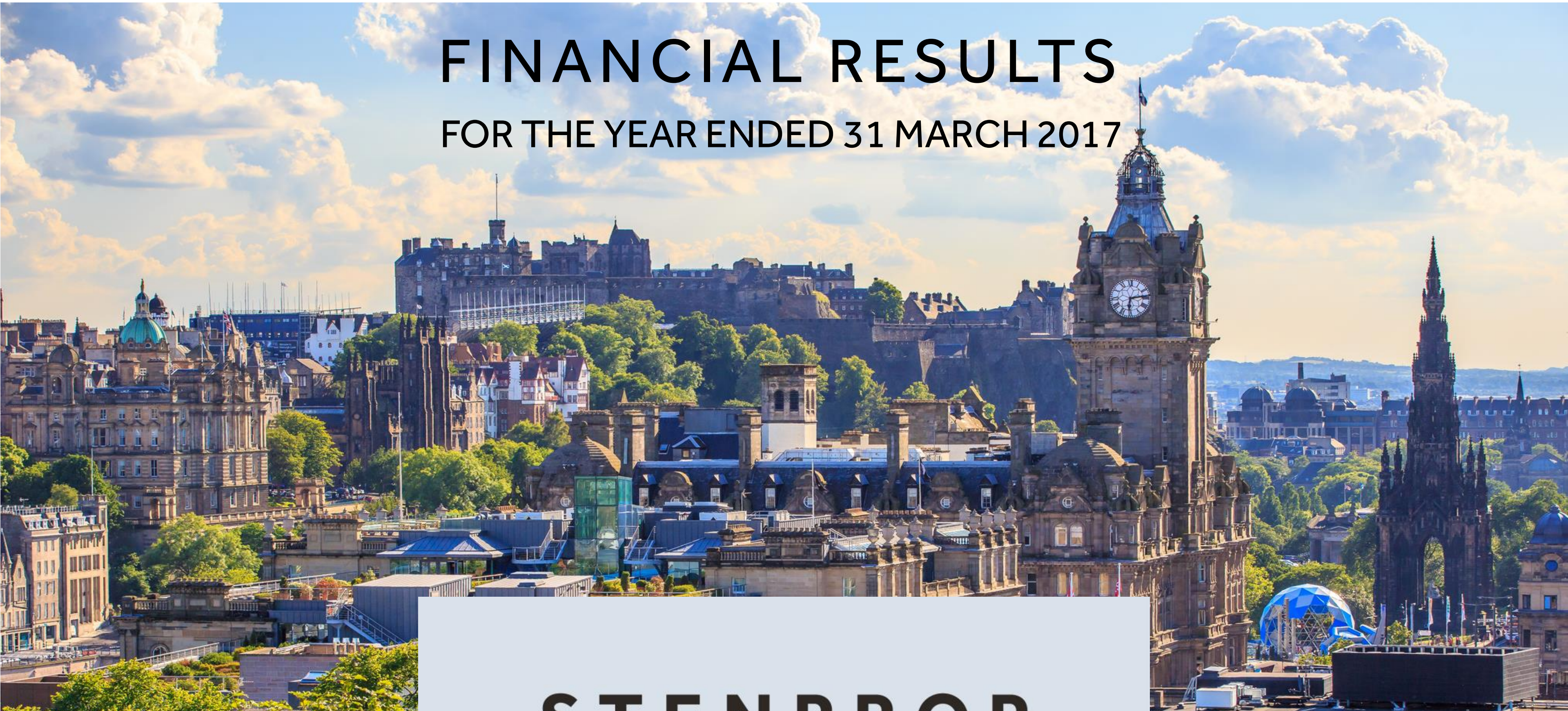
FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2017



STENPROP

POSITIONED FOR GROWTH

SP

SHARE INFORMATION

STENPROP

Market Data		
As at 31 May 2017		
Share price	R18.00	€1.22
Shares in issue (m)*	277.7	
Market cap	R5.0bn	€340m
EUR:ZAR exchange rate	14.7	

Shareholding – 31 March 2017	
Total Shareholders	2,847
Director's holdings	4.99%
Largest Shareholder (Peregrine)	6.51%
Holding Bermuda register	68.7%
Holding SA register	31.3%

JSE Daily Trading Volumes – 31 May 2017 ('000)**

Shares traded	1 Month	3 Months	12 Months
High	486	1,472	1,898
Low	13	13	-
Median	79	96	71
Average	112	164	143

Listing

- Primary listing on JSE Main Board and secondary listing on the BSX
- Included in SAPY Index in December 2015
- JSE Ticker: STP
- Share Registrar: Computershare
- For information on dealings on the BSX contact Neil Marais: administration@stenpropci.com

SP

*Excludes 9m shares held in treasury

**Excludes trading on the Bermuda register through secondary matching market

10.28 cents
Diluted adjusted
EPRA earnings per share

9.0 cents
dividend
per share*

Diluted EPRA NAV
€1.59
per share

1.2%
decrease on the diluted adjusted
EPRA EPS
against prior year

1.1%
Increase on
the full year dividend
per share
against prior year

Dividend yield on current share price**
7.4%

* *Payout ratio 87.5% of EPRA earnings*
** *Based on a share price of €1.22*

TRANSACTION ACTIVITY

- Stenprop repurchased **9,026,189** of its own shares during the year for **€11.4 million** in a limited programme of share buy-backs. Excluding the dividend, the average price paid was **€1.217** per share which compares favourably with the year end diluted EPRA NAV per share of **€1.59**
- Sale of the Interlaken property in November at a sale price equal to current valuation (**CHF6.8 million**)
- Contract signed to dispose of Nova Eventis at a price of **€208.5 million** compared to the most recent book value of **€218.8 million**. Completion expected end of June 2017
- **€84.9 million** Bleichenhof loan refinanced for 5 years. All in rate of interest of **1.58%** (previous **1.90%**)
- Swiss loans **CHF88.5 million** have been rolled on a short term floating basis in anticipation of impending sales. The all in rates which range from **1.05%** to **1.50%** are margin only
- Sale of the burger king attached to Herman Quartier in Berlin for **€2.7 million**
- Realised **€6.7 million** from the sale of **3.9 million shares** in Stenham Berlin Residential Fund
- **£12.4 million** of debt on a portfolio of UK regional properties was refinanced on 26 May 2016 for a five year period, at an all in interest rate of **3.46%** and no capital repayments

INCOME STATEMENT AND EARNINGS

	Year ended 31 March 2017 €m	Year ended 31 March 2016 €m
Net rental income*	36.9	39.6
Management fee income	3.7	2.9
Operating costs*	(6.5)	(9.3)
Net operating income	**34.1**	**33.3**
Income from Investment in associates/joint ventures (excl. fair value gains)	4.5	6.0
Net finance costs*	(9.5)	(11.1)
EPRA adjustments and other items*	0.03	0.9
Adjusted EPRA earnings	**29.1**	**29.0**
Diluted Adjusted EPRA EPS	10.28 cents	10.41 cents

Full Year FY17	Earnings Yield	Dividend Yield
Current share price (€1.22)	8.4%	7.4%
EPRA NAV (€1.59)	6.5%	5.7%

** Includes assets held for sale*

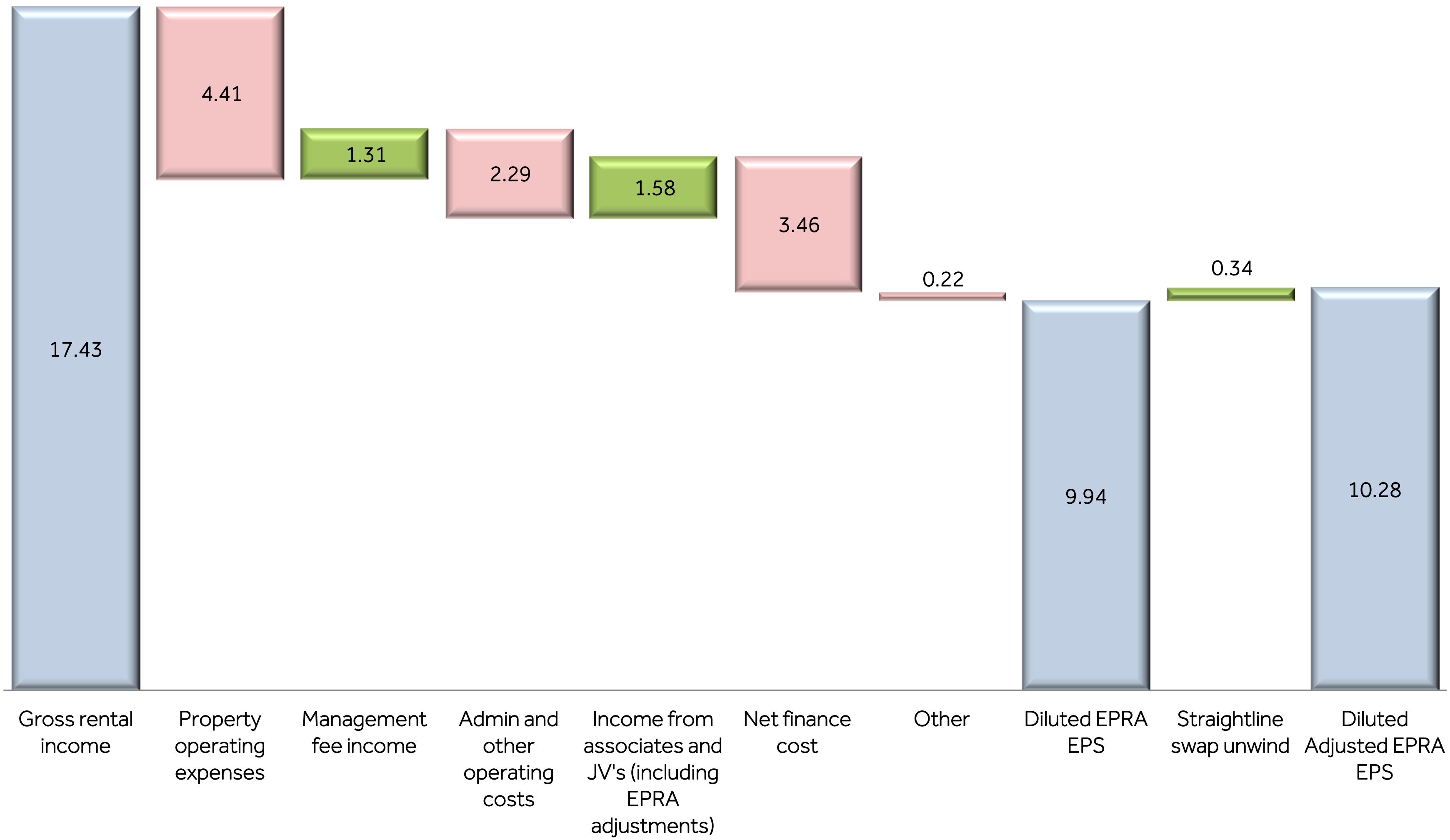
CURRENCY ADJUSTED RETURNS

Earnings Per Share	Year ended 31 March 2017 € cents	Year ended 31 March 2016 € cents	Growth %
Actual diluted adjusted EPS	10.28	10.41	(1.2%)
Diluted adjusted EPS (using FY16 average FX rates)	10.99	10.41	5.6%
Dividend Per Share			
Actual dividend per share	9.00	8.90	1.1%
Dividend per share (applying the same pay-out ratio to EPS using FY16 FX)	9.62	8.90	8.1%
NAV Per Share			
Actual NAV per share	159	167	(4.7%)
NAV per share at same year end rates as FY16	164	167	(1.5%)

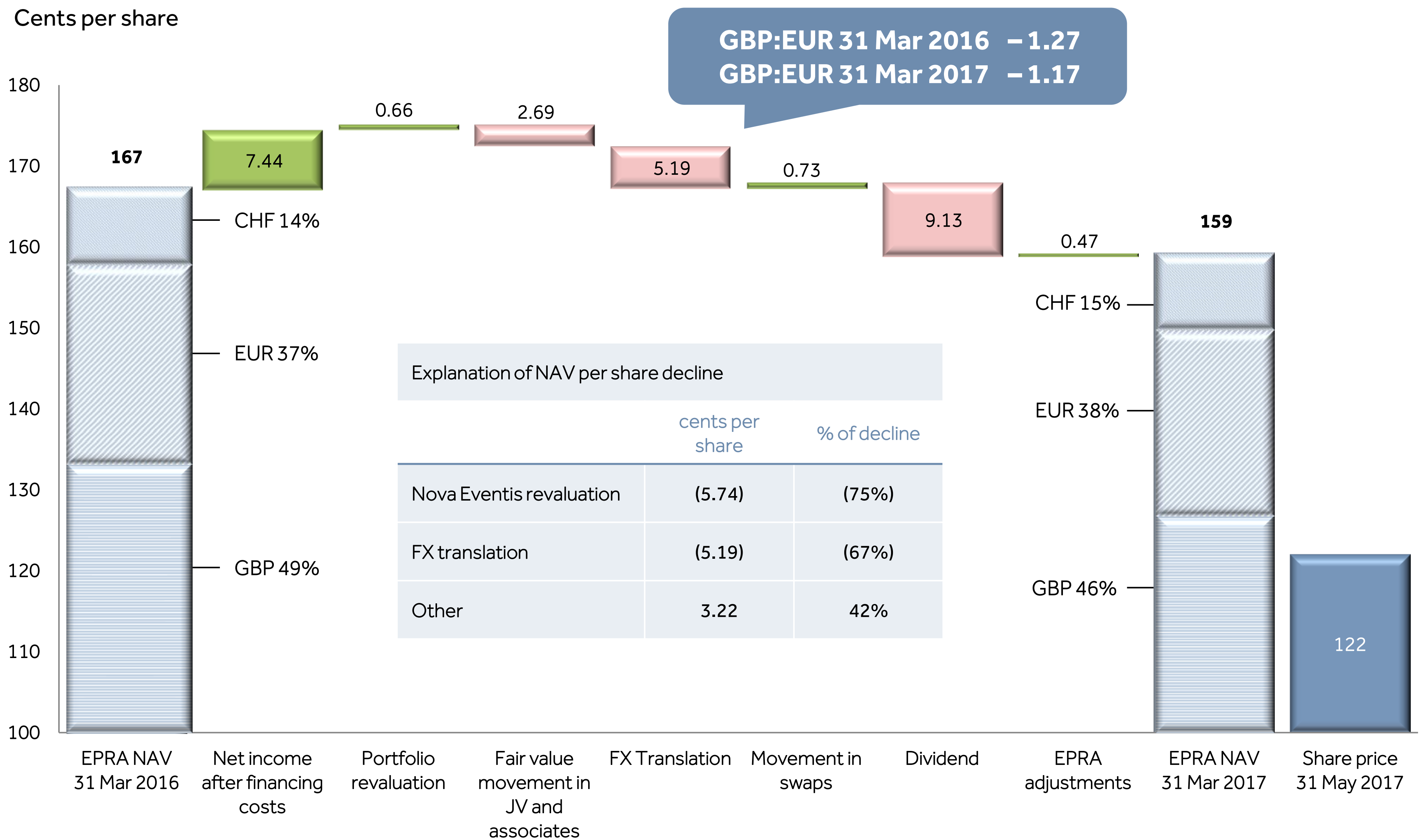
Exchange rates	FY 16 Average	FY 17 Average	% change	31 March 2016	31 March 2017	% change
GBP:EUR	1.37	1.19	(13%)	1.27	1.17	(8%)
CHF:EUR	0.93	0.92	(1%)	0.91	0.94	3%

EPRA EARNINGS PER SHARE (CENTS)

12 months to 31 March 2017

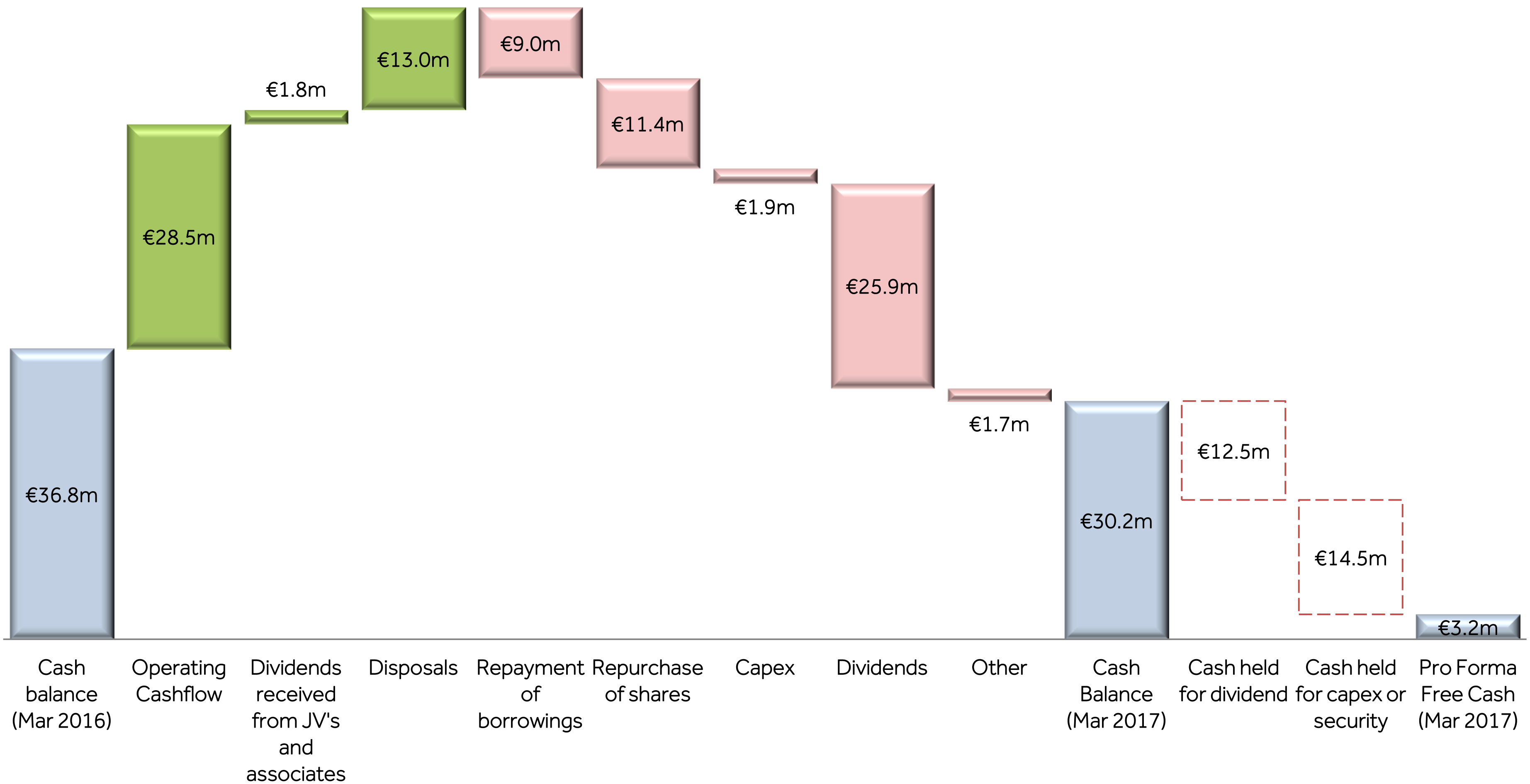


NAV MOVEMENT SINCE 31 MARCH 2016



Explanation of NAV per share decline	cents per share	% of decline
Nova Eventis revaluation	(5.74)	(75%)
FX translation	(5.19)	(67%)
Other	3.22	42%

CASHFLOWS


€36.8m
€28.5m
€1.8m
€13.0m
€9.0m
€11.4m
€1.9m
€25.9m
€1.7m
€30.2m
€12.5m
€14.5m
€3.2m
Cash balance (Mar 2016)
Operating Cashflow
Dividends received from JV's and associates
Disposals
Repayment of borrowings
Repurchase of shares
Capex
Dividends
Other
Cash Balance (Mar 2017)
Cash held for dividend
Cash held for capex or security
Pro Forma Free Cash (Mar 2017)

VALUATION MOVEMENT

Property/Portfolio	Percentage Ownership	Market Value 31 March 2017 (million)	Market Value 31 March 2016 (million)	Change %
United Kingdom - £				
ApexHi Portfolio	100%	£ 25.8	£ 24.9	3.6%
Euston House	100%	£ 77.7	£ 76.5	1.6%
Hollandbay Portfolio	100%	£ 7.5	£ 7.7	(2.6%)
Pilgrim Street	100%	£ 78.0	£ 82.5	(5.5%)
Trafalgar Court	100%	£ 62.6	£ 62.5	0.2%
UK Sub-Total		£ 251.6	£254.1	(1.0%)
Switzerland - CHF				
Kantone Portfolio	100%	₣ 93.0	₣ 91.1	2.1%
Polo Portfolio	100%	₣ 43.0	₣ 43.5	(1.1%)
Other Swiss Properties	100%	₣ 27.9	₣ 28.9	(3.5%)
Swiss Sub-Total		₣ 163.9	₣ 163.5	0.2%
Germany - €				
Aldi Portfolio	100%	€ 33.0	€ 32.5	1.5%
Bikemax Portfolio	100%	€ 25.2	€ 25.1	0.4%
Bleichenhof	94.9%	€ 127.5	€ 123.7	3.1%
Hermann Quartier[1]	100%	€ 23.4	€ 22.9	2.2%
Neukölln	100%	€ 18.7	€ 17.2	8.7%
Victoria Centre	100%	€ 31.2	€ 31.2	0.0%
Germany Sub-Total		€ 259.0	€ 252.5	2.5%
Jointly Controlled Entities				
Argyll Street	50%	£ 81.0	£ 81.7	(0.9%)
Care Homes Portfolio	100%	€ 35.4	€ 34.2	3.5%
Nova Eventis[2]	28.4%	€ 207.7	€ 265.0	(21.6%)
Properties disposed of				
Interlaken	100%	-	₣ 6.8	-

1. At valuation date, Hermann included the Burger King space, which sold on 25 April 2017 for €2.7m
2. €208.5 million less selling costs

DEBT SUMMARY 31 MARCH 2017

Property/Portfolio	Property Value €m	Loan Value €	Loan to Value	Contracted interest rate[1]	Weighted average duration to expiry (years)
United Kingdom	294.1	(125.1)	42.5%	3.12%	2.80
Switzerland[2,3]	153.2	(82.7)	54.0%	1.14%	0.18
Germany[1,2,4]	259.0	(143.7)	55.5%	1.87%	3.82
On balance sheet total	706.3	(351.5)	50.0%	2.15%	2.58
Off balance sheet debt					
Argyll Street (50%)	94.8	(43.8)	46.3%	2.97%	3.14
Nova Eventis (28.4%)	207.7	(147.5)	71.0%	5.20%	0.25
Care Homes Portfolio (100%)	35.4	(22.7)	64.1%	2.61%	1.36
Portfolio Total	848.1	(438.0)			
Less minority interests	(6.5)	4.3			
Portfolio Total (excluding minorities)	**841.6**	**(433.7)**	**51.5%**	**2.53%**	**2.32**
Exclude properties held for sale per AFS	**(155.9)**	**82.7**	**53.1%**	**1.14%**	**0.18**
Exclude share of Nova Eventis	**(59.0)**	**41.9**	**71.0%**	**5.20%**	**0.25**
Portfolio Total excluding assets to be sold	**626.7**	**(309.1)**	**49.3%**	**2.53%**	**3.20**

1. Interest rates include negative rates where applicable. At 31 March 2017 approximately 0.25% in Germany
2. Includes properties held for sale
3. UBS has agreed that the debt relating to the Kantone and Polo portfolios will be repayable when the properties are sold.
4. Property value for Germany shown here includes the Burger King store at Hermann, sold for €2.7m on 25 April 2017

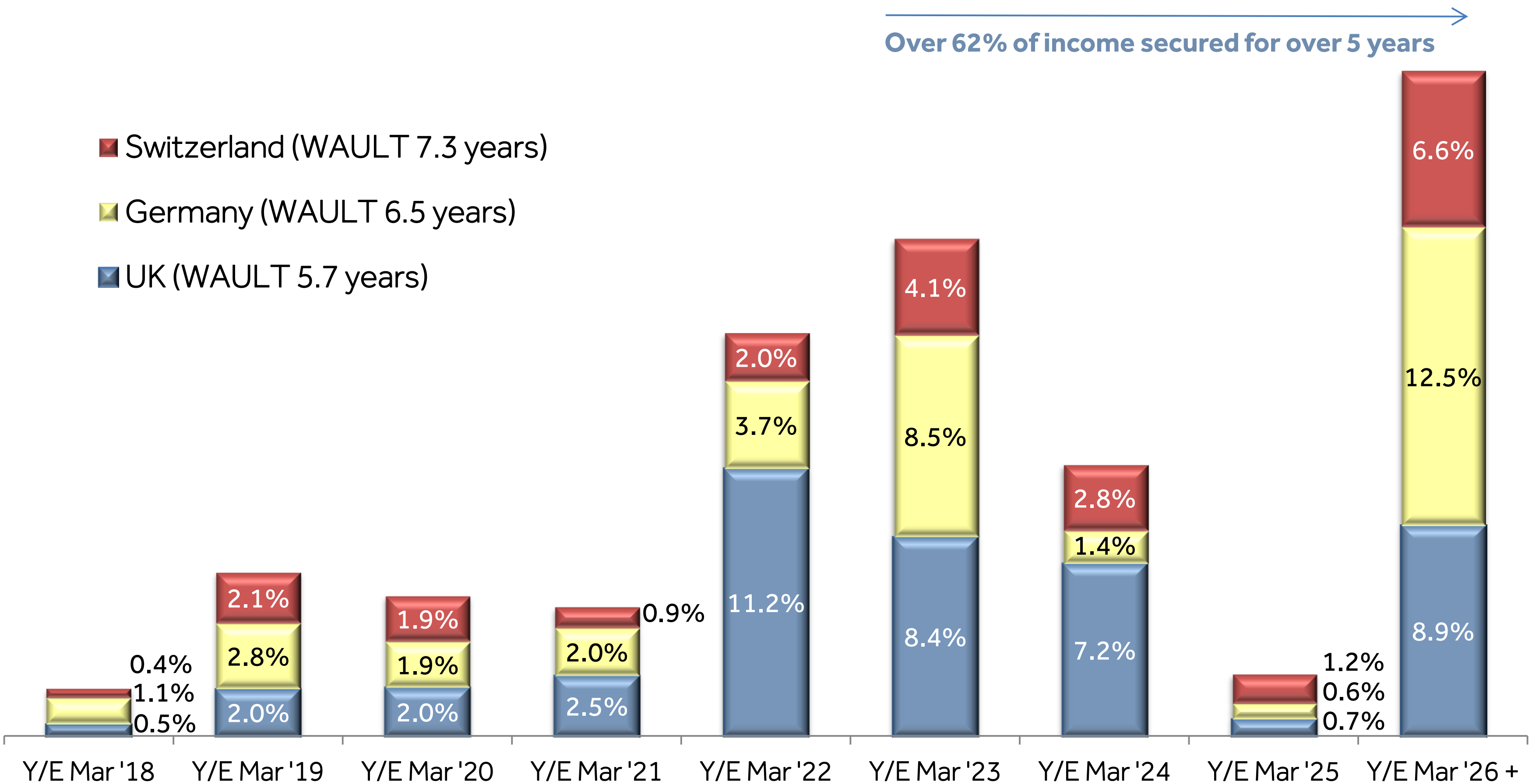
DEBT MATURITY

STENPROP

Debt maturity profile (€m)

INCOME AND TENANT PROFILE

Lease expiries as a percentage of total current gross rental income



Note: Excludes Stenprop's share of joint ventures and associates

STENPROP

MULTI-LET INDUSTRIAL PORTFOLIO ACQUISITION

MULTI-LET INDUSTRIAL PORTFOLIO

ACQUISITION

- Contracts exchanged on 6 June 2017 for both the property portfolio and the management business
- Total consideration, which values the two businesses at **£130.5 million**
- Completion due to take place 30 June 2017
- Provides Stenprop with a strategic foothold, economies of scale and management expertise in the multi-let industrial estates sector

FUNDING

- RBS Loan **£69m** – 5 year term. All in interest rate of **2.25%** margin + swap rate to be fixed post completion of the deal
- The purchase consideration will be ultimately funded out of the proceeds from the sale of the Nova Eventis shopping centre, which is scheduled to complete on 22 June 2017, and from the sale of certain properties in Stenprop's Swiss portfolio that are in the process of being sold
- To ensure that it has the cash available to settle the purchase price on completion, Stenprop has secured a twelve month bridging finance facility of **€31 million**, which attracts an arrangement fee of **1%** and interest at **7%** per annum
- A further twelve month facility of **€8 million** has also been secured at an interest rate of **7%** per annum

Portfolio particulars

25 separate multi-let **industrial estates** situated in or near **densely populated nodes** across the United Kingdom

Gross lettable area of **±2 million square feet** ($200,000m^2$)

Diversified base of **over 400 tenants** offering ongoing **sustainable income**

Current passing rent of **£8.6m per annum**, contractually rising to **£ 9.1m**
Estimated rental value (ERV) of **over £10m**

Average current rent of **£4.94 psf** with ERV of **£5.38 psf**

£65 psf capital value against a replacement cost in excess of **±£85 psf***

** including the cost of land*

C2 Management business

- Acquisition funded through the issue of 3,270,500 Stenprop shares
- Specialist manager of multi-let industrial assets
- Formed in 2009 by Julian Carey (Managing Director)
- Supported by a team of five property professionals
- Provides Stenprop with a specialist scalable platform to acquire and manage a significantly bigger multi-let industrial portfolio
- Operates under the brand and domain name industrials.co.uk.
- Offering enhanced letting and acquisition deal flow

INDUSTRIAL PORTFOLIO OVERVIEW

STENPROP

No	Asset	City / Area	Tenure	No. Units	Area		Passing Rent		Contractual Rent		ERV		WAULT to expiry	WAULT to expiry
					Square foot	Occupancy	£'000	£ psf	£'000	£ psf	£'000	£ psf	Years	Years
1	Compass Industrial Park	Liverpool	Freehold	84	365,955	97.8%	915	3.42	1,106	4.04	1,260	4.47	4.7	6.1
2	Dana Trading Estate	Kent	Freehold	14	225,676	100%	1,246	5.52	1,246	5.52	1,241	5.50	4.9	4.9
3	Anniesland Business Park	Glasgow	Freehold	74	182,050	85.0%	894	6.13	963	6.23	1,122	6.16	2.8	3.4
4	Redbrook Business Park	Barnsley	Freehold	49	164,301	91.1%	451	3.01	493	3.29	632	4.13	2.2	3.1
5	Lea Green Business Park	Liverpool	Freehold	23	152,624	85.0%	564	4.35	603	4.65	733	4.80	5.4	5.8
6	Capital Buisness Park	Cardiff	Freehold	24	95,211	91.5%	554	6.36	557	6.40	587	6.16	3.1	4.5
7	Caldene Industrial Estate	W. Yorkshire	Freehold	27	81,975	88.2%	482	5.98	483	5.90	504	6.15	2.7	5.8
8	Greenway Business Park	Buckinghamshire	Freehold	29	64,898	100%	229	4.43	230	4.44	221	4.45	2.4	3.0
9	Shire Court Network Centre	Nottinghamshire	Freehold	7	62,909	100%	243	3.85	243	3.85	283	4.50	1.4	4.6
10	Lion Business Park	Kent	Freehold	29	61,716	100.0%	363	7.09	395	7.37	413	7.70	2.8	9.3
11	Davey Close Trade Park	Colchester	Freehold	28	54,268	100%	307	5.67	317	5.85	333	6.14	2.0	3.4
12	Sovereign Business Park	Burton-on-Trent	Freehold	17	53,947	80.3%	180	4.73	182	4.76	239	4.91	1.9	2.1
13	Sherwood Network Centre	Nottinghamshire	Freehold	27	53,385	80.3%	179	4.18	184	4.29	258	4.83	1.3	1.8
14	Imex Business Park	Edinburgh	Freehold	43	49,735	100%	360	7.70	364	7.79	352	7.53	1.7	2.4
15	Eurolink 31	Wakefield	Freehold	4	49,225	100%	231	4.70	231	4.70	249	5.06	1.4	3.3
16	Boaler Street Industrial Estate	Liverpool	Freehold	13	48,217	92.4%	177	3.97	185	4.16	224	4.65	1.3	2.6
17	Poulton Close Industrial Estate	Dover	Freehold	21	47,246	97.4%	238	5.45	260	5.64	262	5.54	1.6	2.2
18	Wholesale District & Trade Park	Nottingham	Long Leasehold	30	35,808	100%	217	6.05	219	6.11	220	6.13	2.0	2.7
19	Croft Business Park	Liverpool	Freehold	32	33,359	89.6%	170	6.59	199	6.54	228	6.82	1.7	2.0
20	Rawdon Network Centre	Leicestershire	Freehold	13	32,381	96.8%	151	4.67	151	4.67	173	5.33	1.5	2.0
21	Rivermead Business Park	Newbury	Freehold	13	27,201	84.8%	176	7.64	180	7.82	218	8.00	1.6	2.5
22	Wharton Street Industrial Estate	Birmingham	Freehold	5	22,642	100%	102	4.52	102	4.52	108	4.75	2.0	5.2
23	Wainright Street Industrial Estate	Birmingham	Long Leasehold	4	18,789	100%	86	4.60	91	4.84	90	4.80	0.8	2.4
24	Argyle Street Business Centre	Birmingham	Freehold	7	8,031	100%	52	7.61	64	8.03	61	7.55	1.7	2.2
25	Cuckoo Trade Park	Birmingham	Long Leasehold	6	6,080	100%	47	7.71	52	8.57	52	8.50	4.7	5.7
	Total			**623**	**1,997,629**	**93.7%**	**8,617**	**4.94**	**9,102**	**5.14**	**10,061**	**5.38**	**3.1**	**4.3**

SP

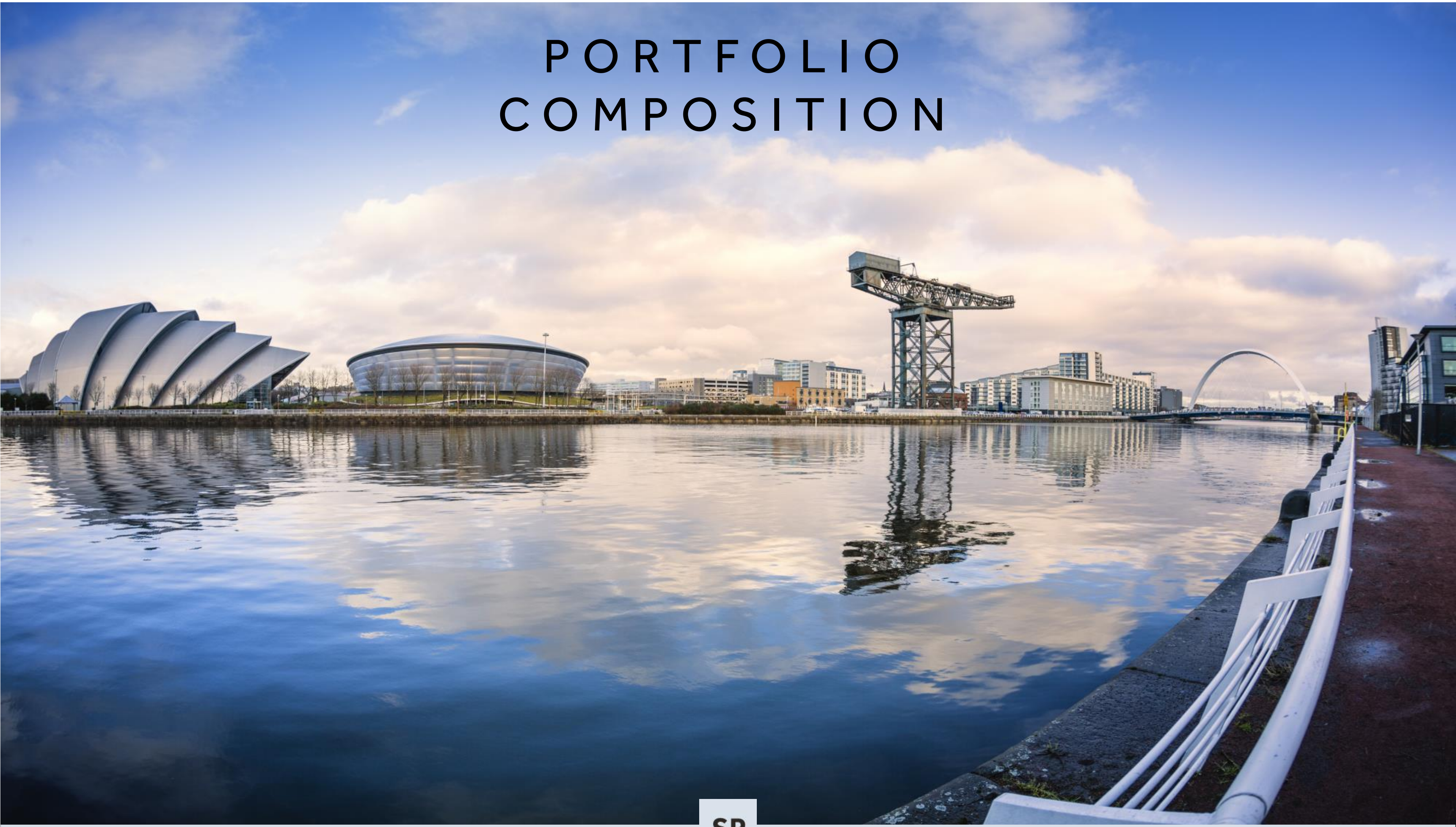
INDUSTRIAL PORTFOLIO FORECAST

	Forecast for the 9 months ending 31 March 2018 £'000	Forecast for the 12 months ending 31 March 2019 £'000
Rental income	6,477	9,176
Non recoverable property operating expenses	(658)	(803)
Net rental income	**5,819**	**8,373**
Administrative expenses	(188)	(250)
Net operating income	**5,632**	**8,124**
Financing costs	(1,636)	(2,181)
Profit before tax	**3,996**	**5,943**
Taxation	(368)	(549)
Net profit available for distribution	**3,628**	**5,394**

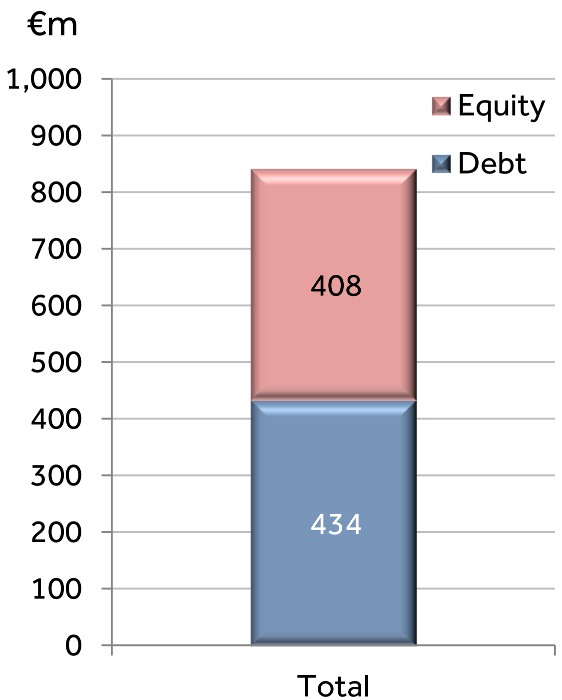
WHY MULTI-LET INDUSTRIAL?

- Constrained MLI supply due to lack of historic development and conversion of much existing MLI space to residential due to higher value
- Increasing demand for MLI space from a growing range of occupiers. The internet and technology facilitating new MLI business requirements such as last mile distribution hubs
- Increasing rents due to structural supply/demand imbalance
- Alternative uses such as residential underpin value
- Attractive yields in excess of 7% per annum
- Purchase prices significantly below replacement costs
- Ability to add earnings enhancing acquisitions onto platform
- Barriers to entry into the sector due to need for scale and management expertise
- Low obsolescence with limited requirements for tenant incentives on lettings
- Development of new supply uneconomic at current rental and replacement cost levels
- Inflation likely to add to build costs and push rents further

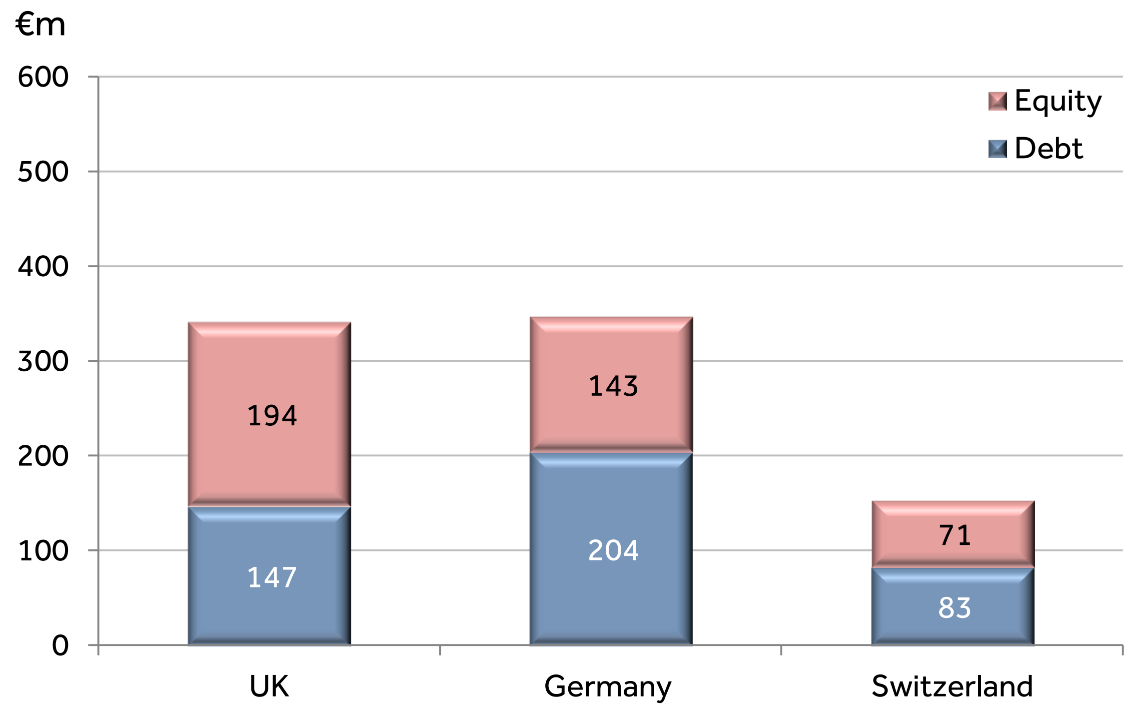
PORTFOLIO COMPOSITION



STENPROP	UNITED KINGDOM	GERMANY	SWITZERLAND
€842m	€341m	€347m	€153m
PORTFOLIO VALUE: **100%**	PORTFOLIO VALUE: **41%** 	PORTFOLIO VALUE : **41%** 	PORTFOLIO VALUE: **18%** 
NAV 100%	**NAV 48%**	**NAV 35%**	**NAV 17%**



LTV 52%

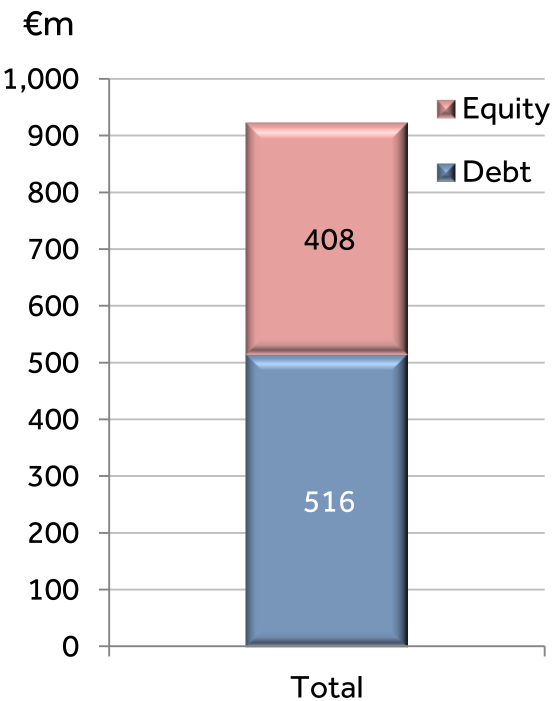


LTV 43% | **LTV 59%** | **LTV 54%**

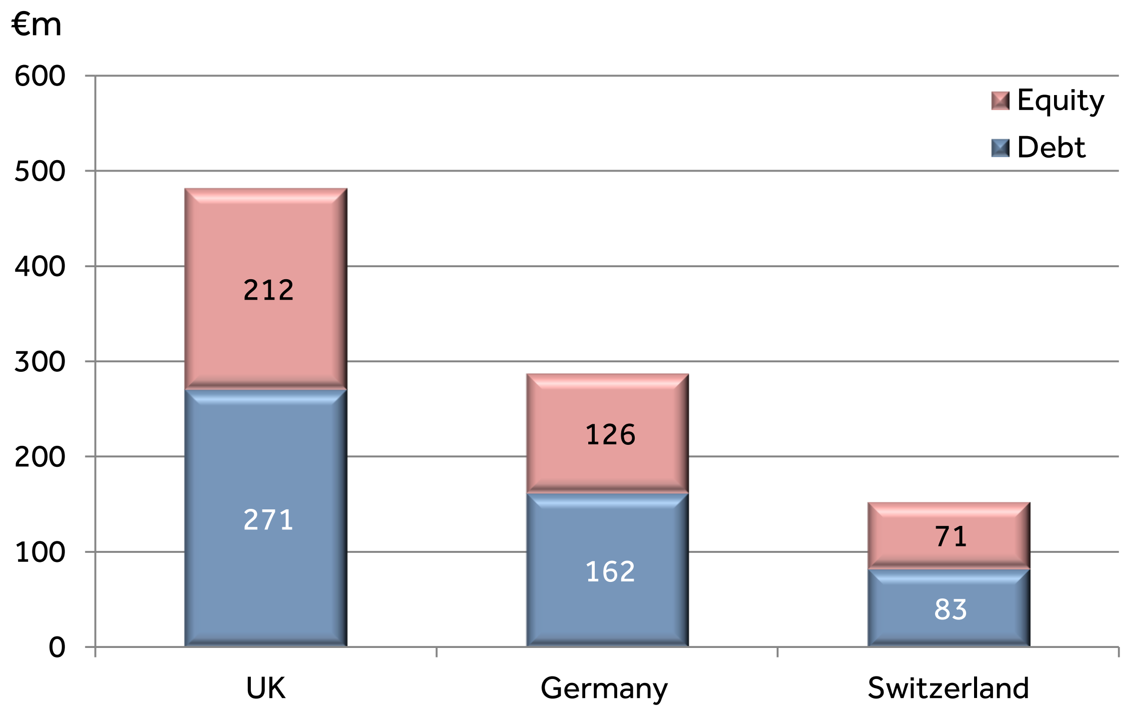
Figures exclude impact of cash and other current assets

EXPECTED PORTFOLIO STRUCTURE 30 JUNE 2017

STENPROP	UNITED KINGDOM	GERMANY	SWITZERLAND
€924m	€482m	€288m	€153m
PORTFOLIO VALUE: **100%**	PORTFOLIO VALUE: **52%** 	PORTFOLIO VALUE : **31%** 	PORTFOLIO VALUE: **17%** 
NAV 100%	NAV 52%	NAV 31%	NAV 17%

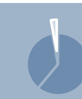


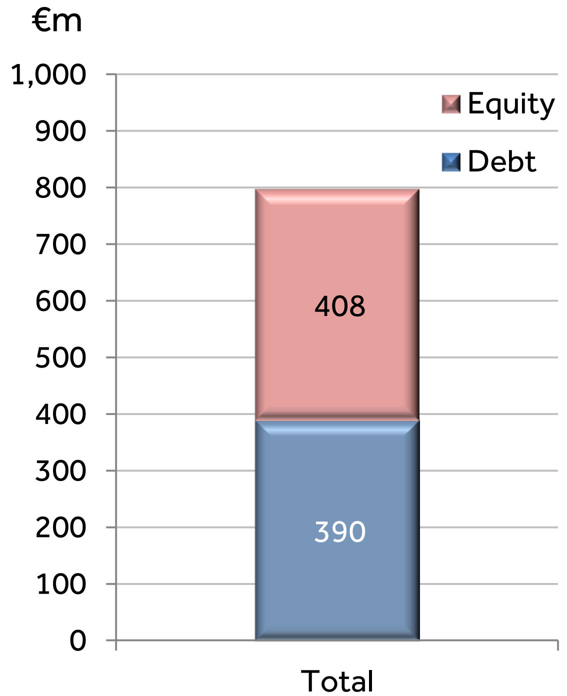
LTV 56%



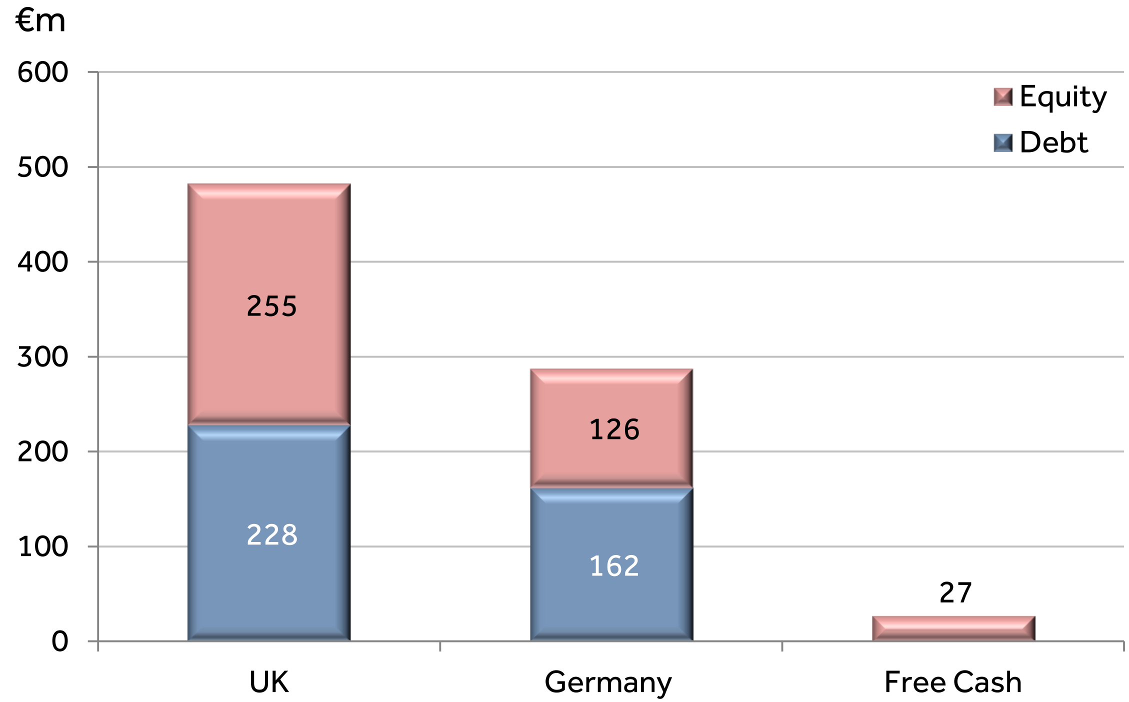
UK	Germany	Switzerland
LTV 56%	**LTV 56%**	**LTV 54%**

Assumes completion of sale of Nova Eventis and acquisition of MLI portfolio. Acquisition funded through €17m equity from Nova with the remainder funded through bank debt and bridging finance

STENPROP	UNITED KINGDOM	GERMANY	FREE CASH
€797m	**€482m**	**€288m**	**€27m**
PORTFOLIO VALUE: **100%**	PORTFOLIO VALUE: **61%** 	PORTFOLIO VALUE : **36%** 	PORTFOLIO VALUE: **3%** 
NAV 100%	**NAV 62%**	**NAV 31%**	**NAV 7%**



LTV 49%



LTV 47% | **LTV 56%** | **LTV 0%**

Assumes sale of Swiss portfolio and repayment of bridging finance on MLI portfolio

ANNEXURES

Property/Portfolio	Ownership	Loan Value (€m)	Property Value (€m)	Gearing (LTV)	Contractual Rent[4] (€m)	Net initial yield
UK						
Euston House	100%	(32.2)	90.8	35%	4.8	4.07%
Pilgrim Street	100%	(43.3)	91.2	48%	5.1	4.98%
Hollandbay Portfolio	100%	(4.7)	8.7	54%	1.1	11.42%
ApexHi Portfolio	100%	(9.8)	30.3	32%	2.6	8.23%
Trafalgar Court	100%	(35.1)	73.1	48%	4.9	6.38%
UK Sub-Total		(125.1)	294.1	43%	18.5	5.57%
SWISS						
Kantone Portfolio	100%	(45.8)	87.0	53%	5.3	4.21%
Polo Portfolio	100%	(22.2)	40.2	55%	2.5	4.37%
Other Suisse Properties	100%	(14.7)	26.0	56%	1.6	4.47%
Swiss Sub-Total		(82.7)	153.2	54%	9.4	4.29%
Germany						
Bikemax Portfolio	100%	(14.7)	25.2	58%	2.0	7.09%
Aldi Portfolio	100%	(15.4)	33.0	47%	2.2	5.78%
Bleichenhof	94.90%	(84.9)	127.5	67%	5.8	3.98%
Neukölln	100%	(9.0)	18.7	48%	1.3	6.08%
Hermann Quartier[1]	100%	(9.4)	23.4	40%	1.4	6.40%
Victoria Centre	100%	(10.3)	31.2	33%	1.8	4.65%
Germany Sub-Total		(143.7)	259.0	56%	14.5	4.95%
Associates and joint ventures						
Argyll Street[2]	50%	(21.9)	47.4	46%	2.3	**4.54%**
Nova Eventis[3]	28.42%	(41.9)	59.0	71%	4.9	**6.27%**
Care Homes Portfolio	100%	(22.7)	35.4	64%	2.7	**6.28%**
Portfolio Total		**(438.0)**	**848.1**	**52%**	52.5	**5.18%**

GBP:EUR exchange rate of 1.17 and a CHF:EUR exchange rate of 0.94

1. Valuation includes €2.7m for the Burger King space at Hermann, which sold on 25 April 2017

2. Stenprop's effective interest = 50%, total property value is £81.0million

3. Stenprop's effective interest = 28.42%, total property value is €207.7 million

4. Excludes potential rent on vacant space

DEBT SUMMARY

STENPROP

Property/Portfolio	Property Value (Local currency)	Loan Value (Local Currency)	Gearing (LTV)	Margin	Swap (fixed rate)	Negative interest rate impact	All in rate	Annual interest expense	Amortisation per annum	Loan Maturity
UK - £m										
Euston House	77.7	(27.5)	35%	1.40%	1.62%	-	3.02%	(0.8)	-	08-May-20
Pilgrim Street	78.0	(37.1)	48%	1.40%	1.50%	-	2.90%	(1.1)	-	25-Mar-19
Hollandbay Portfolio[1]	7.5	(4.0)	53%	2.25%	1.21%	-	3.46%	(0.1)	-	26-May-21
ApexHi Portfolio[1]	25.8	(8.4)	33%	2.25%	1.21%	-	3.46%	(0.3)	-	26-May-21
Trafalgar Court	62.6	(30.0)	48%	2.00%	1.35%	-	3.35%	(1.0)	-	23-Mar-20
Argyll Street (50%)[2]	40.5	(18.8)	46%	1.40%	1.57%	-	2.97%	(0.6)	-	20-May-20
UK Sub-Total	292.1	(125.8)	43%				3.10%	(3.9)	-	
Swiss – CHFm										
Kantone Portfolio	93.0	(49.0)	53%	1.05%	0.00%	-	1.05%	(0.5)	(2.0)	N/A
Polo Portfolio	43.0	(23.8)	55%	1.15%	0.00%	-	1.15%	(0.3)	(1.0)	N/A
Other Swiss Properties	27.9	(15.7)	56%	1.41%	0.00%	-	1.41%	(0.2)	(0.5)	31-Mar-18
Swiss Sub-Total	163.9	(88.5)	54%				1.14%	(1.0)	(3.5)	
Germany - €m										
Bikemax Portfolio	25.2	(14.7)	58%	1.65%	1.07%	0.26%	2.98%	(0.4)	(0.4)	31-Dec-17
Aldi Portfolio	33.0	(15.4)	47%	1.85%	0.83%	0.28%	2.96%	(0.5)	(0.4)	30-Apr-18
Hermann Quartier[3]	23.4	(9.4)	40%	1.13%	0.29%	-	1.42%	(0.1)	-	30-Jun-20
Victoria Centre[3]	31.2	(10.3)	33%	1.28%	0.08%	-	1.36%	(0.1)	-	31-Aug-20
Bleichenhof (94.9%)[2,3]	121.0	(80.6)	67%	1.58%	-	-	1.90%	(1.3)	-	28-Feb-22
Nova Eventis (28.40%)[2]	59.0	(41.9)	71%	5.20%	-	-	5.20%	(2.0)	(1.5)	30-Jun-17
Care Homes Portfolio[2]	35.4	(22.7)	64%	1.76%	0.85%	-	2.61%	(0.6)	(0.5)	31-Mar-18
Neukölln	18.7	(9.0)	48%	2.50%	0.48%	-	2.98%	(0.3)	-	31-Dec-21
Germany Sub-Total	346.9	(204.0)	59%				2.40%	(5.3)	(2.8)	

1. Debt is cross-collateralised with a combined LTV of 37%
2. Stenprop's effective interest shown
3. Fixed rate loan
4. Valuation includes €2.7m for the Burger King space at Hermann, which sold on 25 April 2017

MEDIA

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Acquisition of a significant multi-let industrial portfolio and strategic management platform positions STENPROP for growth

STENPROP LIMITED
(Incorporated in Bermuda)
(Registration number 47031)
BSX share code: STP.BH JSE share code: STP
ISIN: BMG8465Y1093
("Stenprop" or "the company")

STENPROP

ACQUISITION OF A SIGNIFICANT MULTI-LET INDUSTRIAL PORTFOLIO AND STRATEGIC MANAGEMENT PLATFORM POSITIONS STENPROP FOR GROWTH

1. INTRODUCTION

Shareholders are advised that Stenprop has reached agreement to acquire a portfolio of multi-let industrial properties (the "MLI Portfolio") as well as the management business that has built up and managed the portfolio, C2 Capital Limited (the "C2 Management Platform") for a combined consideration that values the two businesses at £130.5 million (collectively, the "acquisitions").

The MLI Portfolio is made up of 25 separate multi-let industrial estates situated in or near densely populated nodes across the United Kingdom. The portfolio, which is operated under the brand industrials.co.uk, has a gross lettable area of approximately 2 million square feet (200,000m²) and a diversified base of over 400 tenants. Further details of the MLI portfolio are set out in paragraph 4 below.

The C2 Management Platform, founded in 2009 by Julian Carey, specialises in the acquisition and active management of multi-let industrial estates across the UK.

2. RATIONALE

Stenprop's objective is to deliver sustainable growing income to its investors. One of the ways Stenprop seeks to achieve this is through active recycling of assets into opportunities with better earnings growth potential. The acquisition of the MLI Portfolio and the C2 Management Platform is in line with this strategy. It will provide the company with a strategic platform in the multi let industrial estates (MLI) sector that it is confident will, on a sustainable basis, deliver increased earnings growth.

The ability to achieve higher growth by investing in the MLI sector is underpinned by a number of positive fundamentals:

- MLI assets are attractively priced, generally trading at yields which are higher than other property classes in the UK. This is primarily because MLI assets are management intensive and require economies of scale and management expertise to deliver consistent returns.
- The MLI occupational market currently benefits from a favourable structural demand/supply imbalance which Stenprop believes is likely to translate into higher rents over time. The supply of MLI properties is constrained as a result of a number of factors:
  - Build costs have gone up by approximately 70% over the last 10 years whilst industrial rents have remained largely unchanged. As a result most MLI properties are currently trading well below their replacement cost. The purchase price reflects a cost of c. £65 per square foot, which is less than the replacement cost of the assets.
  - The combination of rising costs and stable rents has meant it is challenging to profitably build multi let estates at current rental levels.
  - The small amount of available land in urban areas has been assigned to higher value uses in recent times (such as residential or larger distribution warehouses).
- In this environment of constrained supply, occupier demand for MLI space is growing as the impact of technology and the internet drives changes in the way people work, shop and interact. The range of occupiers of MLI space is expanding from traditional industrial occupiers through to last mile distributors, e-retailers and other technology orientated businesses such as 3D printing. On top of this, decentralisation in working practices is driving demand for more localised space.

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- As a result of these supply constraints, coupled with the growing list of uses for MLIs and the relatively low absolute rents payable per tenant, well managed MLIs are beginning to experience rental growth in excess of current inflation rates. Stenprop believes this is an early stage trend which will continue for a number of years.
- A focus on MLI results in exposure to small to medium size businesses, a sector which has grown in number by over 50% since 2000. Typically, these tenants are focused on providing services to the c. 60m people living in the UK, rather than being exposed to international markets and global trade.
- Alternative higher value uses such as residential will continue to underpin the future value of the MLI properties acquired by Stenprop due to a focus on buying properties in or near densely populated areas.

In addition to these positive fundamentals, there is substantial scope to add value through proactive asset management. MLI units are simple and versatile with low obsolescence and capital expenditure requirements. Shorter lease terms of between three and five years allow for active management. The aggregation of costs across a portfolio of assets drives down average costs. The acquisition of the C2 Management Platform provides Stenprop with the necessary in-house skills and expertise to provide this specialised asset management; complements the skills and expertise of Stenprop's existing management team; and is a key factor in providing Stenprop with the platform on which to build a much larger MLI platform over time.

Stenprop is confident that, in addition to delivering organic growth through ongoing asset management of the MLI portfolio, it will be able to add further MLI properties onto the platform through earnings enhancing acquisitions. Individual MLI properties tend to trade at higher yields than large portfolios as, on their own, they lack the diversification and necessary economies of scale to be efficiently operated. The opportunity to acquire individual MLI properties at higher yields and operate them efficiently through the C2 Management Platform should also contribute to overall growth. To achieve this, Stenprop intends to pursue further acquisition opportunities within the MLI sector with the objective of integrating additional properties and portfolios into its newly acquired industrials.co.uk platform, with the intention of establishing itself as a leading player in the UK MLI space.

3. TERMS OF THE ACQUISITIONS

The MLI Portfolio is owned by Industrials UK LP which is in turn owned by Industrials Investment Unit Trust ("IIUT") and Industrials UK GP LLC ("GP"). Stenprop will, through two wholly owned subsidiaries, acquire all of the units in IIUT and all of the shares in GP from Rebano Holdings BV and C2 Industrials LLP for an effective aggregate purchase price of £58m (£127m less the £69m of debt in Industrials UK LC provided by the Royal Bank of Scotland) (the "purchase price"), being the net asset value of IIUTand GP. The purchase price is subject to a further adjustment to take account of any working capital in the structure at the time of completion.

The MLI portfolio is being acquired with effect from the date of completion of the transaction, which is expected to be on 30 June 2017. The purchase price is payable in cash, with a £6,350,000 deposit having been paid on exchange of contracts on 6 June 2017 and the balance of the purchase price payable on completion, with a subsequent adjustment for working capital.

There are no outstanding conditions to completion and the sellers have provided normal warranties and indemnities for a transaction of this nature. These have been underwritten with warranty and indemnity insurance.

The purchase consideration will be ultimately funded out of the proceeds from the sale of the Nova Eventis shopping centre, which is scheduled to complete on 22 June 2017, and from the sale of certain of the properties in Stenprop's Swiss portfolio that are in the process of being sold. To ensure that it has the cash available to settle the purchase price on completion, Stenprop has secured a twelve month bridging finance facility of €31 million, which attracts an arrangement fee of 1% and interest at 7% per annum. The loan is subject to a group loan to value covenant of 65%. A further twelve month facility of €8 million has been secured at an interest rate of 7% per annum.

Stenprop will acquire the shares in C2 Capital Limited from Julian Carey for £3.5 million, to be settled by the issue of 3,270,500 Stenprop shares (the "consideration shares"), adjusted upward or downward in cash for working capital.

The consideration shares are subject to restrictions on sale for three years after completion, with no shares capable of being sold in the first year, up to one third being capable of being sold in the second year and a further third in the third year. Normal warranties and indemnities for a deal of this nature have been provided, including restrictive covenants that will (subject to limited exceptions) prevent Julian Carey from engaging in any business relating to multi-let industrial properties for three years. It is expected that Julian Carey will join the board of Stenprop as an executive director in due course.

Acquisition of a significant multi-let industrial portfolio and strategic management platform positions STENPROP for growth

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4. PROPERTY SPECIFIC INFORMATION

	Property name	Geographic location (UK)	Sector	GLA (sq.ft¹	Weighted average rental per square foot* (£ psf)
1	Compass Industrial Park	North	Multi-let Industrial	365,955	3.42
2	Dana Trading Estate	South East	Multi-let Industrial	225,676	5.52
3	Anniesland Business Park	Scotland	Multi-let Industrial	182,050	6.13
4	Redbrook Business Park	North	Multi-let Industrial	164,301	3.01
5	Lea Green Business Park	North	Multi-let Industrial	152,624	4.35
6	Capital Business Park	Wales	Multi-let Industrial	95,211	6.36
7	Caldene Industrial Estate	North	Multi-let Industrial	81,975	5.98
8	Greenway Business Park	South East	Multi-let Industrial	64,898	4.43
9	Shire Court Network Centre	North	Multi-let Industrial	62,909	3.85
10	Lion Business Park	South East	Multi-let Industrial	61,716	7.09
11	Davey Close Trade Park	Midlands	Multi-let Industrial	54,268	5.67
12	Sovereign Business Park	Midlands	Multi-let Industrial	53,947	4.73
13	Sherwood Network Centre	North	Multi-let Industrial	53,385	4.18
14	Imex Business Centre	Scotland	Multi-let Industrial	49,735	7.70
15	Eurolink 31	North	Multi-let Industrial	49,225	4.70
16	Boaler Street Industrial Estate	North	Multi-let Industrial	48,217	3.97
17	Poulton Close Industrial Estate	South East	Multi-let Industrial	47,246	5.45
18	Wholesale District & Trade Park	South East	Multi-let Industrial	35,808	6.05
19	Croft Business Park	North	Multi-let Industrial	33,359	6.59
20	Rawdon Network Centre	Midlands	Multi-let Industrial	32,381	4.67
21	Rivermead Business Park	South East	Multi-let Industrial	27,201	7.64
22	Wharton Street Industrial Estate	Midlands	Multi-let Industrial	22,642	4.52
23	Wainright Street Industrial Estate	Midlands	Multi-let Industrial	18,789	4.60
24	Argyle Business Centre	Midlands	Multi-let Industrial	8,031	7.61
25	Cuckoo Trade Park	Midlands	Multi-let Industrial	6,080	7.71
Total				1,997,629	4.94

The aggregate acquisition costs payable for the acquisitions are £1.8 million. The purchase price payable for the MLI Portfolio is considered to be its fair market value, as determined by the directors of the company. The directors of the company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No.47 of 2000.

The average capital cost of the portfolio equates to approximately £65 per square foot. The average passing rent equates to approximately £4.94 per square foot, or £5.15 per square foot on contractual uplifts. The average space occupied per tenant is approximately 5,000 square foot with an average annual rent of approximately £25,000.

5. FINANCIAL INFORMATION

Set out below are the forecast revenue, operational net income, and net profit after tax of the acquisition of the MLI portfolio ("the forecast") for the 9 months ending 31 March 2018 and the 12 months ending 31 March 2019 ("**the forecast period**").

The forecast has been prepared on the assumption that the acquisition of the MLI Portfolio will be implemented on 30 June 2017 and on the basis that the forecast includes forecast results for the duration of the forecast period. The forecast does not include the acquisition of the C2 Management Platform as the information relating to this acquisition has been included in this announcement on a voluntary basis.

The forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the company. The forecast has not been reviewed or reported on by independent reporting accountants.

The forecast presented in the table below has been prepared in accordance with the company's accounting policies, which are in compliance with International Financial Reporting Standards.

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	Forecast for the 9 months ending 31 March 2018 £'000	Forecast for the 12 months ending 31 March 2019 £'000
Rental income	6,477	9,176
Non recoverable property operating expenses	(658)	(803)
Net rental income	**5,819**	**8,373**
Administrative expenses	(188)	(250)
Net operating income	**5,632**	**8,124**
MLI Portfolio financing costs	(1,636)	(2,181)
Profit before tax	**3,996**	**5,943**
Taxation	(368)	(549)
Net profit available for distribution	**3,628**	**5,394**

The forecast incorporates the following material assumptions in respect of revenue and expenses:

1. The forecast is based on information derived from the management accounts, budgets, and rental contracts provided by the sellers.
2. Rental income is derived from the forecasts provided to the company by the sellers.
3. Net rental income includes the effects of straight lining rental income.
4. Total comprehensive profit includes the effects of finance costs.
5. Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
6. Leases expiring during the forecast period have been assumed to be re-let at current market rates after a 6 month void period unless the lessee has indicated its intention to renew the lease.
7. On all new leases the company has assumed a 3 month rent free period
8. Of the rental income for the 9 months ending 31 March 2018, 91% relates to contracted rental income and 9% relates to uncontracted rental income.
9. Of the rental income for the 12 months ending 31 March 2019, 73% relates to contracted rental income and 27% relates to uncontracted rental income.
10. Non recoverable property operating expenses have been forecast by the responsible property manager on a property by property basis based on service charge budgets, capex budgets and forecast vacancy rates.
11. Stenprop intends to maintain its historic pay-out ratio of approximately 85% of profit available for distribution as dividends.
12. No fair value adjustment is recognised.
13. There will be no unforeseen economic factors that will affect the lessee's ability to meet their commitments in terms of existing lease agreements.

6. CATEGORISATION OF THE ACQUISITION

The acquisition of the MLI Portfolio is classified as a category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to approval by shareholders.

The acquisition of the C2 Management Platform is not a categorised transaction in terms of the JSE Listings Requirements and the information provided in this announcement is provided on a voluntary basis.

As IIUT and GP will become subsidiaries of the company, the company will ensure that there are no provisions in their bye-laws that may frustrate or relieve the company from compliance with the JSE Listings Requirements.

Stenprop has a primary listing on the Main Board of the JSE and a secondary listing on the BSX.

7 June 2017

JSE sponsor

JAVACAPITAL

Bermuda Stock Exchange sponsor
Estera Securities (Bermuda) Limited

Stenprop buys industrials.co.uk portfolio and C2 Capital

Stenprop buys industrials.co.uk portfolio and C2 Capital

LONDON, 7th June 2017

Industrials.co.uk, the joint venture between Morgan Stanley Real Estate Investing "MSREI" (through a fund managed by Morgan Stanley Real Estate Investing) and C2 Capital, has been sold to Stenprop for a price that values the portfolio at £127m.

The portfolio, managed by C2 Capital, comprises 25 high quality multi-let industrial estates located across the UK and totalling 2m sq ft. Each of the properties comprise purpose built multi-let industrial estates in densely populated locations, providing highly diversified income and benefitting from a strong occupational story.

Industrials.co.uk was launched by C2 Capital and MSREI in January 2015 with the acquisition of 4 estates. The JV subsequently acquired the remaining 21 estates in 16 separate transactions over the period up to December 2016.

Shamik Narotam, Head of UK at Morgan Stanley, commented: "Having successfully created and established a leading multi-let industrial platform in the UK, we are delighted that the industrials.co.uk story will continue under the tenure of Stenprop. We have enjoyed working with Julian Carey and the Team at C2 Capital, and hope to continue working with them on further opportunities in the future."

In addition to the portfolio transaction, Stenprop has also agreed to acquire C2 Capital Limited from Julian Carey. C2 Capital, which was established by Carey in 2009, comprises a team of seven investment and asset management professionals and currently manages three in-house funds (including industrials.co.uk) in addition to a number of separate account mandates. Following the transaction, the C2 Capital team will be responsible for growing Stenprop's UK industrial presence under the industrials.co.uk brand. It is intended that Julian Carey will join the Board of Stenprop as an Executive Director alongside CEO Paul Arenson and CFO Patsy Watson.

Julian Carey, Managing Director of C2 Capital, commented: "Morgan Stanley have been outstanding partners in the establishment of the industrials.co.uk business, and we hope to continue building upon that relationship from within Stenprop. The future of multi-let industrial property in the UK and the industrials.co.uk business is bright, and we are delighted to be supporting Stenprop's entry into the sector. Stenprop's substantial UK and German portfolio of high quality income producing assets is highly complementary to the industrials.co.uk business, and the synergies between the Stenprop and C2 Capital teams are highly compelling. My Team and I are eager to start working on maximising the value of the combined businesses going forward."

Paul Arenson, CEO of Stenprop, commented:

"We have been looking for the right opportunity to enter the multi-let industrial sector as we believe it offers tremendous growth opportunities underpinned by a number of positive fundamentals, including constrained supply and growing demand. We approached Julian with a view to making an offer for the industrials.co.uk portfolio and it became apparent that we shared a common understanding and vision around the multi-let industrial sector and property investment in general. We are confident that by combining the Industrials.co.uk portfolio with the C2 management platform and the Stenprop balance sheet, we can establish the business as a leading player in the UK multi-let industrial space. We are delighted to welcome Julian and his team into Stenprop and look forward to unfolding this vision together."

Morgan Stanley and C2 Capital were represented by Gowling WLG, KPMG and Harold Sharp. Stenprop were represented by Ereira Mendoza, Deloitte and Berwin Leighton Paisner.

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Morgan Stanley Real Estate Investing is a leading global real estate investment platform which has been one of the most active property investors in the world for more than two decades. Real Estate Investing employs a patient, disciplined investment approach to manage global opportunistic and core investment strategies on behalf of its clients. With offices throughout the U.S., Europe and Asia, regional teams of dedicated real estate professionals combine a unique global perspective with local presence and significant transaction execution expertise. Real Estate Investing also leverages the brand and unparalleled global network of Morgan Stanley to source investment intelligence and opportunities.

C2 Capital is real estate fund management business which specialises in multi-let industrial and regional UK investment. The company was founded in 2009 by Julian Carey, and currently runs two discretionary co-mingled investment vehicles, separate account mandates for private clients and the Industrials.co.uk joint venture with Morgan Stanley Real Estate Investing. For further information please see www.c2capital.co.uk or contact Julian Carey.

Stenprop Limited is a property company listed on the Johannesburg Stock Exchange with a secondary listing on the BSX in Bermuda. It owns a property portfolio of over €840m situated in the UK, Germany and Switzerland. For further information please see www.stenprop.com

FORWARD-LOOKING STATEMENTS

Certain statements made in this document constitute forward-looking statements. Forward-looking statements can be identified by the use of words such as "may", "will", "should", "predict", "assurance", "aim", "hope", "risk", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or other similar expressions that are predictive or indicative of future events. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's expectations, intentions and beliefs concerning, amongst other things, the Company's results of operations, financial position, growth strategy, prospects, dividend policy and the industries in which the Company operates, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and its Directors, which may cause the actual results, performance, achievements, cash flows, dividends of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. As such, forward-looking statements are no guarantee of future performance.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, economic conditions in the relevant markets of the world, market position of the Company or its subsidiaries, earnings, financial position, cash flows, return on capital and operating margins, political uncertainty, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation, changing business or other market conditions and general economic conditions and such other risk factors identified in the "Risk Factors" section of this document. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document and are not intended to give assurance as to future results.

GENERAL NOTICE

This document is for your information only. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

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