INTEGRATED ANNUAL REPORT 2017

STENPROP

SP

Stenprop Limited ('Stenprop' or the 'Company') is a property investment company with a primary listing on the Johannesburg Stock Exchange ('JSE') and a secondary listing on the Bermuda Stock Exchange ('BSX').

Stenprop's core objective is to deliver sustainable and growing income to its shareholders through identifying and investing in sectors and assets that have positive growth fundamentals, and where there is an opportunity to add value and grow earnings through active asset management.

Scope and boundary

Stenprop's integrated annual report 2017 covers the financial year from 1 April 2016 to 31 March 2017. Its scope of reporting remains focused on its reportable business segments. The content included in this integrated annual report is deemed useful and relevant to Stenprop's stakeholders. The content specifically aims to provide stakeholders with an overview of the operations and performance of the business. It endeavours to provide stakeholders with an understanding of the economic and governance matters pertaining to the Company and its subsidiaries (the 'Group') as well as their impact, in order to enable stakeholders to evaluate Stenprop's ability to create and sustain value.

About this report

Stenprop's integrated annual report 2017 consists of two parts:

- Integrated annual report
- Annual financial statements

The statutory annual financial statements ('AFS') were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the IASB, the JSE Listings Requirements and the BSX Listing Regulations and applicable law. They were audited by Deloitte LLP, who has expressed an unqualified opinion thereon, and signed on 7 June 2017.

Stenprop's integrated annual report 2017 aims to:

- ensure delivery of quality information to stakeholders;
- promote a consistent and efficient approach to reporting;
- enhance accountability to stakeholders; and
- support integrated thinking, decision-making and actions.

Stenprop strives to provide a holistic view of the Group in one document and regards this process as a valuable opportunity to engage with its stakeholder groups. We welcome your feedback on this report. Any comments can be emailed to **info@stenprop.com**.

2

Strategic report

Governance

Annual financial statements

Appendices

Company overview

Performance highlights

EPRA NET ASSET VALUE
€443.3 million
as at
31 MARCH 2017

SHARES IN ISSUE
277.7 million
as at
31 MARCH 2017**

TOTAL DEBT
€438.0 million
as at
31 MARCH 2017*

PORTFOLIO VALUE
€848.1 million
as at
31 MARCH 2017*

LTV
51.6%*

NUMBER OF PROPERTIES
54
as at
31 MARCH 2017*

* *Including share of associates and joint ventures.*
** *Excludes 9 million shares held in treasury.*

Financial highlights

10.28 cents
Diluted adjusted
EPRA earnings per share

9.0 cents
Dividend
per share^

€1.59
Diluted
EPRA NAV per share

1.2%
Decrease in the diluted
adjusted EPRA EPS
against prior year

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

7.1%
Dividend
yield on
share price^^

^ *Payout ratio 87.5% of EPRA earnings.*
^^ *Based on a share price of €1.26 at 5 June 2017 (reported in Provisional Annual Results).*

Chairman's report

We are pleased that we are building a good track record of delivery to our shareholders

Stephen Ball

On behalf of the board of directors I am pleased to present to you the 2017 integrated annual report. We have again presented strong results for the year and are pleased that we are building a good track record of delivery to our shareholders.

Stenprop reported full year diluted adjusted EPRA earnings of 10.28 cents per share from which dividends totalling 9.0 cents per share have been declared, representing a pay-out ratio of 87.5%.

As first reported in our interim results, the downward pressure on Sterling, following the decision made by the UK electorate to exit the European Union, has continued to affect both our earnings and net asset value. Notwithstanding the uncertainty that this has created, we are confident that our portfolio remains resilient and well diversified. Further augmenting our positive outlook is Stenprop's £130.5 million post year end acquisition which marks our entrance into the UK multi-let industrial estates space, and which positions us well to add long-term shareholder value.

The board remains committed to ethical behaviour throughout the business and recognises the importance of conducting all of its practices with fairness and integrity. These standards are expected of, and executed by, both senior management and staff at all levels of the Group. Full details regarding corporate governance can be found in subsequent sections of this annual report.

There have been a number of changes to the board since publishing our last integrated annual report. In September 2016, Michael Fienberg resigned as independent non-executive director following a change of his residency. On the same date Paul Miller was appointed as independent non-executive director. On moving our Bermuda stock exchange listing from a primary listing to a secondary listing in October 2016, the board accepted the resignation of Peter Hughes and James Keyes. Both were independent non-executive directors and resident in Bermuda. Subsequent to the year end on 5 April 2017, Warren Lawlor was appointed as a non-executive director.

Following his passing in December 2016, it was with great sadness that we mourned the loss of my predecessor, Gerald Leissner. We valued his contribution immensely on both a commercial and personal level and will miss him greatly.

This is my first year leading the board and I would like to thank my fellow board members and the executive management team for their commitment and support over the year.

Stephen Ball
Independent non-executive Chairman

Chief Executive Officer's report

We look forward with confidence to establishing ourselves as a leading player in the UK multi-let industrial space

Paul Arenson

In a year that will be remembered for the political and economic fallout caused by the Brexit vote in the United Kingdom, we are pleased to be reporting strong results.

Late last year, we took the decision to exit the Swiss market due to the lack of rental growth and very low yields. We decided to exit gradually in order to manage any cash drag while we were seeking out new investment opportunities. The first disposal took place in November 2016 when the Interlaken property was sold for a price of CHF6.8 million which was in line with our most recent valuation. A further property known as Granges Paccot was sold for CHF20.7 million on 30 June 2017. The sale of a further three Swiss properties is due to complete within a month of publishing this report, for a total sale price of CHF54 million. After repayment of bank debt and costs, net proceeds of CHF33 million are anticipated. The remaining Swiss portfolio is currently being marketed for sale and is expected to be sold within the next six to twelve months.

On 22 June 2017, the Nova Eventis shopping centre near Leipzig, in which the Group had a 28.42% interest through its investment in Stenham European Shopping Centre Fund Limited, was sold based on a valuation of €208.5 million. The disposal is expected to generate approximately €18.3 million for Stenprop of which €17.6 million has already been received and utilised in the acquisition of the industrials portfolio.

During the period we also completed significant bank refinancings. This included €84.9 million of debt on the Bleichenhof property located in central Hamburg which was refinanced on an interest only basis until 28 February 2022, at an all-in fixed interest rate of 1.58% per annum. Swiss debt totalling CHF88.5 million was refinanced on 31 March 2017 on a short-term ongoing rolling basis pending the sales of the Swiss properties. The extended loans have no swaps and interest is charged at Swiss LIBOR plus a margin of between 1.05% and 1.5%.

Financial results and dividends

Diluted adjusted EPRA earnings for the year were 10.28 cents per share on net rental income of €36.9 million and profit after taxation of €17.7 million.

The decline in Sterling since the UK referendum vote just over a year ago has been widely reported and has impacted both businesses and consumers. Against this backdrop, it is encouraging to note that had exchange rates been constant compared with the prior year, the diluted adjusted EPRA earnings at 31 March 2017 would have risen by 5.6% to 10.99 cents per share.

A final dividend of 4.5 cents per share has been declared taking the total dividend for the year to 9.00 cents equating to 87.5% of our EPRA earnings of 10.28 cents per share.

The total 2017 dividend increased by 1.1% per share compared with 2016. Our objective is to continue to declare and pay a dividend every six months on a similar payout ratio.

Share repurchases

Towards the end of June 2016 the Company began a limited programme of share repurchases and during June and July 2016, repurchased 1,356,567 shares for an aggregate purchase price of €1.8 million. The programme continued in November and December 2016 with the repurchase of a further 7,669,622 shares for an aggregate purchase price of €9.6 million. The combined average price per share of the repurchased shares was €1.262. The shares were purchased with the benefit of the dividend thereby effectively reducing the average price per share acquired to €1.217 which compares favourably with the year end diluted EPRA NAV per share of €1.59. All shares repurchased are held as treasury shares.

Industrial Portfolio and management platform acquisitions

On 7 June 2017 Stenprop announced the acquisition of a portfolio of multi-let industrial properties as well as the management business that has built up and managed the portfolio, C2 Capital Limited, for a combined consideration that values the two businesses at £130.5 million. The transactions completed on 30 June 2017.

The portfolio, which is operated under the brand industrials.co.uk, comprises 25 high-quality multi-let industrial ('MLI') estates located across the UK with a gross lettable area of approximately 2 million square feet (200,000 sqm), a diversified base of over 400 tenants and contractual rent (including contractual fixed uplifts) of approximately £9.1 million per annum.

The C2 Capital management platform specialises in the acquisition and active management of multi-let industrial estates across the UK. Founded and run by Julian Carey, with the support of six property professionals, the business has been investing on behalf of private and institutional clients since its inception in 2009 and will be responsible for growing Stenprop's industrial presence under the industrials.co.uk brand in the UK.

Positioned for growth

The recently completed acquisitions represent a strategic opportunity to invest significantly in an asset class that, based on a number of positive fundamentals, Stenprop believes will deliver superior and sustainable earnings. Stenprop intends to utilise its newly acquired platform to pursue further opportunities in this sector quickly and decisively, in an effort to establish itself 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.

Stenprop is a long-term business focused on delivering long-term sustainable growth. We continue to implement proactive asset management in both the UK and Germany. Our focus is to deliver increased rents and value enhancement across the portfolio.

It remains our medium-term strategy to have a debt-to-equity ratio of approximately 50% and to fix interest rates for five years, dependent on underlying specifics. At year end, excluding the Swiss portfolio which is in the process of being sold and Nova Eventis which was sold on 22 June 2017, the weighted average loan-to-value ratio was 49%.

Outlook

In 2016, the UK economy became even more interwoven than usual with politics, a situation that will further manifest itself as the UK negotiates the terms of its divorce from the European Union. Political disruptions have also been felt across Europe and these will undoubtedly impact the economic outlook for 2017 and beyond.

Our portfolio is robust and we have strong relationships with both our tenants and our lenders. Stenprop has a strong balance sheet and with the acquisitions detailed above we look forward with confidence to establishing ourselves as a leading player in the UK multi-let industrial space.

We are actively investigating the merits of a conversion to REIT status as well as a London listing, and a possible change in reporting currency from Euro to Sterling to reflect the relatively larger weighting of the UK portfolio following implementation of the acquisition and sales strategy.

Finally, on a personal note, I would like to remember Gerald Leissner who sadly passed away on 16 December 2016. We were privileged to have had Gerald as a Chairman and colleague, not only for his vast experience and knowledge of property where he was a legend in his lifetime, but also for his personal contribution to Stenprop.

Paul Arenson
Chief Executive Officer

Strategy and business model

Our strategy

Stenprop's strategy is to enhance shareholder value by delivering sustainable growth in earnings and distributions through identifying and investing in sectors and assets that have positive growth fundamentals and where there is an opportunity to add value, grow earnings through active asset management.

Business model

Our business model is driven by the application of our value-enhancing business activities and key capital resources to produce measurable outcomes, as illustrated on the following page.

KEY VALUE CREATING BUSINESS ACTIVITIES

DELIVERING SUSTAINABLE GROWTH IN EARNINGS AND DISTRIBUTIONS

RECYCLING CAPITAL

Active and continuous monitoring of the portfolio for early identification of mature and non-core assets which can be recycled into new assets with greater growth potential.

EFFECTIVE DEBT MANAGEMENT

Optimising terms of debt including interest rates, maturity terms and covenants, whilst minimising capital repayments.

ACTIVE ASSET MANAGEMENT

Actively working the portfolio to secure rental growth and value enhancement, through exploiting opportunities for new lettings, lease renewals, refurbishments and the repositioning of assets.

ACQUISITION STRATEGY

Continuously evaluate new opportunities which are likely to show superior growth in earnings and distributions. Lead an appropriate targeted approach to acquisitions which are likely to deliver growing and sustainable earnings, with a particular focus on acquisition opportunities in the multi-let industrial sector in the United Kingdom.

industrials.co.uk platform

Stenprop intends to pursue further acquisition opportunities within the multi-let industrial sector in the United Kingdom, with the intention of establishing itself as a market leader in the sector.
Stenprop will continue to invest and further develop the industrials.co.uk management platform (including through the development, and use, of technology) to add value, increase efficiency and, over time, deliver additional revenue streams from its multi-let industrial portfolio.

Our strategy is implemented by an experienced and professional team focused on delivering best practice, strong risk management and a critical awareness of potential threats and opportunities to value creation. We operate robust and efficient property and financial reporting systems and ensure our core values of value creation and integrity are deep-rooted in everything that we do. Our capital resources are allocated in our day to day business operations to generate the highest risk-adjusted return.

Financial Capital
Ability of the Company to raise funding at an optimal cost and the appropriate investing thereof.

Intellectual Capital
The Company's ethos and strategy combined with the experience of the decision makers is critical to the Company's ability to enhance value and grow the business.

Manufactured Capital
Capital expenditure invested in our assets to generate cash flow from property and rental income which will result in capital appreciation.

KEY CAPITAL RESOURCES

Social and Relationship Capital
To behave as an exemplary corporate citizen and maintain relationships with stakeholders through careful assessment of our economic, social and environmental impact.

Human Capital
The combined experience, knowledge and skill of our employees and partners to deliver a sustained track record and commitment to our strategy.

Natural Capital
The active asset management of the Company's portfolio to create value through letting, operating and developing.

THE GROUP'S OBJECTIVES ARE LINKED TO THE FOLLOWING MEASURABLE OUTCOMES

Objectives	Measurable outcomes
To grow earnings.	Diluted adjusted EPRA EPS of 10.28 cents (2016: 10.41 cents). Decrease due entirely to weakening of Sterling. If exchange rates had been constant compared to prior year, the diluted earnings adjusted EPRA EPS at March 2017 would have risen by 5.6% to 10.99 cents.
To grow dividends.	Dividend yield on share price at release of Provisional Annual Results of 7.1%. Delivered distributions of 9.0 cents per share during the year, representing a 1.1% increase against prior year based on a payout ratio of 87.5% of EPRA earnings,
To maintain and grow the NAV per share by focusing on maintaining a high quality sustainable portfolio.	The diluted EPRA NAV per share at 31 March 2017 was €1.59, down from €1.67 in 2016. 5 cents of the decrease is due to forex and 6 cents due to the revaluation of the Nova Eventis property, offset by other gains of 3 cents.
To refinance bank debt in order to extend our debt maturity profile, remove amortisation, decrease overall interest costs and target an average loan to value ('LTV') ratio of 50%.	The portfolio's average LTV ratio remained unchanged from the prior year at 51.6%. Excluding Assets Held for Sale and Nova Eventis, amortisation has dropped 78% to €1.37 million since the prior year. The all-in contracted weighted cost of debt dropped to 2.53% from 2.80% at 31 March 2016.
To provide liquidity to shareholders.	Stenprop is investigating a London listing.
To maintain our reputation and good investor relations.	The Company's strategy (and success in achieving this strategy) is clearly communicated to stakeholders. Stakeholder engagement. Compliant with listings requirements and applicable principles of corporate governance.

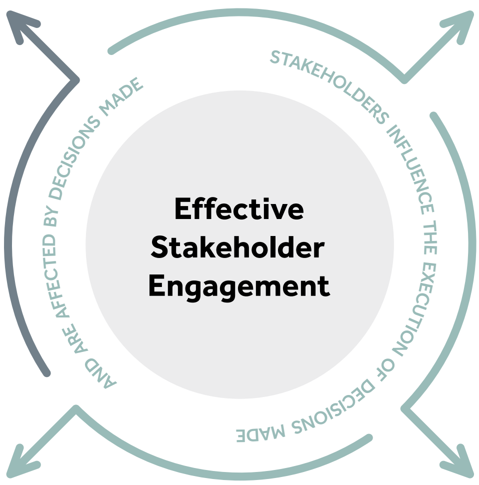
Engagement with key stakeholders

The Group places a large emphasis on its partnerships with the people and organisations with whom it shares common risks and benefits. It prides itself in establishing and maintaining solid relationships, both internal and external, built on values of transparency, trust and integrity.

Stakeholder engagement is considered integral in driving long-term sustainability and shareholder value. It provides the opportunity to align expectations and practices. The Company has identified the following key stakeholders and areas that are considered critical to meeting our strategic objectives and sustaining future growth:

INVESTORS

- Manage reputation and expectations through investor relations
- Explore target led approach to new opportunities
- Cost management
- Analysis and interpretation of global economic and market conditions and the regulatory environment



LENDERS

- Sustainable cash flows
- Risk management and internal financial controls
- Compliance with lending covenants
- Target gearing ratio of no more than 50% with the objective of bringing this down further in future years

BUSINESS PARTNERS

- Agreed on rules of engagement
- Provision of products and services to enhance our ability to meet our business objectives
- Sustainable business practices and appropriate risk management
- Transparency
- Good corporate governance, code of conduct and ethics

EMPLOYEES

- Motivated staff
- Recognise that experience and ethos are central to delivering on our strategic objectives

Mutually beneficial partnerships with key stakeholders are integral to delivering our strategy

The identification of the significant areas that impact the Group's ability to enhance and protect shareholder value flows from recognising and responding to the interests and expectations of the Company's stakeholders. This process supports Stenprop's commitment to integrated reporting and the application of the principals of the frameworks in which it operates, such as the King III code of corporate governance.

The board is responsible for actively engaging stakeholders and understands the importance of this to ensure:

- that management has an up to date understanding of the operating environment in which it operates in order to focus on key risks facing the Company and ensure that resources are appropriately allocated to mitigate these risks;
- that trusting relationships are built and, should disputes arise, they be resolved effectively and efficiently;
- that the Company's strategy (and success in achieving this strategy) be clearly communicated.

The activities undertaken as part of the stakeholder engagement process occur through the normal course of business throughout the year. The quality of our relationship with our stakeholders is continuously assessed and addressed through our engagement processes.

Risk management

Stenprop's five-step risk management plan

As part of effective risk management, potential events or factors that could have a negative impact on the business are identified, assessed, managed and monitored, all in accordance with the level of risk that the board is willing to tolerate. These risks, as well as controls and preventive measures, are reported to the risk committee and to the board. The aim of the risk management process is to achieve an appropriate balance between the potential adverse impact of these risks on the business and the pursuit of the Company's strategic objectives, remaining a competitive business and creating value. With this in mind the board has overall responsibility for determining the risk appetite of the Company and for the adoption and oversight of the risk management plan. The risk management plan adopted by the Company is carried out by the management team and is subject to periodic review by the risk committee and board of directors.

Appropriate internal risk management and control systems are in place, including: a strong management structure to facilitate effective decision-making; ongoing review of key performance indicators; and consistent update of forecasts and review of performance against budgets. Semi-annual and annual figures are produced in accordance with stringent controls which specifically identify movements in valuations and variances in income and expenses. Data processing is electronic. Back-up and recovery plans to store and restore data are continuously monitored and where appropriate, upgraded. The most significant risks faced by Stenprop are detailed in the risk matrix on the following page.

1 IDENTIFY

Risk identification is supervised by the executive directors and senior staff members but involves every individual staff member in the Group to increase the probability of identifying or anticipating unpredictable risks in the changing environment.

2 ASSESS

All risks identified are assessed on a continual basis. They are awarded an inherent risk rating which may lead to the implementation of controls/actions to mitigate them. Risks are then assessed and awarded a residual risk rating after considering the adequacy and effectiveness of such controls, the financial and non-financial impact, as well as the probability of occurrence of a risk.

3 MANAGE

Identified risks can be avoided, transferred, accepted or mitigated. Decisions and actions are recorded and identified weaknesses are highlighted and rectified to bring the risk back within the acceptable limit.

4 MONITOR

Risks and the effectiveness of the corresponding actions to manage these risks are monitored on an ongoing basis.

5 REPORT

Significant risks, key controls, details of risk management decisions and all relevant management actions implemented as part of the risk assessment process, are reported to the risk committee and thereafter presented to the board on a quarterly basis for their review and approval.

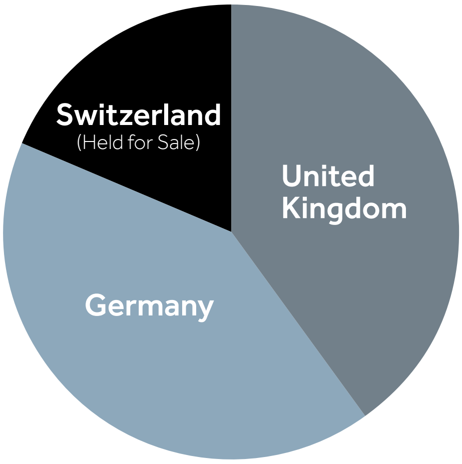
	Risk	Business consequence	Controls and mitigating factors
STRATEGIC RISK	• Insufficient consideration of, and inadequate response to, industry, technological and market changes	• Inability to attain strategic objectives • Financial impact (decline in earnings and net asset value) • Reputational impact (decline in share price) • Impact on dividend policy	• Monitoring of macro-economic environmental, technological and property trends • Research • Ongoing review of strategy and assumptions made
	• Inability to develop the industrials.co.uk portfolio	• Inability to grow earnings and attain strategic objectives • Decline in share price • Impact on dividend policy	• Monitoring of the portfolio to identify assets which can be recycled • Monitoring of the multi-let industrial space to identify acquisition opportunities • Established management platform reporting to the CEO on acquisition opportunities
FINANCIAL	• Political uncertainty (including the terms of Brexit) and impact on economy and the markets in which Stenprop operates	• Decrease in property values • Pressure on cash flows • Potential difficulty in meeting bank covenants • Reduced investor demand and decline in share price	• Development and review of appropriate growth plan • Effective forecasting and scenario planning, including the maintenance of appropriate liquidity levels • Effective diversification • Debt facilities are secured in the currency of the related investment to limit foreign exchange exposure
	• Inadequate treasury management	• Reduced ability to grow earnings	• Effecting forecasting including the maintenance of appropriate liquidity levels • Ongoing monitoring by management
	• Inability to raise adequate capital and debt funding	• Increased cost of borrowing • Reduced flexibility to take advantage of opportunities	• Continuous monitoring of working capital requirements and capital market trends • Regular review of credit exposure and the impact of adverse foreign exchange movements • Regular and detailed cash flow reporting • Sustainable business model which can withstand capital market dislocation • Conservative gearing policy • Maintaining strong relationships with top-rated financial institutions and investors through a solid track record at achieving strategy • Staggered maturities of facilities and early refinancing
OPERATIONAL	• Excessive reliance on key service providers	• Interruption to effective operation of business leading to delayed reporting	• Implementation and monitoring of appropriate service level agreements. Effective management of business relationships • Comprehensive system of internal controls • Adequate diversification of service providers • In-house established asset management team overseeing asset and property management functions
	• Tenancy defaults/failure to secure sustainable and appropriate tenancies	• Pressure on cash flows and property values	• Diversification of tenants and comprehensive due diligence of key tenants • Active asset management to build occupational resilience • Transparent and open communication with tenants
	• Insufficient awareness of/response to changes in environmental and sustainability legislation	• Inability to let/re-let properties and loss of net asset value	• Ongoing and proactive monitoring of changes in legislation • Appointment of experienced technical advisors and legal experts • Staff training
	• Loss of a group of key personnel	• Loss of experience and knowledge leading to ineffective business decisions and poor performance • Reputational impact (decline in share price)	• Implementation of effective reward and recognition schemes • Involving employees in the decisions affecting their areas of responsibility and incentivisation by performance-based reward • Succession planning
	• Loss of data/IT failure and/or cyber-security breach	• Loss of data leading to ineffective operations and poor performance • Unauthorised access to sensitive information	• Back up of historical data • Ongoing maintenance and monitoring of business continuity plan and disaster recovery plan • Periodic auditing and testing of IT systems
COMPLIANCE LEGAL | TAX	• Failure to meet/respond to changes in regulatory environment and legislative requirements	• Breaches of regulations or requirements resulting in financial damage and increased scrutiny from regulators • Adverse publicity and reputational impact	• Appointment of experienced corporate advisers, sponsors, legal advisers and tax professionals in all jurisdictions • Proactive monitoring of changes in market practices and legislation • Continuous monitoring and review of business practices to ensure compliance

Market and property overview

Introduction

The Group's property investments are located in the United Kingdom and Germany, with assets in Switzerland classified as Held for Sale. Its objective is to identify and invest in property sectors and assets that have positive growth fundamentals, and where there is an opportunity to add value, grow earnings through active asset management. Stenprop does not intend to pursue development exposure other than through the value add asset management-related development of existing assets to protect and improve capital values.

Portfolio split by country and market segment (on market valuation)



Country	Properties	Value
United Kingdom	14	€341.4 million
Germany	28	€350.8 million
Switzerland (Held for Sale)*	12	€155.9 million
Total	**54**	**€848.1 million**

** Includes Burger King space at Hermann, valued at €2.7 million.*

United Kingdom

14 Properties

Portfolio value: **€341.4 million**

Retail:	1.0%
Office:	38.3%
Other:	0.9%
Total:	**40.2%**

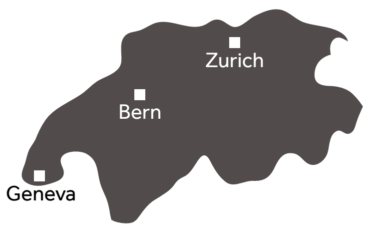
Germany

28 Properties

Portfolio value: **€350.8 million**

Retail:	24.3%
Office:	6.3%
Other:	10.8%
Total:	**41.4%**

Switzerland



12 Properties (Held for Sale)

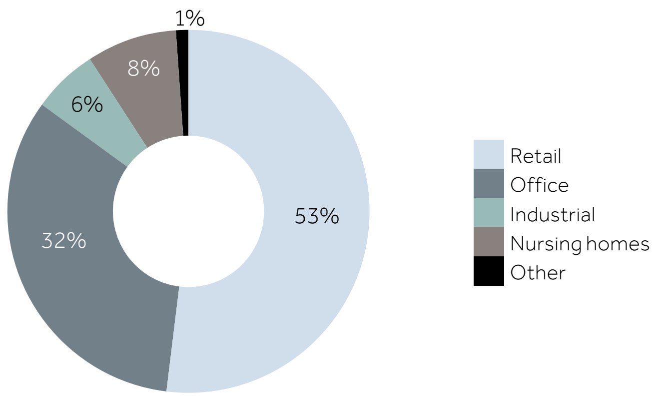
Portfolio value: **€155.9 million**

Retail:	10.0%
Office:	8.3%
Other:	0.1%
Total:	**18.4%**

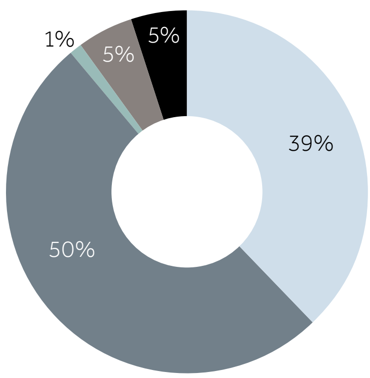
Portfolio profile by sector

	Asset value (€ million)	Asset value as % of portfolio %	Gross lettable area m²	Occupancy (by area) %	Annual gross rental income (€ million)	WAULT (by revenue) Years	WAULT (by area) Years	Weighted average rental per square metre €/m²
Office	448.9	52.9	81,068	95.4	25.7	5.3	5.2	317
Retail	299.5	35.3	135,585	95.6	20.9	7.2	7.5	154
Industrial	8.0	0.9	14,313	100.0	0.7	3.4	3.4	49
Nursing Homes	35.4	4.2	19,330	100.0	2.7	12.4	12.1	140
Other	56.3	6.7	2,364	83.7	2.5	4.5	4.6	1,058
Total	848.1	100.0	252,660	96.0	52.5	6.3	6.8	208

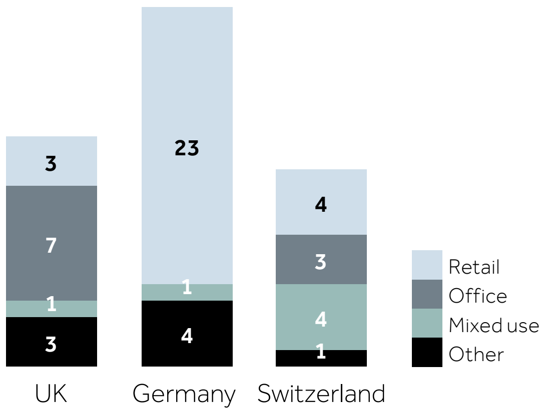
Sectoral profile by lettable area



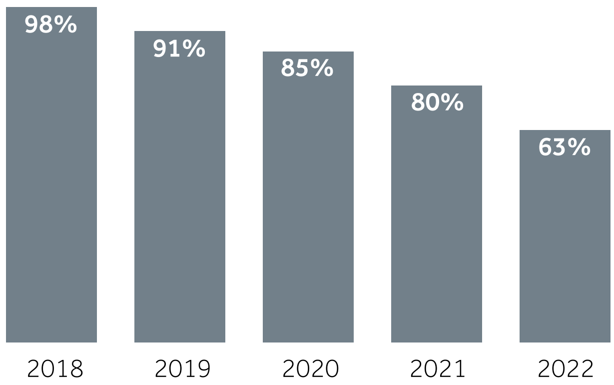
Sectoral profile by rental income



Property usage by geographical profile

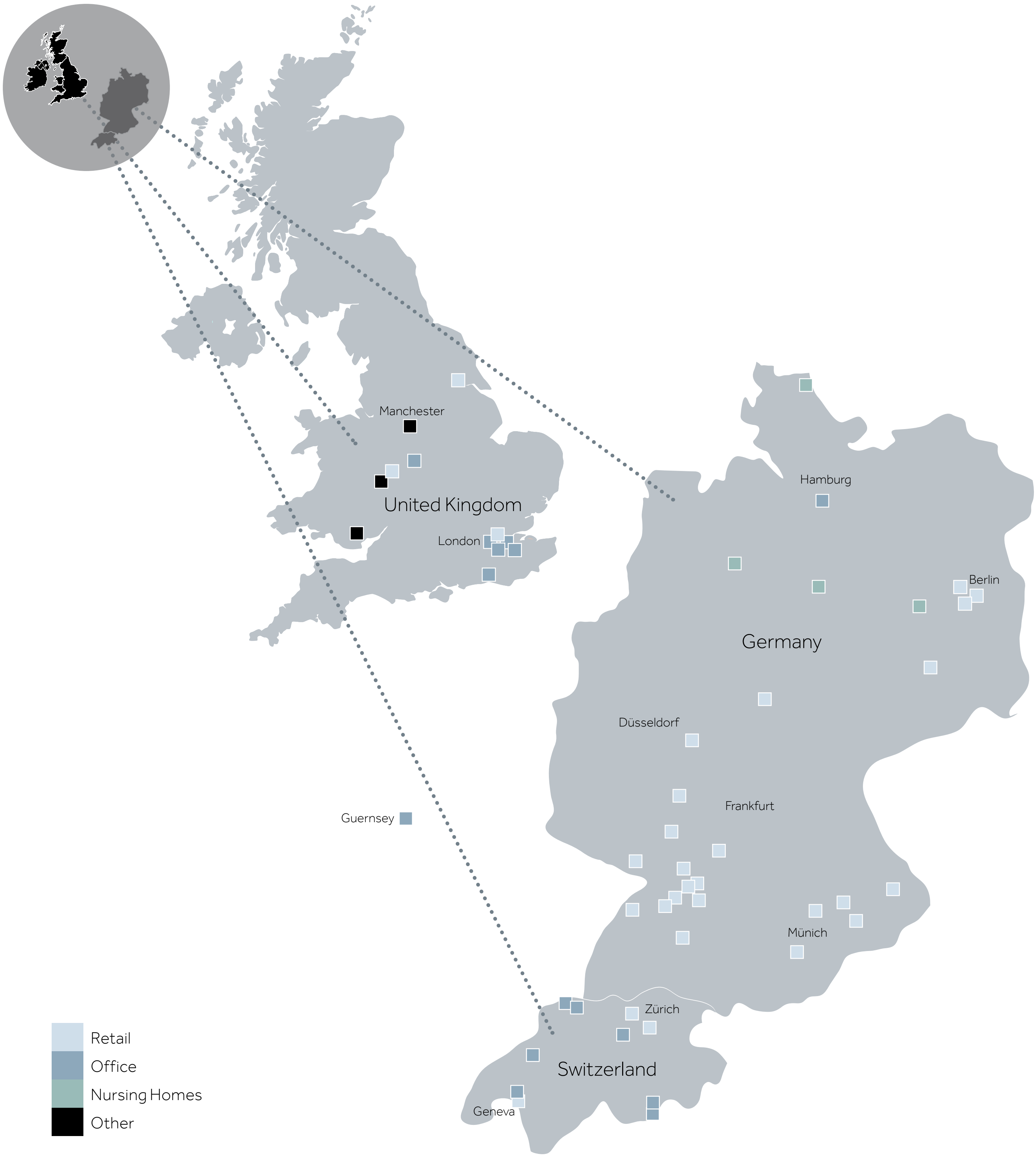


Contracted rental income as percentage of rent roll at reporting date



Market and property overview continued

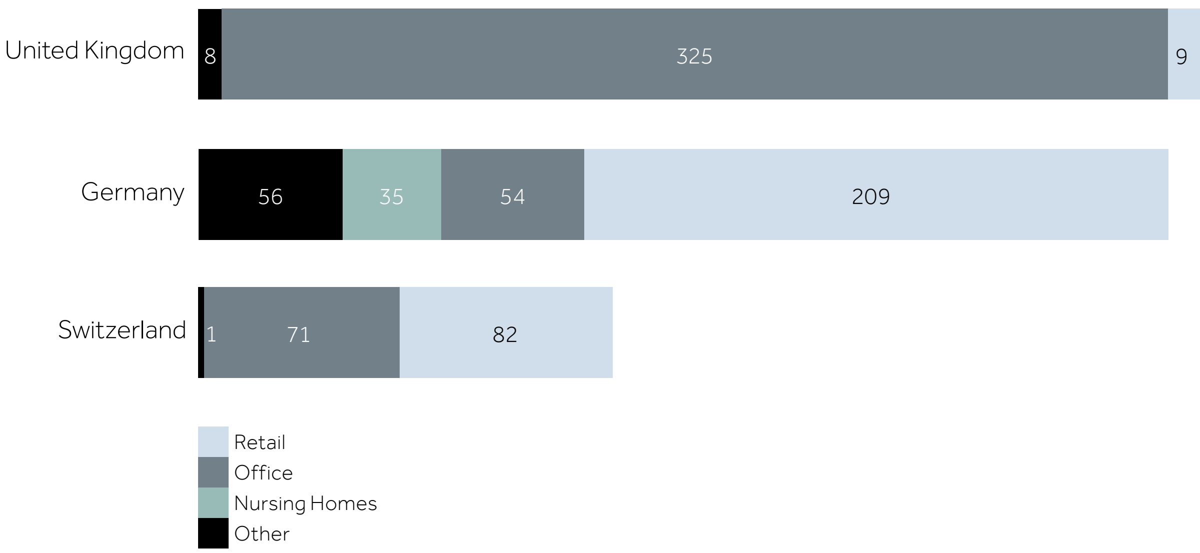
Geographical profile



Combined portfolio information

	Portfolio by market value (%)	Market value 31 March 2017 (€ million)	Properties	Area (m²)	Annualised gross rental income (€ million)	Net initial yield 31 March 2017 (weighted average) (%)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m² (€/m²)
United Kingdom	**34.7**	**294.1**	**13**	**63,555**	**18.5**	**5.57**	**5.7**	**0.0**	**291**
Germany	**30.2**	**256.3**	**23**	**92,264**	**14.5**	**4.95**	**6.6**	**5.4**	**157**
Assets Held for Sale	**18.4**	**155.9**	**12**	**47,111**	**9.6**	**4.33**	**7.2**	**4.6**	**204**
Germany	**0.3**	**2.7**	**–**	**250**	**0.2**	**6.40**	**1.2**	**0.0**	**800**
Switzerland	**18.1**	**153.2**	**12**	**46,861**	**9.4**	**4.29**	**7.3**	**4.7**	**201**
Total	**83.3**	**706.3**	**48**	**202,930**	**42.6**	**5.07**	**6.3**	**3.5**	**210**
Share of joint ventures and associates	**16.7**	**141.8**	**6**	**49,730**	**9.9**	**5.69**	**6.4**	**5.8**	**199**
Total	**100.0**	**848.1**	**54**	**252,660**	**52.5**	**5.18**	**6.3**	**4.0**	**208**

Property value (€ million)



Market and property overview continued

Portfolio valuation and debt summary

Property/Portfolio	Ownership (%)	Loan value (€)	Property value (€)	Gearing (LTV) (%)
United Kingdom				
Euston House	100	(32,194,260)	90,831,300	35
Pilgrim Street	100	(43,311,450)	91,182,000	48
Hollandbay Portfolio	100	(4,676,000)	8,709,050	54
ApexHi Portfolio	100	(9,772,840)	30,212,805	32
Trafalgar Court	100	(35,070,000)	73,120,950	48
UK sub-total		(125,024,550)	294,056,105	43
Switzerland				
Kantone Portfolio	100	(45,829,700)	86,981,927	53
Polo Portfolio	100	(22,213,375)	40,224,185	55
Other Suisse Properties	100	(14,700,578)	26,053,163	56
Swiss sub-total		(82,743,653)	153,259,276	54
Germany				
Bikemax Portfolio	100	(14,700,000)	25,200,000	58
Aldi Portfolio	100	(15,360,938)	33,024,000	47
Bleichenhof	94.90	(84,937,000)	127,500,000	67
Neukölln	100	(9,000,000)	18,700,000	48
Hermann Quartier	100	(9,430,000)	23,400,000	40
Victoria Centre	100	(10,300,000)	31,234,000	33
Germany sub-total		(143,727,938)	259,058,000	55
On balance sheet total		(351,496,141)	706,373,381	50
Associates and joint ventures				
Argyll Street[1]	50	(21,918,750)	47,344,500	46
Nova Eventis[1]	28.42	(41,916,815)	59,018,677	71
Care Homes Portfolio	100	(22,671,601)	35,350,000	64
Portfolio total		(438,003,306)	848,086,558	52

[1] *Value shown represents Stenprop's effective interest.*

Gross rental income**

Combined portfolio	Annualised gross rental income (€ million)	Area (m²)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m² (€/m²)	Indexation and fixed increases %^
United Kingdom	**20.8**	**66,557**	**5.4**	**0.0**	**313**	**Rent reviews**
Germany	**22.1**	**138,992**	**6.9**	**5.6**	**159**	**Benchmarked to CPI**
Assets Held for Sale	**9.6**	**47,111**	**7.2**	**4.6**	**204**	**Benchmarked to CPI**
Made up of: Germany	**0.2**	**250**	**1.2**	**0.0**	**938**	
Switzerland	**9.4**	**46,861**	**7.3**	**4.7**	**200**	
Total	**52.5**	**252,660**	**6.3**	**4.0**	**208**	

^ Where applicable.

Business segment and valuation movement**

Local currency		Market value 31 March 2017 (million)	Market value 31 March 2016 (million)	Valuation movement in year (million)	Change % FY17 versus FY16
UK	(£)	**292.1**	**295.0**	**(2.9)**	**(1.0)**
Germany	(€)	**350.7**	**359.4**	**(8.7)**	**(2.4)**
Switzerland (Held for Sale)*	(CHF)	**166.8**	**166.4**	**0.4**	**0.2**

Euros		Market value 31 March 2017 (million)	Market value 31 March 2016 (million)	Valuation movement in year (million)	Change % FY17 versus FY16
UK	(€)	**341.5**	**373.2**	**(31.7)**	**(8.5)**
Germany	(€)	**350.7**	**359.4**	**(8.7)**	**(2.4)**
Switzerland (Held for Sale)*	(€)	**155.9**	**152.2**	**3.7**	**2.4**
Total	(€)	**848.1**	**884.8**	**(36.7)**	**(4.1)**
Properties disposed of	(€)	**–**	**6.2**	**–**	**–**

* *FY16 comparative excludes Interlaken, disposed of during FY17 and includes Burger King space at Hermann, valued at assumed €2.7 million in both periods.*

** *Includes Stenprop's share of joint ventures and associates.*

Exchange rates	2017 31 March	2016 31 March	Movement	%
EUR:CHF	**0.9353**	0.9147	0.0206	2.3
EUR:GBP	**1.1690**	1.2653	(0.0963)	(7.6)

Market and property overview continued

Tenancy analysis

Tenant profile

	Number of tenants	Annual rental income (%)
UK	27	39
Germany	276	43
Switzerland	98	18
	401	100

15 tenants contribute approximately 47% of the total portfolio gross rental

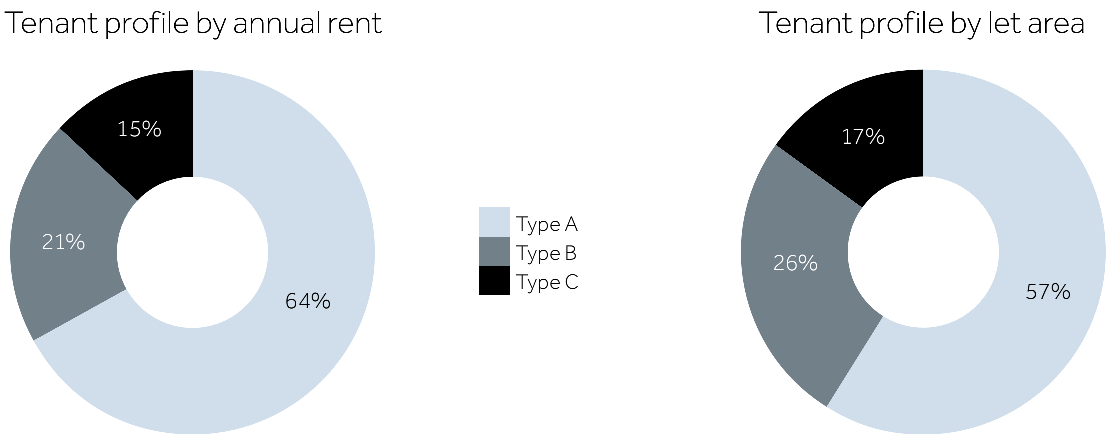
Top 15 tenants

Tenant	Property/investment	Location	% of rental income
Northern Trust (Gsy) Ltd	Trafalgar Court	Guernsey	6.94
British Land Offices (Non-City) Ltd	Pilgrim Street	London	4.99
Apcoa Autoparking GmbH	Bleichenhof	Hamburg	4.75
Bechtel Ltd	Pilgrim Street	London	4.62
Aldi	Consists of 14 properties	Germany	4.12
Bike + OUTDOOR COMPANY	Consists of five properties	Germany	2.97
Learning Tree International Ltd	Euston House	London	2.67
Planet Wellness	Kantone – Lugano	Switzerland	2.40
Top Tip	Polo – Altendorf	Switzerland	2.39
Close Brothers Properties Guernsey Ltd	Trafalgar Court	Guernsey	2.37
Network Rail	Euston House	London	1.98
Lipomed AG	Polo – Arlesheim	Switzerland	1.78
Live Nation (Music) UK Ltd	Argyll	London	1.61
Diako – Soziale Einrichtungen GmbH	Kappeln – Care Home	Germany	1.54
i2	Euston House	London	1.53
			46.68

The weighted average unexpired lease term of the top 15 tenants is 7.5 years

The weighted average unexpired lease term of the portfolio is 6.3* years

Tenant profile



Type A: *Large tenants with a national presence or multi-national tenants, government and major franchisees.*
Type B: *Nationally recognised tenants, listed tenants, franchisees, and medium to large professional firms.*
Type C: *All other tenants (145 tenants).*

** Includes Stenprop's share of joint ventures and associates.*

Bleichenhof, Hamburg

Flagship properties

Euston House, London

- Constructed in 1933
- Historic headquarters of the British Rail Property Board
- Offices built around a central light-well over basement, ground and eight upper floors
- Occupies an island site of 0.18 hectares (0.45 acres) directly opposite Euston Station
- Located between two significant nodes of regeneration
- Kings Cross St Pancras is approximately 500m to the east of the property

Use: Office	
Market value	€90.8 million
Current rent per annum	€4.8 million
Number of tenants	6
WAULT by rental (years)	4.2
Lettable area (m^2)	10,204

Argyll Street, London

- Dating back to the early 20th century, 25 Argyll Street was redeveloped behind an original Grade II listed Portland stone façade that characterises Regent Street
- The property is situated opposite the Apple Store on Regent Street. It comprises office accommodation arranged over a basement, ground and six upper floors
- A substantial refurbishment of the building has been undertaken across the 1st, 4th and 5th floors including the reception and other common parts
- The property counts Spotify, Live Nation and H&M as some of its tenants

Use: Office	
Market value	€94.7 million
Current rent per annum*	€2.3 million
Number of tenants	4
WAULT by rental (years)	2.7
Lettable area (m^2)	6,007

** In respect of Stenprop's 50% interest*

Pilgrim Street, London

- Built in 2001
- Office building with ground and six upper floors
- Small retail unit on ground floor
- 12 parking spaces at basement level – accessed via a car lift
- Located 250m from St Paul's Cathedral and 25m from Fleet Street, Blackfriars City Thames link station
- Area is a well-established office location and has benefited from a number of landmark buildings in recent years which have attracted the City's leading occupiers
- Proposed 2017 completion of Crossrail to further benefit the area

Use: Office	
Market value	€91.2 million
Current rent per annum	€5.1 million
Number of tenants	3
WAULT by rental (years)	4.2
Lettable area (m^2)	9,655

Bleichenhof, Hamburg

- Constructed in 1956 and substantially refurbished in 1987
- Mixed use in approximately three equal parts comprising offices, retail, and public car parking
- Car park let to Apcoa – the primary public parking in Hamburg city centre
- Six and a half floors with retail on the ground floor and offices on the floors above
- Surrounded by canal on one side and two well-known retail streets on the other sides
- Large scale city centre regeneration project taking place on adjoining property
- Rear part of Bleichenhof also to be redeveloped over the next two years to benefit from marriage value of adjoining development

Mixed use: Office, retail and other	
Market value	€127.5 million
Current rent per annum	€5.8 million
Number of tenants	44
WAULT by rental (years)	4.5
Lettable area (m^2)*	20,067

** Excludes car park.*

Trafalgar Court, Guernsey

- Newly built in 2002
- Freehold office building with ground and three upper floors with unrestricted sea views
- 517 parking spaces in separate multi-storey car park
- Located within a 15-minute walk from the town centre of St Peter Port, Guernsey
- The immediate area is a well-established office location and counts ABN Amro, Kleinwort Benson, Intertrust, Artemis Fund Managers, De Patron Fund Management and Carey Olsen as local occupiers
- There is a 5,500 square meter Waitrose supermarket along with its own dedicated car park to the rear of the property

Use: Office	
Market value	€73.1 million
Current rent per annum	€4.9 million
Number of tenants	3
WAULT by rental (years)	10.1
Lettable area (m^2)	10,564

Berlin daily needs centres

- Consists of three properties located in the city of Berlin: Neucolln Carree, Hermann Quartier and the Victoria Centre
- Neucolln Carree is a 6,100 square meter retail park with excellent accessibility by public and private transport and sufficient parking. Key tenants include Edeka, Aldi and McDonalds
- Hermann Quartier is a shopping centre located on the busy Hermannstrasse, with direct access from the underground ubahn station and a strong tenant mix
- The Victoria Centre is located adjacent to a major railway interchange with excellent public transport links. It is anchored by a large Kaufland supermarket, amongst smaller tenants, with an overall WAULT of 13.5 years

Use: Retail	
Market value	€70.6 million
Current rent per annum	€4.5 million
Number of tenants	47
WAULT by rental (years)	8.83
Lettable area (m^2)	35,347

Performance review

Germany

Market environment

The German economy posted its strongest growth for five years, with a growth of 1.9% in GDP in 2016. This solid growth has continued through to the start of 2017, with Q1 GDP growth of 0.6%, up from 0.4% in Q4. German business confidence hit an all-time high in June highlighting the jubilant mood in the domestic economy at present.

However, this outlook is tempered by significant outside risks. Issues such as the negotiations on the UK's exit from the EU and the potential for protectionist policies from the United States pose risks to Germany's export led economy.

Over the past year, interest markets have been strongly influenced by the European Central Bank's quantitative easing policy (QE). After reducing the base rate to 0% in March 2016, the European Central Bank announced an extension of the QE policy by way of negative interest rates and the purchase of government bonds until December 2017, albeit at a reduced monthly volume of €60 billion (from €80 billion) from April 2017.

The German real estate market has continued to go from strength to strength and is on top of the wish list for many real estate investors. In the current times of rising uncertainty, the German market is seen as a safe haven for global capital. This is illustrated in the transaction volumes which are currently experiencing the highest levels since the boom years of 2006/2007.

The significant volume of investment funds available worldwide is expected to drive further investment in the German commercial real estate market in 2017. Conversely, in the capital markets there are signs that yields are expected to rise from the current historic lows. Despite this sentiment, the expectation is that yields in the real estate market will remain at historic lows during the course of 2017, as the lack of supply and increasing rental growth will continue to underpin the relatively high pricing.

Performance

The German portfolio (excluding associates and joint ventures) was independently valued at €259.1 million as at 31 March 2017 reflecting an increase of 2.6% on a like for like basis since 31 March 2016. Vacancies increased slightly to 5.4% as a result of the development activity at the Bleichenhof property.

Investment and asset management

Bleichenhof development

The repositioning at the Bleichenhof property in Hamburg has progressed well over the course of the year and is expected to complete in June 2018. The development will open the rear of the property to create a courtyard linking our building to the adjoining Stadthöfe development, a 100,000m^2 €220 million development, representing the last significant core Hamburg City centre regeneration site.

The expected cost of the repositioning is €7.4 million and once completed there will be approximately 1,500m^2 of additional retail space created. The space will include a 450m^2 restaurant as well as a number of food operators utilising the space created in the courtyard to establish a new retail and food destination in Hamburg.

Switzerland

Market environment

Switzerland's economy has coped with a very strong currency well on the whole. The construction industry, Switzerland's functioning credit system and government investment spending have at least partially offset the strong Swiss Franc's adverse impact on the export sector. Economic growth bottomed out in late 2015 and growth momentum steadily edged upward over the course of 2016.

The moderate pickup in economic growth looks set to continue in the months ahead. The Organisation for Economic Co-operation and Development ('OECD') forecast an increase of GDP growth from 1.3% in 2016 to 1.5% in 2017, and 1.9% in 2018. Domestic demand will continue to be supported by negative interest rates, low unemployment and better external market conditions. Consumer prices are beginning to edge up after several years of deflation. The stronger Swiss Franc will continue to weigh on Switzerland's export sector; however, the current account surplus will persist, even as somewhat stronger domestic demand boosts imports.

Negative interest rates have now been impacting the corporate bond market for some time. Over the last 12 months, large established real estate companies have been able to obtain funding at very low rates. PSP Swiss Property, which raised CHF125 million through a seven-year bond issue at 0% interest, is an example. Inflation which has gone above 0% for the first time in five years is unlikely to have much of an impact on the general interest-rate environment. The ongoing strength of the currency is likely to ensure that the Swiss National Bank leaves its three-month LIBOR target at (-0.75%) for the near future. This, coupled with the lack of domestic investment alternatives, should also keep long-term rates at their present record-low levels.

The ongoing shortage of investment alternatives continues to fuel significant demand for core properties, but investors on the whole have become more discerning about real estate in Switzerland in view of the weaker outlook for the occupier market. There is somewhat of a contrast in the commercial transaction market at present. On one hand, the demand for low-risk office buildings with stable income has increased, which has led to bidding contests involving a very high number of offers and a sharp yield compression. Estimated net prime yields for Grade A downtown office properties fell by another 20 to 30 basis points in 2016 to 2.7% in Zurich and 3.0% in Geneva. Despite this aggressive pricing, the approximately 300 basis point yield spread over government bonds is still very attractive. Yield expectations for prime office properties are unlikely to increase in the quarters ahead because the monetary policy environment should remain accommodative and investors continue to face investment pressure. On the other hand, investor interest in office properties with riskier occupancy situations and/or unattractive locations has decreased. Vacancies and the corresponding marketing time it takes to lease out space are being scrutinised critically by investors in price negotiations.

Performance

The Swiss portfolio was valued at CHF163.9 million as at 31 March 2017, an increase of 0.3% on a like for like basis since 31 March 2016.

Investment and asset management

Late last year, we took the decision to exit the Swiss market due to the lack of rental growth and very low yields. We decided to exit gradually in order to manage any cash drag while we were seeking out new investment opportunities. The first disposal took place in November 2016 when the Interlaken property was sold for a price of CHF6.8 million which was in line with our most recent valuation.

The bank loans for the Swiss properties which expired on 31 March 2017 have been extended on a short-term rolling basis pending their sales. The refinancing is aligned with Stenprop's stated strategy to sell these assets. The extended loans have no swaps and interest is charged at Swiss LIBOR plus a margin of between 1.05% and 1.5%. Since Swiss LIBOR is currently negative, the margin represents the current interest rate. This compares favourably with the previous all-in rates of approximately 2.75%.

Post year end activity

On 30 June 2017, the two properties located at Granges Paccot were sold for a combined price of CHF20.7 million, 6% above the most recent external valuation completed on 30 September 2016.

Performance review continued

UK

Market environment

The UK economy continues to grow at a moderate rate, despite expectations of a possible downturn following the vote to leave the EU last year. This growth has been supported by a stronger manufacturing contribution, driven in part by higher exports because of a weaker pound.

GDP growth remained positive in Q1 2017 (+0.2%) albeit slowing slightly compared to Q4 2016 (+0.7%) as a result of a fall in retail sales. Economic momentum is widely forecast to slow this year as the country's consumers begin to feel the pinch from higher inflation which hit a four-year high of 2.9% in May 2017 as a result of the weakening currency. However, a weaker pound is also supporting an improved export position for the UK. Standard & Poor's is predicting that the UK's growth rate will slow from 1.8% in 2016 to 1.4% in 2017 and 0.8% in 2018.

After hitting a four year high of 2.9% in May, inflation fell back to 2.6% in June 2017 as cheaper oil prices slowed the pace of price rises. This unexpected fall in the inflation rate should alleviate the pressure on the Bank of England to raise interest rates in the short term. While the rate of inflation has fallen, it is still outpacing wage growth. Despite the unemployment rate falling to 4.6% in April 2017, the lowest level since 1975, wage growth remains subdued.

Office take-up fell in central London by 35% in the first quarter of 2017 in what was a weak start to the year. However, under offers rose by 42%, which is 12% above the 10-year average. Availability has been rising across central London for the last two years. In the first quarter of 2017 availability rose by 3% to stand at 14.7 million square feet, in line with the 10-year average. The overall increase in the availability of space can be seen in the vacancy rate, which rose from 4.2% to 4.7% over the quarter. The vacancy rate is now higher than the 10-year average of 4.3%.

A total 1.8 million square feet of developed and refurbishment office space completed in the first quarter of 2017. About half of this space has already been leased or is under offer. A further 12.8 million square feet of space is currently under construction and is expected to complete between now and 2020. Approximately 40% of this space has been pre-let or is under offer.

The first quarter of 2017 was the most active first quarter on record for office transactions in London. A total of £4.9 billion was transacted over the period. This follows a strong end to 2016, providing further evidence of the resilience of the London investment market post-EU referendum. Overseas investors are currently dominating the market, accounting for 80% of all transactions by volume in the first quarter of 2017, up from 74% in the previous quarter.

On the sell side, UK investors represented 68% of the market, led by UK property companies (53%) and UK institutions (12%). Many UK-based holders of London office property have decided that the high level of demand from overseas investors – driven by the devaluation of the pound since the EU referendum – has created a selling opportunity.

Prime City yields reverted to their pre-referendum level of 4.0% in the first quarter of 2017 after falling immediately following the Brexit vote. Prime West End yields remain at 3.75%. The expectation is that pricing will hold firm for the remainder of the year supported by the high levels of equity targeting London.

Stenprop's portfolio performance

Stenprop's UK portfolio was independently valued at £292.0 million at 31 March 2017, a decrease of 1% on a like for like basis against the valuations at 31 March 2016. All properties in the UK are fully let.

The reduction in value was largely driven by a fall in the value of the Pilgrim Street property which was impacted by a slight yield expansion after the Brexit referendum vote.

Post year end activity

Acquisition of Multi-Let Industrial Portfolio

On 30 June 2017, Stenprop completed an acquisition of a portfolio of multi-let industrial (MLI) properties as well as the management business that built up and managed the portfolio, C2 Capital Limited, for a combined consideration that values the two businesses at £130.5 million.

The portfolio, which is operated under the brand industrials.co.uk, comprises 25 high quality MLI estates located across the UK totalling a gross lettable area of approximately 2 million square feet (200,000m^2) and a diversified base of over 400 tenants. C2 Capital was established in 2009 by Julian Carey and comprises a team of seven investment and asset management professionals.

Following the transaction, the C2 Capital team will be responsible for growing Stenprop's industrial presence under the industrials.co.uk brand in the UK. It is intended that Julian Carey will join the board of Stenprop.

The acquisition represents a significant strategic investment for Stenprop in an area where management sees tremendous growth opportunities. By combining the industrials.co.uk portfolio with the C2 management platform as well as the Stenprop balance sheet, Stenprop is well positioned to establish itself as a leading player in the UK multi-let industrial space.

Outlook

Following the acquisition of the industrials.co.uk portfolio and the C2 management platform, Stenprop will be looking to actively pursue further acquisitions in the multi-let industrial space in the near future. In order to fund these acquisitions (in the short term), Stenprop will use the equity generated from the sale of assets with less growth potential throughout the Stenprop portfolio.

Stenprop believes that by investing in the multi-let industrial space it will, on a sustainable basis, deliver increased earnings growth. The ability to achieve higher growth than other sectors is underpinned by a number of positive fundamentals, most notably a structural demand/supply imbalance which is driving rental growth.

Chief Financial Officer's report

We own a high quality income producing property portfolio

Patsy Watson

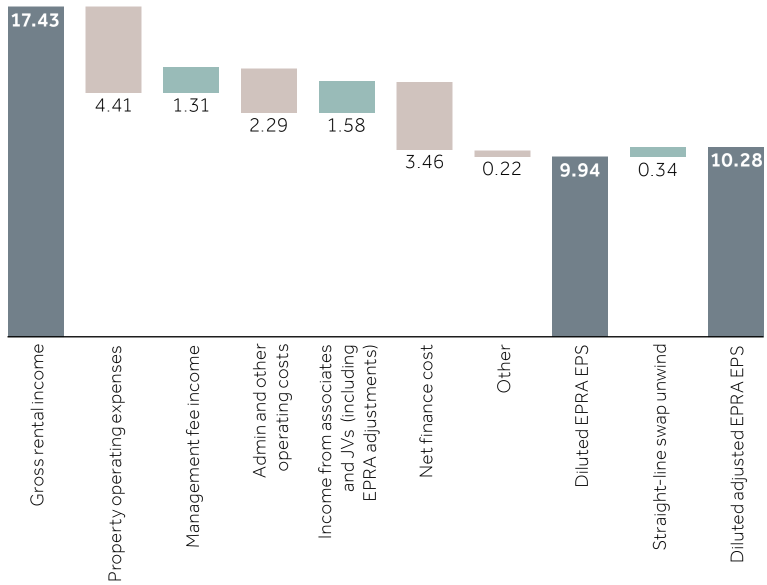
Overview

Stenprop is pleased to have delivered another strong set of results in a year that has seen much political and economic uncertainty. Our earnings showed resilience over the year and we reported full year diluted adjusted EPRA earnings of 10.28 cents per share. This represents a 1.2% decrease on the diluted adjusted EPRA EPS at 31 March 2016 and is entirely as a result of the weakening of Sterling over the period.

Including our share of associates and joint ventures, Stenprop's investment properties were valued at €848.1 million (2016: €891 million), of which €156.2 million were classified as Assets Held for Sale at 31 March 2017 (2016: nil). Assets Held for Sale consist of the entire Swiss portfolio, and a small part of a German asset. On a like for like basis the valuation of the portfolio decreased by 4.2% of which 2.9% resulted from currency movements.

We own a high quality income producing property portfolio, that, subsequent to the year end, has been enhanced following a strategic acquisition that has given the Company a foothold in the multi-let industrial estates sector. We are confident that this will deliver sustainable earnings and superior returns over the next few years.

EPRA earnings per share (cents)



Financial review

Earnings

The basic earnings attributable to ordinary shareholders for the year ended 31 March 2017 were €17.5 million (2016: €49.3 million). This equates to a diluted IFRS EPS of 6.16 cents (2016: 17.66 cents). The variance compared with the prior year is almost entirely due to downward property valuation adjustments, which including Stenprop's share of associates and joint ventures, amounted to €11.8 million (2016: €22.9 million uplift) and the impact of the average Sterling exchange rate in force for the period of £1.00:€1.19 (2016: £1.00:€1.37). Headline earnings were €33.1 million (2016: €26.7 million) equating to a diluted headline EPS of 11.68 cents (2016: 9.56 cents).

In accordance with reporting standards widely adopted across the real estate industry in Europe, the board of directors feels it is appropriate and useful, in addition to providing the IFRS disclosed earnings, to also disclose EPRA[1] earnings. Adjusted EPRA earnings attributable to shareholders were €29.1 million (2016: €29.0 million), equating to a diluted adjusted EPRA EPS of 10.28 cents (2016: 10.41 cents). This represents a 1.2% decrease on the diluted adjusted EPRA EPS at 31 March 2016 and is entirely as a result of the weakening of Sterling over the period.

As previously mentioned, if exchange rates had been constant compared with the prior year, the diluted adjusted EPRA EPS at 31 March 2017 would have risen by 5.6% to 10.99 cents.

Management fee income relates to fees earned by the management companies on management and administration services provided to certain managed property syndicates and funds. During the year the Group earned fees relating to the disposal of assets held by managed syndicates of €1.7 million (2016: €0.9 million). Annual management fees made up the balance of the external management fee income which totalled €3.7 million for the year ended 31 March 2017 (2016: €2.9 million).

The chart above illustrates the composition of our EPRA earnings over the reporting period.

Dividends

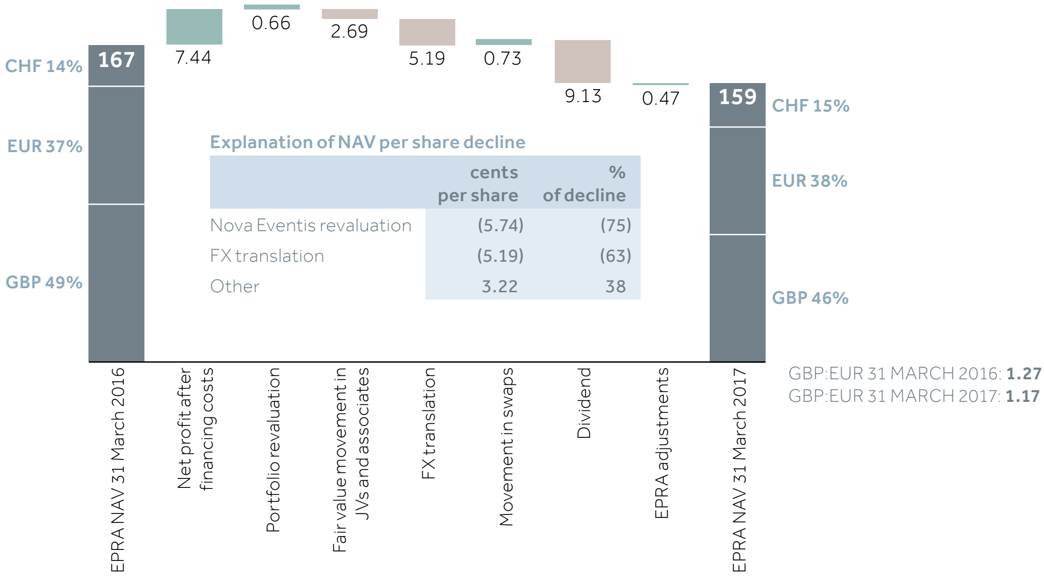
On 7 June 2017, the directors declared a final dividend of 4.5 cents per share (2016: 4.7 cents) which, together with the interim dividend of 4.5 cents (2016: 4.2 cents) declared on 23 November 2016, resulted in a total dividend for the year ended 31 March 2017 of 9.0 cents (2016: 8.9 cents).

The final dividend will be a cash dividend and will be paid on 4 August 2017.

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

Chief Financial Officer's report continued

NAV movement per share (cents)



Explanation of NAV per share decline

	cents per share	% of decline
Nova Eventis revaluation	(5.74)	(75)
FX translation	(5.19)	(63)
Other	3.22	38

Net asset value

The IFRS (basic and diluted) net asset value per share at 31 March 2017 was €1.53 (2016: €1.61).

As is the case with regard to the disclosure of EPRA earnings, the directors feel that it is appropriate and useful, in addition to IFRS NAV, to also disclose EPRA NAV[2]. The diluted EPRA NAV per share at 31 March 2017 was €1.59 (2016: €1.67). 63% of the decrease over the year is due to foreign exchange and the decline in the value of Sterling, and the balance driven by declines in property valuations, mainly the Nova Eventis asset, and UK properties following the Brexit vote.

Foreign exchange

Approximately 47% of Stenprop's net asset value is in Sterling. Consequently the Sterling:Euro exchange rate has a material impact on reported Euro earnings and net asset values. In broad terms a 10% decline in Sterling against the Euro will result in an overall 4.5% decline in earnings or net asset values reported in Euros. Euro rates against Sterling at the start of April 2016 were £1.00:€1.27 and devalued by 7.9% over the year to £1.00:€1.17. Stenprop matches the currency of borrowings to the underlying asset, and, where the timing and amount of a liability has been determined, and is to be met from the proceeds of a sale which is known in terms of timing and amount, the currency risk is managed through hedging instruments. Stenprop's diversification across the UK, Germany and Switzerland (until the Swiss portfolio is sold) continues to provide a natural spread of currencies and it remains our policy not to hedge this natural spread, thereby maintaining a multi-currency exposure.

Financing

The value of the property portfolio as at 31 March 2017, including the Group's share of associate and joint venture properties and Assets Held for Sale, was €848.1 million. Bank debt at the same date was €438.0 million resulting in an average loan to value ratio of 51.6%, unchanged from 31 March 2016. However, excluding the Swiss portfolio which is classified as Held for Sale and following the sale of Nova Eventis on 22 June 2017, the weighted average loan to value ratio is 49%. Stenprop currently targets an average gearing ratio of 50%.

The weighted average debt maturity stood at 2.4 years at 31 March 2017 compared with 2.2 years at 31 March 2016. However, excluding the Swiss portfolio and Nova Eventis, the weighted average debt maturity at 31 March 2017 stands at 3.2 years. This is driven by the €84.9 million refinance of the Bleichenhof loan which was extended for five years with the existing lender, Berlin Hyp AG. The new loan matures on 28 February 2022 and the all-in interest rate now stands at 1.58% (previously 1.90%).

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

Annual amortisation payments since the year end remain broadly unchanged in Germany and Switzerland. However, excluding the Swiss portfolio and Nova Eventis, amortisation has dropped from €6.15 million to €1.37 million. All remaining amortisation relates to German loans. In the UK, total amortisation payments have been reduced by £0.7 million to nil following the £12.4 million refinancing of the UK regional portfolio.

The all-in contracted weighted average cost of debt dropped to 2.53% from 2.80% at 31 March 2016. This is primarily due to the refinancing of the Swiss debt, where, in line with the disposal strategy, interest rates have not been hedged. Due to the persistent negative interest rate environment, the impact of paying interest on a floating rate basis is that the loans attract interest at the marginal cost only. Previously the swap contracts in place imposed negative interest rates on borrowers. The weighted all-in interest rate on the Swiss loans has therefore decreased to 1.41% from approximately 2.80% a year earlier.

As discussed above, Swiss debt totalling CHF88.5 million was refinanced on 31 March 2017. Loans of CHF49 million and CHF23.8 million were refinanced on a rolling basis with UBS as a current account credit facility with interest charged at an all-in interest rate (in effect margin only due to negative interest rates) of 1.05% and 1.15% respectively. At the same time, three loans totalling CHF15.7 million were refinanced on a rolling basis with Credit Suisse and mature on 31 March 2018. The all-in interest rate is between 1.35% and 1.50% on these loans.

If one excludes the Swiss portfolio and Nova Eventis, the all-in contracted weighted average cost of debt remains at 2.53%.

Industrial portfolio acquisition

As reported on 7 June 2017, a portfolio of multi-let industrial properties together with the business that built up and managed the portfolio was acquired on 30 June 2017 for a combined price of £130.5 million.

The purchase consideration of the portfolio will be ultimately funded out of the proceeds from the sale of the Nova Eventis shopping centre, which completed on 22 June 2017, and certain of the properties in Stenprop's Swiss portfolio that are in the process of being sold. To ensure that it had the cash available to settle the purchase price on completion, Stenprop secured a 12-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 12 month facility of €8 million was secured at an interest rate of 7% per annum.

Stenprop acquired the shares in C2 Capital Limited from Julian Carey for £3.5 million, which was settled by the issue of 3,270,500 Stenprop shares valued at €1.22 per share, adjusted in cash for working capital.

Prospects

The acquisition of the portfolio of 25 multi-let properties (the MLI portfolio) and the C2 Management Platform management business which has built up and managed the MLI portfolio provides Stenprop with a strategic platform in the multi-let industrial estates (MLI) sector that it believes will, on a sustainable basis, deliver increased earnings growth in the future.

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 MLI platform, with the intention of establishing itself as a leading player in the UK MLI space.

Results for the year ending 31 March 2018, whilst including nine months of earnings from the MLI portfolio, will also be impacted by acquisition and sales costs, as well as interim bridge funding costs, which will be influenced by the timing of the receipt of exit proceeds from the Swiss sales. On this basis, assuming average exchange rates of €1.18:£1:00 and €0.94:CHF1.00 and ignoring the potential positive impact of any further acquisitions in the MLI sector, Stenprop expects that diluted adjusted EPRA earnings per share for the year ending 31 March 2018 will remain at a similar level to the current year earnings of 10.28 cents per share. This general forecast has been based on the Group's forecast and has not been reported on by the external auditors.

Stenprop expects to maintain the current pay-out ratio and therefore expects to deliver a full year dividend for the year ending 31 March 2018 of not less than 9.00 cents per share. Stenprop's objective is to continue to declare and pay a dividend every six months.

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

PMWatson

Patsy Watson
Chief Financial Officer


fcuk
88

GOVERNANCE

The board is committed to ethical behaviour throughout the business and it recognises the importance of sound corporate governance.

Board of directors

Stephen Ball

Independent non-executive Chairman
Appointed: 2 October 2014

Stephen is managing director of the Sphere group of companies, which provides fiduciary and company management services. Stephen qualified as a Chartered Accountant in 1977, having trained with Coopers & Lybrand. In the same year, Stephen joined Reads & Co. in Guernsey (which became part of BDO International in 1991), becoming a partner in 1982, where he specialised in fiduciary services. He formed Sphere in 1995 after retiring from Reads & Co. Stephen is a director on the boards of various funds managed by Stenprop Advisers Limited and a director of a number of companies with property assets including offices, commercial, retail and hospitality.

Paul Arenson

Chief Executive Officer
Appointed: 2 October 2014

Paul Arenson joined Stenham in 1995 with a mandate to start a property business for the Stenham Group. He has driven the development of the business from its inception and has held the position of managing director since then. Paul graduated as a lawyer at Edward Nathan & Friedland Inc. prior to joining Stenham; he was a partner at the London office of Sonnenberg Hoffman & Galombik.

Patsy Watson

Chief Financial Officer
Appointed: 2 October 2014

Patsy Watson joined Stenham Property in May 2007 as Finance Director, having spent three years as Finance Director of a division of Regus (a listed property company on the London Stock Exchange). Prior to that, she had 13 years of experience in corporate finance and project structuring as a partner at Neil Thomas Associates, a boutique firm of corporate finance specialists in Johannesburg. Patsy graduated from the University of Witwatersrand in South Africa with Bachelor degrees in Commerce and Accountancy, where she also completed a two-year postgraduate course in taxation. She qualified as a Chartered Accountant in Johannesburg, after serving articles with PricewaterhouseCoopers.

Neil Marais

Executive director
Appointed: 2 October 2014

Neil graduated from the University of Stellenbosch, South Africa, with a Bachelors of Commerce in Management Accounting and subsequently qualified as a Chartered Certified Accountant in the United Kingdom. He has more than 15 years of Real Estate, Private Equity and Debt Fund experience, most recently with Park Square Capital and as CFO with SG Capital Europe (now Syntegra Capital), the former private equity arm of Société Générale. In 2009, Neil joined the Stenham Group to head its Property Advisory Company in the Channel Islands and is an executive director on the managed Real Estate Funds and Advisory boards.

Mandy Yachad

Independent non-executive director

Appointed: 10 December 2014

Mandy graduated from the University of Witwatersrand in South Africa in 1982 with Bachelor degrees in Commerce and Law. He qualified as a lawyer after serving articles with Werksmans Attorneys and practised at Werksmans for 14 and a half years, the last nine years as a partner in the commercial department. Mandy joined the Peregrine group in October 1999 as a member of the private equity team. He was an invitee to board meetings since February 2003 and in November 2010 he was appointed as an executive director to the board of Peregrine Holdings Limited, a company listed on the Johannesburg Stock Exchange. His responsibilities at Peregrine include head of internal corporate finance and general legal functions within the Peregrine group and he is also the designated representative of the company secretary.

Paul Miller

Independent non-executive director

Appointed: 14 September 2016

Paul Miller is an English qualified corporate lawyer, holding a BComm LLB from the University of Cape Town. He built his legal career at the international law firm, Berwin Leighton Paisner LLP, where he became a senior partner and led the capital markets team for a number of years. During his 25 year legal career he developed a cross border corporate practice and executed numerous equity capital market transactions and merger and acquisition deals, with a particular focus on the real estate, financial services and technology sectors. Paul is the Chief Executive Officer of Everglen Capital Proprietary Limited and a non-executive director of Transaction Capital Limited, a company listed on the Johannesburg Stock Exchange. He is also a consultant to Berwin Leighton Paisner LLP. Paul was appointed to the board as a non-executive director in 2016.

Warren Lawlor

Non-executive director

Appointed: 5 April 2017

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

Corporate governance

Stenprop has a primary listing on the Johannesburg Stock Exchange ('JSE') and a secondary listing on the Bermuda Stock Exchange ('BSX'). The Company was incorporated in Bermuda on 26 October 2012, with registered number 47031. It was listed on the BSX on 15 March 2013 and, following approval from the South African Reserve Bank, it concluded an inward listing on the AltX of the JSE on 29 April 2013. Stenprop's listing was transferred from the JSE's AltX to the JSE's Main Board with effect from Monday, 5 October 2015. With effect from 3 October 2016, Stenprop moved its listing on the BSX from a primary listing to a secondary listing.

Welcome to the Corporate Governance and Remuneration sections of our report

Stenprop takes pride in its robust governance structure which it believes plays an integral part in the way in which the Group operates. The board is committed to ethical behaviour throughout the business and plays a pivotal role in overseeing the delivery of the strategy; supporting effective decision-making and ensuring key risks are identified and properly managed.

More information on our strategy and progress can be found on pages 6 and 7.

Governance structure

The board has continued to apply good governance practices during the year and considers that the Company has complied with all corporate governance requirements of the JSE for the reporting period ended 31 March 2017 and up to the date of this document,

The board endorses the principles of fairness, responsibility, transparency and accountability and is committed to unwavering standards of business integrity and ethics in its business activities. Our board fully recognises the fact that robust corporate governance practices enhance both shareholder value and the long-term sustainability of our business, and as such, we regularly review and benchmark the Group's governance structures and processes to make certain that they support effective and ethical leadership, good corporate citizenship and sustainable development. Stenprop applies the recommendations and requirements of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) and aims to ensure that the Company is, and is seen to be, a responsible corporate citizen. The board confirms that at the date of this document the Company has applied the recommendations of King III in all material respects. A register of the King III principles and how the Company applied the respective principles and recommendations is available on the Company website and is reviewed annually. An updated register will be uploaded in mid-September after approval at the next board meeting.

The Institute of Directors in Southern Africa released the King IV Report on Corporate Governance for South Africa, 2016 (King IV) on 1 November 2016. While disclosure concerning the application of King IV is only effective for financial years from 1 April 2017, we are in the process of adopting the new code. Although this report fully addresses the principles of King III, the desired King IV governance outcomes of ethical culture, good performance, effective control and legitimacy are at the heart of what we do. We will expand on our successful application of these outcomes in our 2018 report.

The board of directors comprises four non-executive directors, three of which are independent non-executive directors. There are also three executive directors. The directors of the Company are listed on pages 32 and 33.

The board aims to provide transparency and accountability to shareholders for the management and control of the Company's activities by maintaining strong leadership based on an ethical foundation.

Stephen Ball, an independent non-executive director, was appointed as Chairman of the Company on 1 February 2017 following the passing away of Gerald Leissner who had held the position since 2 October 2014 and who had been an executive director of the Company since 3 December 2012.

The Chairman leads the board and is responsible for the governance of the board. He also facilitates constructive relations between the executive and the non-executive directors. The Chairman holds no other listed company chairmanships.

Paul Arenson was appointed as the Chief Executive Officer of the Company on 2 October 2014. The division of responsibilities of the Chairman and CEO has been documented and approved by the board to ensure a balance of power. There is a clear division between the role of the Chairman and the CEO who is fully responsible and accountable for the operations of the Company.

The directors normally meet four times a year, with additional meetings being held, if necessary, to deal with matters that require the board's attention between the regular quarterly meetings. The directors hold a diverse range of skills and a wealth of business experience in property, finance and corporate governance which, it is considered, will sustain and advance the successful operation of the Company in the long term.

The independent non-executive directors bring independent judgement to issues tabled at director meetings including Company strategy, performance and standards of conduct. Where appropriate, they constructively challenge the executives and ensure that the obligations towards the Company's shareholders are met. The minutes record any unresolved issue raised by the non-executive directors, should they arise.

The directors have adopted a charter that clearly specifies the division of responsibilities, and sets out the practices and processes the board follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the board, the shareholders, the Chairman, individual directors, company secretary and any prescribed officers and executives of the Company.

The directors determine the decision-making authority given to management as well as those matters reserved for decision-making by the directors. The Company charters provide a clear balance of power and authority at board level, such that no one individual or block of individuals can dominate the board's decision-making.

The Company maintains Director's and Officer's liability insurance cover. Any circumstances that might give rise to a claim will be discussed at each board meeting and reported to the brokers, and the level of cover is reviewed before renewal.

Committees of the board of directors

The board of directors has delegated certain specific responsibilities to the following committees:

- Remuneration committee
- Audit committee
- Risk committee
- Investment committee

In order to fill the vacancies created by the resignation of Michael Fienberg in September 2016, Stephen Ball was appointed to chair the audit committee, risk committee and remuneration committee. Following the passing away of Gerald Leissner and the subsequent appointment of Stephen Ball as Chairman of the board in February 2017, the Company recognised that Stephen Ball could no longer remain as Chairman of the various committees. On 25 July 2017, Mandy Yachad was appointed to chair the audit committee and Paul Miller was appointed to chair the risk committee and remuneration committee.

Whilst overall responsibility remains with the board, the committees assist the board in discharging its responsibilities and duties. Full transparency and disclosure of committee deliberations is encouraged and the minutes of all committee meetings are available to all directors.

The board has unrestricted access to the external auditors, professional advisors, the services of the company secretary, the executives and the staff of the Company at any given time. Should a director require independent professional advice on any matters, the board has agreed that this can be taken at the Company's expense. A training log is kept for all directors.

Corporate governance continued

Current board composition

Independent non-executive Chairman
Independent non-executive directors
Non-executive director
Executive directors

Diversity of the board

Women
Men

Board meetings and attendance

The board formally met six times during the 12-month period. Dates of the appointment and resignation for those directors who served throughout the year are set out in the table below, together with their individual attendance at board meetings whilst in office.

Directors	Appointed	Change in appointment	Meetings attended during the relevant member's tenure
Non-executive			
S Ball (Chairman)	2/10/2014	appointed Chairman 1/2/2017	**6/6**
M Yachad	10/12/2014		**5/6**
P Miller	14/09/2016		**2/2**
G Leissner	3/12/2012	passed away 16/12/2016	**3/5***
M Fienberg	2/10/2014	resigned 14/9/2016	**4/4**
J Keyes	26/10/2012	resigned 23/11/2016	**4/5**
P Hughes	4/4/2016	resigned 23/11/2016	**1/5**
Executive			
P Arenson (CEO)	2/10/2014		**5/6**
P Watson (CFO)	2/10/2014		**6/6**
N Marais	2/10/2014		**6/6**

** Apologies received due to poor health.*
D Brown resigned on 4/4/2016.
W Lawlor was appointed on 5/4/2017.

Appointment and directors' service contracts

During the year it was resolved that, following the appointment of Stephen Ball as independent Chairman and after consideration of the manner in which nominations were undertaken by the Company, a separate nomination committee was not needed and would not be constituted.

All nominations are considered, and director appointments made, in a formal and transparent manner by the entire board in accordance with the Company's policy for appointments to the board. The appointment of all directors is minuted, published on the respective exchanges and included on the Company's website.

The Bye-Laws of the Company provide that the board of directors may appoint directors provided that any such appointment is confirmed by the shareholders of the Company at the first annual general meeting ('AGM') following the appointment. The appointment of Paul Miller and Warren Lawlor is therefore subject to confirmation of the shareholders at the Company's 2017 AGM. In addition, one third of the non-executive directors retire by rotation at each AGM and are eligible for re-election. Accordingly, Stephen Ball and Mandy Yachad will stand for re-election at the Company's 2017 AGM.

All executive directors have an employment contract. There is no fixed term of employment but the contract can be terminated by either party giving the other notice in writing for a period of either three or six months dependent on which party instigates such notice. The executive employment contracts can be made available for inspection on request at the registered office of the Company.

Non-executive directors are employed for an initial period starting on the date of that appointment until the next annual general meeting, when they are required to stand for re-election.

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

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

Directors' dealings

The Company adheres to a strict policy regarding share dealings, which prohibits dealings in shares by directors, officers and connected persons for a designated period preceding the announcement of its annual and interim financial results or any other period considered price sensitive. All staff, including directors, are advised of such periods and dealings in shares by directors are strictly monitored with the necessary announcements being made on the respective stock exchanges as required. A table showing the directors' interests can be found in note 8 of the annual financial statements included in this integrated annual report.

Conflict of interest

Whenever a relationship exists which gives rise to an opportunity for personal gain inconsistent with the Group's best interest, a conflict of interest arises. The board and its directors are required to act, at all times, in the best interests of the Company. A dedicated compliance register is regularly updated to record any conflict of interests, and all such matters are dealt with in accordance with the board's charter.

Company Secretary

All directors have access to the advice of the company secretary, Apex Corporate Services Limited, which is resident in Bermuda. The company secretary provides guidance to the board and to individual members regarding how responsibilities should be appropriately discharged.

The qualifications, experience and competence of the company secretary, the individual persons who perform the company secretary role as well as the directors and shareholders of the company secretary, are considered on an annual basis. After careful consideration these attributes were deemed appropriate by the board. The directors further concluded that the relationship with the company secretary is at arm's length and there is no conflict of interests.

Governance of information technology

Whilst the board is ultimately responsible for the governance of information technology, it is management's responsibility to ensure that appropriate processes exist to ensure timely, complete, accurate and appropriate IT reporting. It is understood that good IT governance is core to achieving the objectives of the Company.

Investment committee

The committee comprises Stephen Ball, Paul Arenson and Paul Miller. The committee is appointed by the board of directors to consider all material transactions to be entered into by the Company including proposed purchases, sales or material capital expenditure projects, with a view to making recommendations thereon to the board. All proposed material transactions are circulated to the committee in advance of meetings and are presented to the committee by the Company's executive team. All decisions require consensus. The committee meets as and when required and met three times during the current year. The table below illustrates the individual attendance of committee members to meetings whilst in office.

Name	Change in appointment	Meetings[1]
M Fienberg	resigned 14/9/2016	**1/1**
P Arenson		**3/3**
G Leissner	passed away 16/12/2016	**1/2***
S Ball	appointed 8/3/2017	**1/1**
P Miller	appointed 14/9/2016	**2/2**

** Apologies received due to poor health.*
[1] Meetings attended during the relevant member's tenure.

Broad-Based Black Economic Empowerment Annual Compliance Report

Pursuant to section 13(G)(2) of the South African Broad Based Black Economic Empowerment Act 53 of 2003, as amended, (the 'B-BBEE Act'), all public companies listed on the JSE must provide to the B-BBEE Commission a report on their compliance with broad-based black economic empowerment. Stenprop is a European-focused property enterprise listed on the JSE but which does not conduct any business, trade or profession in the Republic of South Africa ('RSA'), directly itself or indirectly through any subsidiary or other business. Accordingly, it is not a Measurable Entity as contemplated under Statement 000: General Principles and the Generic Scorecard published under Notice 1019 of 2013 on 11 October 2013. Additionally, the Amended Property Sector Code on Black Economic Empowerment in terms of the B-BBEE Act (the 'Property Code') published on 21 June 2017 (as read with Gazette No 40910 published on 9 June 2017), to which the Company would be subject if it were a Measured Entity, expressly provides that the Property Code does not apply to any property enterprise outside the borders of RSA.

Accordingly, the Codes of Good Practice issued under section 9(1) of the B-BBEE Act cannot find application to the Company.

On the basis of the above, Stenprop has submitted its report in the prescribed form B-BBEE 1 to the B-BBEE Commission in compliance with section 13(G)(2) of the B-BBEE Act. A copy of the form can be found on the Company's website, www.stenprop.com.

Remuneration committee report

Remuneration committee report

During the year, the remuneration committee ('RemCo') continued to focus on ensuring that the Company's Remuneration Policy and framework is appropriate and relevant based on key principles including:

- the alignment of management and key staff remuneration and incentives with Stenprop's strategy to enhance and protect shareholder value;
- to determine and monitor the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. The level of remuneration should be directly linked to corporate and individual performance; and
- remuneration packages should be designed to attract and retain people of the required calibre.

In addition, the RemCo is responsible for approving and awarding share incentives to executives and staff.

The committee should comprise at least two non-executive directors, the majority of whom should be independent. At year end, the committee comprised Stephen Ball (Chairman) and Paul Miller. Post year end, Paul Miller was appointed as Chairman of the committee while Stephen Ball remains a member of the committee.

The RemCo meets at least once per year and convened on 31 May 2016, 14 September 2016, 8 March 2017 and again on 30 May 2017 with all members in attendance.

Executive directors' remuneration

The RemCo is satisfied that the Remuneration Policy is aligned with the Company's remuneration philosophy. It considers the specific remuneration packages for executive directors of the Company ensuring that the business model and Company's needs are met. The RemCo reviews, at least on an annual basis, the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant. As part of achieving and maintaining reasonable, acceptable levels of remuneration, the committee focuses on the following strategic components to remuneration:

- **Fixed:** representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.
- **Annual incentive awards:** a discretionary bonus linked to performance against quantitative, qualitative and personal measures.
- **Long term incentives:** The Company operates two share incentive plans, which are discussed in more detail below. Awards are linked to corporate performance measures and subject to holding periods.

The disclosure of remuneration in the annual report is seen as a constructive opportunity to communicate with shareholders. Please refer to note 8 to the annual financial statements for details on executive remuneration.

Share incentive plans

The Group operates two share incentive plans:

- The Deferred Share Bonus Plan is an award, following recommendation from the RemCo, of 'nil cost' options over such number of shares that have an aggregate value equal to the deferred bonus. Such share options vest in three equal tranches. The first tranche vests on the date of grant with subsequent tranches vesting at the first and second anniversaries of the relevant year end. Share options may be exercised until the 10th anniversary of the grant date, after which time they will lapse.
- The Share Purchase Plan is a geared loan purchase scheme. Any award is discretionary and directly linked to corporate and individual performance. Any such loan granted attracts interest at a rate equal to the average interest cost incurred by the Group, payable six-monthly in arrears. Loans are repayable on cessation of employment and in all cases must be repaid within 10 years. Any grants to executive directors and other senior employees made pursuant to this scheme are determined by the RemCo and serve to align the long-term interests of executive directors and senior staff with those of shareholders.

Non-executive directors' remuneration

Non-executive directors receive fixed fees for their services as directors of the board and as members of board sub-committees. These fees are reviewed every three years. The non-executive directors are also entitled to be paid all reasonable direct costs, pertinent to the role of directors, incurred in connection with the business of the Company. Details of fees paid to non-executive directors can be seen in note 8 to the annual financial statements.

Warren Lawlor was appointed a non-executive director with effect from 5 April 2017. On 30 March 2017, as part of an agreement to provide ongoing strategic input and value to the Group and in order to ensure an appropriate alignment of interests, it was agreed to grant Ferryman Capital Partners, the strategic investment company co-owned by the Warren Lawlor Family Trust, options to acquire up to 2,000,000 Stenprop shares at an exercise price of €1.53 per share, lapsing within five years unless exercised earlier. The Company also made a loan of €1,221,680 to Ferryman Capital Partners on substantially similar terms as the terms of the Share Purchase Plan referred to above which was used to purchase 1,000,000 Stenprop shares.

Statement of consideration of employment conditions for staff

Stenprop pays full regard to the benefits of diversity and the Company's strategy is to employ the best candidate available in every position regardless of sex, race, ethnic origin, nationality, colour, age, religion or philosophical belief, sexual orientation, marriage or civil partnership, pregnancy, maternity or disability. All employees have contracts with terms in line with standard market practice. Remuneration is similar in structure to the executive pay structures, containing a fixed annual salary and a performance-linked component. For most employees, a notice period of three months is required to terminate the contract and payment in lieu of notice will be given in appropriate circumstances.

Paul Miller
Chairman, remuneration committee

Audit committee report

I am pleased to present the report of the audit committee (the 'Committee') for the year ended 31 March 2017.

This year, the key areas of focus for the Committee have been:

- overseeing the external audit process;
- reviewing the appropriateness of discontinuing the publication of quarterly results for quarters ended June and December;
- reviewing the JSE Proactive Monitoring Process Report and all correspondence with the JSE regarding proactive monitoring queries raised. Thorough consideration was given to responses given and recommendations made ;
- reviewing and recommending for approval the interim and annual financial statements;
- reviewing and considering of compliance with regulatory and listing obligations;
- considering and recommending the going-concern assumption adopted by the board;
- keeping under review the adequacy and effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks, fraud risk as it relates to financial reporting, IT risk as it relates to financial reporting as well as the Company's process of risk management. In this regard, the Committee will consider and review the findings and recommendations of ther risk committee, as far as they are relevant to the functions of the Committee;
- reviewing of progress report prepared in regard to the extended assurance programme prepared by Deloitte;
- reviewing the 2016 integrated annual report with regard to all factors and risks that may impact on the integrity of the report; and
- considering and ensuring that it was satisfied as to the expertise and experience of the Chief Financial Officer.

Role and operation

The overall objective of the Committee is to assist the directors to discharge their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and internal and financial control processes, the preparation of materially accurate financial reporting information and statements in compliance with all applicable legal and regulatory requirements and accounting standards and the oversight of the external and internal audit appointments and functions.

Committee composition

The members of the Committee are all non-executive directors and meet all applicable independence requirements. The members of the Committee collectively have sufficient qualifications and experience to fulfil their duties. The Committee operates within a prescribed charter and meetings are held as frequently as the Committee considers appropriate, but will normally meet not less than four times a year. During the financial reporting year, the Committee met four times with all meetings attended by the Chief Financial Officer and the external auditor on an invitation basis. The table below shows the individual attendance of members to meetings of the Committee whilst in office.

Name	Changes in appointment	Meetings[1]
M Fienberg	resigned 14/9/2016	**2/2**
S Ball		**4/4**
M Yachad	appointed Chairman 25/7/2017	**4/4**
P Miller	appointed 14/9/2016	**2/2**

[1] Meetings attended during the relevant member's tenure.

Significant areas of judgement and estimates

In assessing the integrity of the financial statements, the Committee has reviewed the appropriateness of accounting policies, estimates and areas of judgement. The following key areas have been identified and were disclosed accordingly in note 4 to the annual financial statements:

- **Investment property** – The Group's investment properties are valued based on external independent appraisals.
- **Associates** – The Group's investment in SESCF was classified as a non-current asset on the basis that the underlying property had not been sold at reporting date and SBRF was classified as an associate despite the shareholding representing less than 20% of the voting power.
- **Deferred tax assets and liabilities** – Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable.

The Committee was satisfied that the processes and pertinent assumptions used in areas of judgement were reasonable and applied appropriately. The Committee was further satisfied that areas of judgement had been reviewed and discussed with the external auditors who agreed with the accounting treatment adopted.

Audit committee report continued

Bermuda Stock Exchange listing and cessation of quarterly reporting

On 30 September 2016, the Bermuda Stock Exchange ('BSX') approved Stenprop's request to move the Company's listing on the BSX from a primary listing to a secondary listing, with effect from 3 October 2016. One of the consequences of moving from a primary to a secondary listing on the BSX is that Stenprop is no longer required to publish quarterly results. This change is in line with the financial reporting protocol adopted by most of the Group's peers who are listed on the Johannesburg and/or the London Stock Exchanges, neither of which require quarterly reporting.

The Committee considered the use of quarterly results between the full and half year announcements and, after taking into account the listings requirements and the protocol set by the Group's peers, the Committee recommended to the board that the Company should cease publishing quarterly results from 3 October 2016.

Independence and appointment of the external auditor

Deloitte LLP was appointed to the audit on 3 December 2012 and has expressed its willingness to continue in office. A resolution to reappoint them as auditors of the Group will be proposed at the forthcoming annual general meeting.

The Committee is responsible for monitoring the level of non-audit services provided by Deloitte and asks the auditor to confirm their continued independence. Deloitte has confirmed to the directors that it remains independent and has maintained the necessary internal safeguards to ensure the objectivity of the audit partner and staff.

All fees paid to Deloitte are in Sterling and reported in the financial statements in Euros, the Group's functional currency. During the year under review, Deloitte undertook certain non-recurring work relating to the JSE proactive monitoring review.

The following fees were paid/accrued for during the year:

	Year ended 31 March 2017 €'000	Year ended 31 March 2016 €'000
Audit fees	**296**	297
Non-audit fees		
Interim review fees	**37**	43
Tax compliance and advisory services	**82**	97
Total	**415**	437

Effectiveness of the external auditor

In assessing the auditors' effectiveness, the Committee has considered its knowledge of the Group, understanding of the accounting processes, internal controls and the extent to which the audit plan has progressed in line with expectation.

The Committee was satisfied that the auditor has adequately fulfilled its duties in relation to both audit and non-audit services and that it has the requisite skills and expertise to provide such services.

It has been recommended that Deloitte be reappointed as auditor and, if accepted by the Company's shareholders in September 2017, the Committee looks forward to working with Deloitte as the business moves forward in the current financial year.

Stephen Ball
Outgoing Chairman, audit committee

Risk committee report

Role and operation

The board considers effective risk management to be at the centre of delivering the Group's strategy and integral to its success. The board has appointed the risk committee (the 'Committee') to ensure that its responsibilities relating to risk management are executed. The risk committee is governed by a formal charter and extends to the operations and activities of all of the Group's legal entities.

The risk management process which is carefully maintained, is detailed in the risk management section of this integrated annual report (pages 10 and 11), and forms an integral part of the Group's approach to best practice corporate governance.

The risk management process serves to identify, assess and respond to the principal risks facing our business by ensuring that:

- appropriate risk management recommendations are made for board approval;
- adequate progress is made against the risk management plan;
- key risks are being identified, analysed and assessed;
- management's risk responses are appropriate and adequate;
- the risk management process is effective and continuously developed; and
- appropriate combined assurance is provided.

The Committee considers disclosure regarding risk management and ensures that it is both comprehensive and relevant. The approach is such that risk is not likely to be eliminated in its entirety; however, it is intended to ensure that risk exposures across the business are effectively managed and reduced to acceptable levels. To this extent, it is the responsibility of all staff members to actively contribute to the identification and mitigation of risks.

Membership and meetings

The Committee should have at least three members and includes both executives and non-executive directors, one of whom must also be a member of the audit committee. The Chairman of the Committee shall be a non-executive director. All members are nominated by the board and have sufficient risk management skill and operational experience to fulfil their duties. Members of senior management may be invited to attend the meetings to complement the skill set of the Committee but do not attend as members and as such have no voting rights.

During the reporting year, the Committee met four times. Minutes are circulated to the board after every meeting. The table below shows the individual attendance of members to meetings of the Committee whilst in office.

Name	Changes in appointment	Meetings[1]
M Fienberg	resigned 14/9/2016	**2/2**
S Ball		**4/4**
P Watson		**4/4**
N Marais		**4/4**
P Miller	appointed 14/9/2016 appointed Chairman 25/7/2017	**2/2**

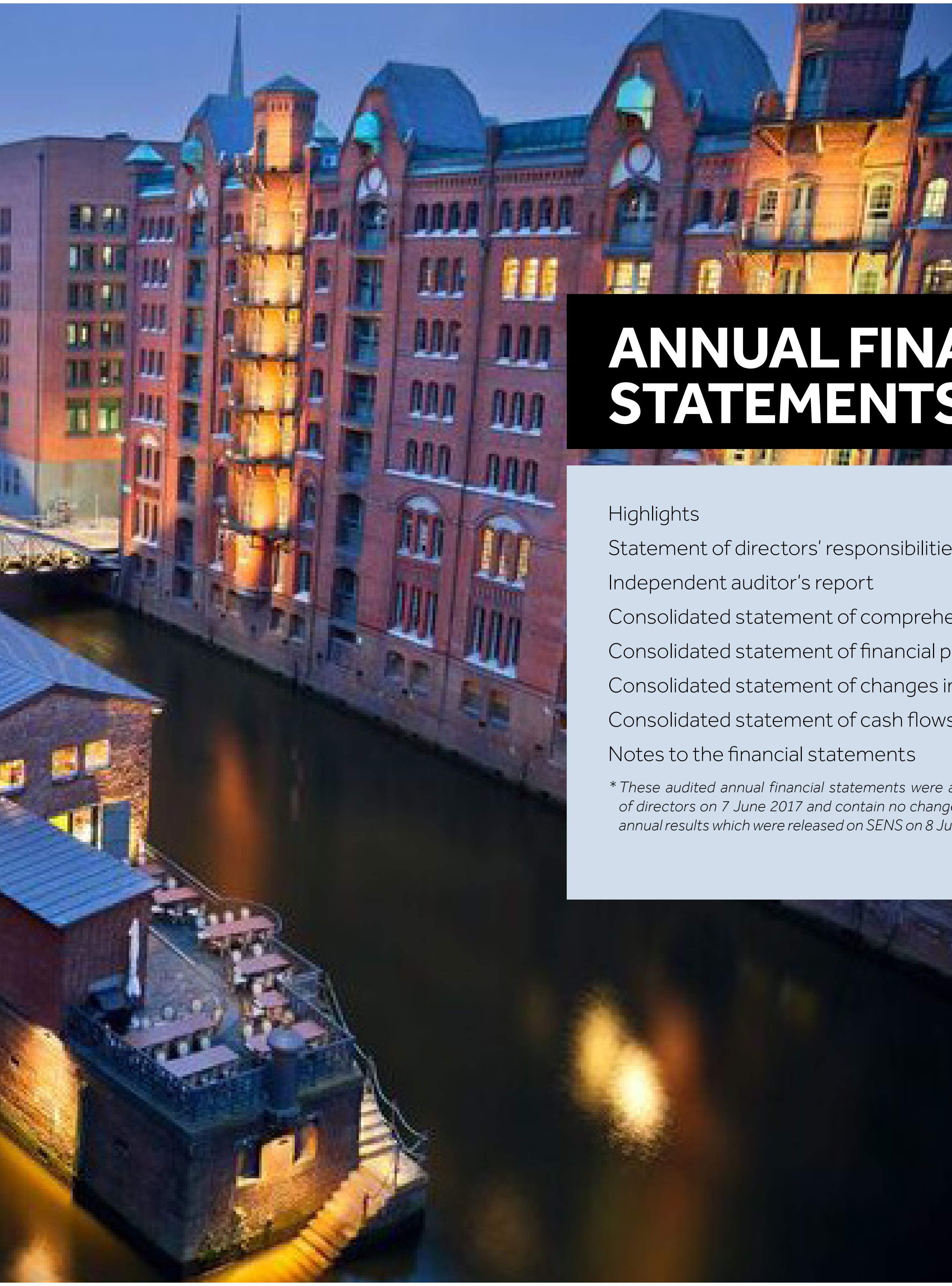
[1] Meetings attended during the relevant member's tenure.

Responsibilities and work undertaken during the year

During the year, the work completed by the Committee included the following:

- Consideration of risks associated with hardware and IT security, including cyber security, as well as the Business Continuity Plan and Disaster Recovery Plan for the London office.
- Ongoing assessment of the Risk Matrix and its approach to considering the levels of risk tolerance, monitoring and mitigation.
- Ongoing monitoring of the Risk Management Plan and the communication of issues to the board.

Paul Miller
Chairman, risk committee



ANNUAL FINANCIAL STATEMENTS*

** These audited annual financial statements were approved by the board of directors on 7 June 2017 and contain no changes from the provisional annual results which were released on SENS on 8 June 2017.*

Highlights

€1.59	10.28 cents	4.5 cents	1.1%
diluted EPRA* NAV **per share**	diluted adjusted **EPRA earnings** per share	final dividend **per share** declared	increase in full year dividend **per share** against prior year

Stenprop Limited, which has a primary listing on the Johannesburg Stock Exchange ('JSE') and a secondary listing on the Bermuda Stock Exchange ('BSX'), presents its results for the year ended 31 March 2017 ('the reporting date').

Financial

- Declaration of a final dividend on 7 June 2017 of 4.5 cents per share which, together with the interim dividend declared on 23 November 2016 of 4.5 cents, results in a total dividend for the year ended 31 March 2017 of 9.0 cents per share (2016: 8.9 cents). The final dividend is payable in cash on 4 August 2017
- The total dividend equates to a historic dividend yield of 7.1% on the share price of €1.26^ at 5 June 2017, or 5.7% on the diluted EPRA NAV of €1.59 at 31 March 2017
- Diluted adjusted EPRA EPS* of 10.28 cents for the year ended 31 March 2017, representing a 1.2% decrease on the diluted adjusted EPRA EPS at 31 March 2016, due entirely to the decline in the value of Sterling. Diluted IFRS EPS was 6.16 cents (2016: 17.66 cents)
- This equates to a historic earnings yield of 8.2% on the share price of €1.26^ at 5 June 2017, or 6.5% on the diluted EPRA NAV of €1.59 at 31 March 2017
- Diluted EPRA net asset value per share of €1.59, a decrease of 4.8% since the prior year end, a major part of which is due to the decline in the value of Sterling. Diluted IFRS net asset value per share was €1.53 per share (2016: €1.61)
- 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.

FX rates in period

Average foreign exchange rates in the year: £1.00:€1.190; CHF1.00:€0.923 (2016: £1.00:€1.366; CHF1.00:€0.932)

Year end foreign exchange rates: £1.00:€1.169; CHF1.00:€0.935 (2016: £1.00:€1.265; CHF1.00:€0.915)

** 'EPRA' means European Public Real Estate Association. 'EPS' means earnings per share.*
^ JSE closing price on 5 June 2017 was ZAR17.99. ZAR:EUR rate at the same date was 14.294.

Industrial Portfolio Acquisition

- Subsequent to the year end on 6 June 2017, contracts were exchanged in an off-market transaction to acquire all of the interests in a portfolio of 25 separate multi-let industrial estates situated across the United Kingdom for a purchase consideration which valued the portfolio at £127 million, excluding costs. The portfolio comprises properties with a gross lettable area of approximately 2 million square feet and contractual rent (including contractual fixed uplifts) of approximately £9.1 million per annum representing an average rent of £5.15 psf. There are over 400 tenants creating a diversified base of earnings. Completion is due to take place on 30 June 2017

- On the same date, Stenprop exchanged contracts to acquire C2 Capital Limited, the management platform responsible for aggregating and managing the portfolio for a purchase consideration of £3.5 million, to be settled by the issue of 3,270,500 Stenprop shares valued at €1.22 per share. By structuring the acquisition in this way, Stenprop has acquired a strategic portfolio of sufficient scale in the multi-let industrial sector together with a specialist operating platform and team. This is expected to form the foundation for ongoing earnings enhancing acquisitions of similar properties

Bank Refinancing

- The €84.9 million of debt on the Bleichenhof property located in the core of Hamburg has been refinanced on an interest only basis for a five year term, until 28 February 2022, at an all in fixed rate of 1.58% per annum. This compares with the previous all-in fixed rate of 1.90% per annum

- All of the bank loans in respect of the Swiss properties which expired on 31 March 2017 have been extended on a short term ongoing rolling basis pending their sales. The refinancing is aligned with Stenprop's stated strategy to sell these assets. The extended loans have no swaps and interest is charged at Swiss LIBOR plus a margin of between 1.05% and 1.5%. Since Swiss LIBOR is currently negative, the margin represents the current interest rate. This compares very favourably with the previous all-in rates of approximately 2.75%

- £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

Sales

- On 29 November 2016, Stenprop sold its first Swiss property in Interlaken, Switzerland at valuation (CHF6.8 million)

- Stenprop owns a 28.42% share in Stenham European Shopping Centre which owns a shopping centre known as Nova Eventis situated near Leipzig. Contracts were exchanged on 6 February 2017 to sell this asset at a valuation of £208.5 million. All closing conditions have been met and the sale is scheduled to complete on 22 June 2017.

Statement of director's responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Bermudian company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The financial statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business for the foreseeable future, and
- follow applicable accounting standards.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1981 of Bermuda. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approval of annual financial statements

The consolidated annual financial statements of Stenprop Limited were approved by the board of directors on 7 June 2017 and are signed on their behalf by:

Stephen Ball
Chairman of audit committee

Paul Arenson
Chief Executive Officer

Patsy Watson
Chief Financial Officer

Independent auditor's report
to the shareholders of Stenprop Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Stenprop Limited and its subsidiaries (together "the Group"), which comprise the statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Group as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Audit approach

There have been no significant changes to our audit approach during our audit of the March 2017 financial statements.

Key audit matters

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

The key audit matter we identified related to the valuation of the Group's investment properties. We outline the risk, our procedures to address the risk and our conclusions in the table below:

<table>
<tr><th colspan="2">Conclusions related to principal risk relating to investment property valuation</th></tr>
<tr><td>The valuation of investment properties is inherently judgemental and there can be complexities surrounding the key inputs and assumptions used in valuation models, for example market rents, market yields, tenancy arrangements, vacancy rates, the credit-worthiness of tenants, as well as discount and capitalisation rates used in the discounted cash flows.
The Group's property portfolio is independently valued, by professionally-qualified valuers in each geographic location. Swiss properties valued at €73 million by the directors based on signed letters of intent received from third parties.

Our responses to the risk identified
We have:
• evaluated the design and the implementation of the Group's internal controls over the valuation process, including the provision of data to valuers and management's challenge of valuation reports;
• reconciled all property valuations to the financial statements;
• discussed and challenged key inputs and assumptions with the valuers and management;
• obtained the tenancy schedules used in the valuations and verified tenancy details, on a sample basis, to tenancy agreements;</td><td>Key observations
We concluded that the assumptions applied in arriving at the fair value of the Group's investment properties by external valuer were appropriate and that the resulting valuations were within a reasonable range.</td></tr>
</table>

Independent auditor's report continued

Conclusions related to principal risk relating to investment property valuation	
• selected a sample of properties which we considered to be of most audit interest and engaged with our real estate valuations specialists in both the UK and Germany to challenge those properties' valuations in detail; • enquired whether the valuers are independent of the Group and assessed the reliability and competency of the valuers; and • evaluated the disclosures in the financial statements are in compliance with IFRS 13 Fair Value Measurement, and IAS 40 Investment Property.	

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. The materiality that we used in the current year was €8.57 million which was determined on the basis of 2% of the Group's net assets. We adopted a lower threshold for testing balances that affect the Group's EPRA earnings. This was set at €2.82 million, which was 10% of the Group's EPRA earnings.

An overview of the scope of our audit

We performed a full scope audit to respond to the risks of material misstatement for the Group and have performed an audit of specified account balances for subsidiaries of the Group. Together these elements account for 100% of the Group's net assets and 100% of profit before tax.

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

Management is responsible for the other information. The other information comprises the highlights and commentary and the other elements of the integrated annual report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Deloitte LLP
Guernsey

7 June 2017

Consolidated statement of comprehensive income

		Note	Audited Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Net rental income		6	**30,316**	31,596
Management fee income			**3,701**	2,927
Operating costs		7	**(5,975)**	(8,682)
Net operating income			**28,042**	25,841
Fair value movement of investment properties		16	**2,894**	28,471
(Loss)/gain from associates		18	**(11,710)**	1,075
Income from joint ventures		19	**4,083**	7,820
Profit from operations			**23,309**	63,207
Net gain/(loss) from fair value of derivative financial instruments		25	**582**	(2,495)
Net finance costs		9	**(7,137)**	(8,576)
Net foreign exchange gains/(losses)			**319**	(134)
Profit for the year before taxation			**17,073**	52,002
Taxation		10	**(2,680)**	(2,933)
Profit for the year from continuing operations			**14,393**	49,069
Discontinued operations				
Profit for the year from discontinued operations		20	**3,350**	514
Profit for the year			**17,743**	49,583
Profit attributable to:				
Equity holders			**17,477**	49,266
Non-controlling interest derived from continuing operations			**266**	317
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Fair value movement on derivative financial instruments			**–**	519
Foreign currency loss			**(15,026)**	(20,480)
Total comprehensive profit for the year			**2,717**	29,622
Total comprehensive profit attributable to:				
Equity holders			**2,451**	29,305
Non-controlling interest			**266**	317
Earnings per share				
From continuing operations				
IFRS EPS	(cents)	14	**5.00**	17.51
Diluted IFRS EPS	(cents)	14	**4.98**	17.47
From continuing and discontinued operations				
IFRS EPS	(cents)	14	**6.18**	17.70
Diluted IFRS EPS	(cents)	14	**6.16**	17.66

Consolidated statement of financial position

	Note	Audited 31 March 2017 €'000	Audited 31 March 2016 €'000
ASSETS			
Investment properties	16	**550,145**	729,782
Investment in associates	18	**20,883**	39,298
Investment in joint ventures	19	**36,748**	37,620
Other receivables	21	**13,600**	7,406
Total non-current assets		**621,376**	814,106
Cash and cash equivalents	22	**29,461**	36,811
Trade and other receivables	21	**4,757**	6,367
Assets classified as Held for Sale	20	**158,248**	–
Total current assets		**192,466**	43,178
Total assets		**813,842**	857,284
Equity and liabilities			
Capital and reserves			
Share capital and share premium	12	**395,141**	389,927
Equity reserve		**(10,612)**	480
Retained earnings		**54,997**	63,426
Foreign currency translation reserve		**(13,362)**	1,664
Total equity attributable to equity shareholders		**426,164**	455,497
Non-controlling interest		**2,398**	2,132
Total equity		**428,562**	457,629
Non-current liabilities			
Bank loans	24	**252,563**	178,708
Derivative financial instruments	25	**3,335**	4,173
Other loan and interest		**–**	12
Deferred tax	26	**6,774**	9,705
Total non-current liabilities		**262,672**	192,598
Current liabilities			
Bank loans	24	**15,203**	188,785
Derivative financial instruments	25	**139**	1,769
Accounts payable and accruals	23	**18,189**	16,503
Liabilities directly associated with assets classified as Held for Sale	20	**89,077**	–
Total current liabilities		**122,608**	207,057
Total liabilities		**385,280**	399,655
Total equity and liabilities		**813,842**	857,284
IFRS net asset value per share	15	**1.53**	1.61

Consolidated statement of changes in equity

	Note	Share capital and share premium €'000	Equity reserve €'000	Retained earnings €'000	Foreign currency translation reserve €'000	Cash flow hedge reserve €'000	Attributable to equity shareholders €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 April 2016		**389,927**	**480**	**63,426**	**1,664**	**–**	**455,497**	**2,132**	**457,629**
Issue of share capital	12	**5,214**	**(14)**	**–**	**–**	**–**	**5,200**	**–**	**5,200**
Credit to equity for equity-settled share-based payments (note 13)		**–**	**316**	**–**	**–**	**–**	**316**	**–**	**316**
Repurchase of own shares	12	**–**	**(11,394)**	**–**	**–**	**–**	**(11,394)**	**–**	**(11,394)**
Total comprehensive profit/(loss) for the period		**–**	**–**	**17,477**	**(15,026)**	**–**	**2,451**	**266**	**2,717**
Ordinary dividends	11	**–**	**–**	**(25,906)**	**–**	**–**	**(25,906)**	**–**	**(25,906)**
Balance at 31 March 2017		**395,141**	**(10,612)**	**54,997**	**(13,362)**	**–**	**426,164**	**2,398**	**428,562**
Balance at 1 April 2015		374,127	–	37,562	22,144	(519)	433,314	1,815	435,129
Issue of share capital		15,800	(41)	–	–	–	15,759	–	15,759
Credit to equity for equity-settled share-based payments		–	521	–	–	–	521	–	521
Total comprehensive profit for the period		–	–	49,266	(20,480)	519	29,305	317	29,622
Ordinary dividends		–	–	(23,402)	–	–	(23,402)	–	(23,402)
Balance at 31 March 2016		389,927	480	63,426	1,664	–	455,497	2,132	457,629

Consolidated statement of cash flows

	Note	Audited Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Operating activities			
Profit from operations from continuing operations		**23,309**	63,207
Profit from operations from discontinuing operations	20	**5,064**	1,884
		28,373	65,091
Share of loss/(profit) in associates	18	**11,710**	(1,075)
Increase in fair value of investment property	16	**(1,872)**	(22,939)
Share of profit in joint ventures	19	**(4,083)**	(7,820)
Exchange rate losses/(gains)		**319**	(134)
Decrease/(increase) in trade and other receivables		**388**	(119)
Increase/(decrease) in trade and other payables		**2,808**	(510)
Interest paid		**(9,330)**	(10,770)
Interest received		**1,281**	1,942
Net tax paid		**(1,106)**	(1,006)
Net cash from operating activities		**28,488**	22,660
Contributed by: Continuing operations		**25,802**	18,523
Discontinued operations		**2,686**	4,137
Investing activities			
Dividends received from associates		**–**	2,268
Dividends received from joint ventures		**1,778**	420
Purchases of investment property		**–**	(47,561)
Capital expenditure		**(1,921)**	(3,576)
Proceeds on disposal of investment property – discontinued operations	20	**6,270**	6,701
Proceeds on disposal of investment in associate	18	**6,716**	–
Acquisition of investment in joint venture	19	**–**	(26,782)
Net cash from/(used in) investing activities		**12,843**	(68,530)
Financing activities			
New bank loans raised		**–**	60,368
Dividends paid		**(25,906)**	(15,070)
Repayment of borrowings		**(8,978)**	(41,477)
Repurchase of shares		**(11,394)**	–
Financing fees paid		**(203)**	(1,246)
Payments made on swap break		**(101)**	(571)
New loan advances		**(1,222)**	–
Repayment of loan advances		**246**	95
Net cash (used in)/from financing activities		**(47,558)**	2,099
Net decrease in cash and cash equivalents		**(6,227)**	(43,771)
Effect of foreign exchange rate changes		**(392)**	152
Cash and cash equivalents at beginning of the period		**36,811**	80,430
Cash and cash equivalents at end of the period		**30,192**	36,811
Contributed by: Continuing operations	22	**29,461**	33,416
Discontinued operations	22	**731**	3,395

Notes to the consolidated financial statements

1. Basis of preparation

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

Going concern

At the date of signing these financial statements, the Group has positive operating cash flow forecasts and positive net assets. The directors have reviewed the Group's budgets for the year to 31 March 2018, forecasts for the period to September 2018 and the current financial position and, in light of this review, they are satisfied that the Company and the Group have access to adequate resources to meet the obligations and continue in operational existence for the foreseeable future, and specifically the 12 months subsequent to the signing of these financial statements.

The cash flow forecasts take into account projected income and expenses; possible changes in the investment property portfolio, including exposure to tenant credit risk; lease expiries; the raising of additional capital; external debt; refinancings which have occurred and are expected to occur subsequent to the reporting date, and forecast financial loan covenants.

As mentioned earlier in this report, the Nova Eventis shopping centre near Leipzig, in which the Group has a 28.42% interest is currently in the final stages of a sales process. A sale and purchase agreement was signed on 6 February 2017 by the shareholders of the underlying property company, owned by Stenham European Shopping Centre ('SESCF'), an associate of Stenprop, and at which time the buyers paid a deposit of €11 million into an escrow account. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. The likely wind up process of SESCF is expected to take longer than 12 months and the consolidated financial statements of SESCF show the investment property as Held for Sale and its accounts have been prepared on a going concern basis.

The Swiss portfolio, valued at CHF163.9 million after taking into account estimated selling costs, is currently being marketed for sale. The properties are at various stages in the sale process and are expected to be sold within the next six to 12 months. As such, loans have been refinanced on a short-term basis as a rolling credit facility or mature on 31 March 2018. Should a decision be taken not to sell the properties for any reason, the directors anticipate that, given the quality of the property and the strong relationships with Swiss lenders, a refinancing can be secured on favourable terms.

On 7 June 2017, Stenprop announced the acquisition of a portfolio of multi-let industrial properties (the 'MLI Portfolio') as well as the management business that has built up and managed the portfolio, C2 Capital Limited (the 'C2 Management Platform') for a combined consideration that values the two businesses at £130.5 million. The acquired portfolio assets are financed with a loan facility provided by RBS which matures in June 2022.

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

The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis. Note 27 to the financial statements includes the Group's objectives, policies and procedures for managing its market, interest and liquidity risk.

2. Adoption of new and revised standards

In the current period the following new and revised Standards and Interpretations have been adopted. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements:

IFRS 14	Regulatory deferral accounts (1 January 2016)
IFRS 11 (amendments)	Accounting for acquisitions of interests in joint operations (1 January 2016)
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation (1 January 2016)
IAS 27 (amendments)	Equity method in separate financial statements (1 January 2016)
IAS 1 (amendments)	Disclosure Initiative (1 January 2016)
IFRS 10, IFRS 12 & IAS 28 (amendments)	Investment entities: applying the consolidation exception (1 January 2016)
IFRS 5 (amendments)	Annual improvements to IFRS 5 (1 January 2016)
IFRS 7 (amendments)	Annual improvements to IFRS 7 (1 January 2016)
Annual improvements 2012 – 2014 cycle	(1 January 2016)

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

IFRS 9	Financial instruments (1 January 2018)
IFRS 15	Revenue from contracts with customers (1 January 2018)
IFRS 16	Leases (1 January 2019)
IFRIC 22	Foreign currency transactions and advance consideration (1 January 2018)
IAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses (1 January 2017)
IAS 7 (amendments)	Disclosure Initiative (1 January 2017)
IFRS 2 (amendments)	Classification and measurement of share-based payment transactions (1 January 2018)
IFRS 10 & IAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture (effective date deferred indefinitely)
IAS 40 (amendments)	Transfers of investment property (1 January 2018)
Annual improvements 2014 – 2016 cycle	(1 January 2017)

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

Notes to the consolidated financial statements

3. Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

Investments in associates

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

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

Joint ventures

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

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

Revenue recognition

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

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

3. Significant accounting policies continued

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

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

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

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

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

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

Dividend income from listed securities is recognised at the date the dividend is declared. Interest income is recognised in the consolidated statement of comprehensive income under the effective interest method as it accrues.

Foreign currencies

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

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

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

Borrowing costs

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

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, in those jurisdictions where the property companies are registered, namely Germany, Switzerland and the United Kingdom. In addition, Stenprop Management Limited incurs tax in the United Kingdom.

3. Significant accounting policies continued

Current tax

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

Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Non-controlling interest

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

Investment properties

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

Investment properties are recognised as assets when:

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

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

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

3. Significant accounting policies continued

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

Cash and cash equivalents

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

Expenditure

Expenses are accounted for on an accrual basis.

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another. The classification of financial assets and financial liabilities depends on the nature and purpose of the instrument and is determined at the time of initial recognition. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Measurement

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

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

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

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

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

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

The financial statements are presented in Euros.

Financial assets

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

Recognition and derecognition

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

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

Loans and receivables

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

3. Significant accounting policies continued

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

Objective evidence of impairment could include:

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

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

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

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

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

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

Financial liabilities
The Group's financial liabilities comprise interest-bearing borrowings, loans and payables and trade payables.

Recognition and derecognition
Financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

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

Derivatives
Interest rate swaps have been initially recognised at fair value, and subsequently re-measured at fair value in accordance with IAS 39, Financial Instruments: Recognition and Measurement. They have been entered into in order to hedge against the exposure to variable interest rate loans as described in note 25. They have been valued by an independent valuer in line with internationally accepted practice.

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

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

3. Significant accounting policies continued

Trade and other payables

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

Dividends

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

Earnings/(loss) per share

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

Share-based payments

Deferred Share Bonus Plan

Share options are granted to key management, subject to achieving annual targets, under the Deferred Share Bonus Plan. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these options at grant date over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve included as part of equity reserve in the Statement of Financial Position.

The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Group's share price over the life of the option and other relevant factors. Readers are referred to note 13: share-based payments, where key assumptions are further disclosed. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Share Purchase Plan

As part of the Group's remuneration policy, the Company can award shares to qualifying participants, funded through the advance of loans to the participants. Loans advanced under the share purchase plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six-monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

The loans have full recourse to the participants and as such fall outside of the scope of IFRS 2 and are accounted for as financial instruments under IAS. The participants must charge their shares by way of security for the loan. The loans have full recourse to the participants who waive all rights to compensation for any loss in relation to the Plan.

Repurchase of share capital (Own Shares)

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

Notes to the consolidated financial statements

4. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

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

Investment properties

The Group's investment properties are stated at estimated fair value, determined by directors, based on an independent external appraisal. The valuation of certain of the Swiss properties disclosed as Assets Held for Sale has been determined by the directors and is based on offers made to acquire the properties. The directors valuation amounts to CHF77.6 million (2016 independent valuation: CHF77.3 million). The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location and the expectation of future rentals. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be false, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

Associates

The Group holds an investment in Stenham European Shopping Centre Fund Limited ('SESCF'). A sale and purchase agreement was signed on 6 February 2017. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. The likely wind up process of SESCF is expected to take longer than 12 months and the consolidated accounts of SESCF show the investment property as Held for Sale and its accounts have been prepared on a going concern basis. Stenprop has therefore deemed it appropriate to continue to disclose the investment in associate relating to SESCF as a non-current asset. Readers are referred to the commentary (page 4) and the going concern paragraph in note 1 where this is discussed in further detail.

The Group holds an investment in Stenham Berlin Residential Fund Limited ('SBRF') with a shareholding of 5.24%. Although this shareholding represents less than 20% of the voting power, Stenprop has representation on the board of SBRF and is the manager of the fund and as such has significant influence including participation in policy making processes. In addition, Stenprop is the largest single shareholder in SBRF. These factors have been taken into account when assessing the classification of SBRF as an associate.

Deferred tax assets and liabilities

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs. Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. Deferred tax assets and liabilities are presented in note 26.

5. Operating segments

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

Relevant financial information is set out below:

	Continuing operations		Discontinued operation	
	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
(i) Information about reportable segments				
For the year ended 31 March 2017				
Net rental income	12,462	17,854	–	30,316
Fair value movement of investment properties	5,866	(2,972)	–	2,894
Net gain/(loss) from fair value of financial liabilities	431	151	–	582
Loss from associates	(11,710)	–	–	(11,710)
Income from joint ventures	2,702	1,017	–	3,719
Net finance costs	(2,796)	(4,351)	–	(7,147)
Operating costs	(780)	(166)	–	(946)
Net foreign exchange gain	64	–	–	64
Profit for the year from discontinued operations (see note 20)	–	–	3,350	3,350
Taxation	(1,570)	(967)	–	(2,537)
Total profit/(loss) per reportable segments	4,669	10,566	3,350	18,585
As at 31 March 2017				
Investment properties	256,088	294,057	–	550,145
Investment in associates	20,883	–	–	20,883
Investment in joint ventures	12,022	24,684	–	36,706
Cash	13,670	14,355	–	28,025
Other	15,196	2,743	–	17,939
Assets classified as Held for Sale	2,970	–	155,278	158,248
Total assets	320,829	335,839	155,278	811,946
Borrowings – bank loans	143,673	124,093	–	267,766
Other	13,286	13,146	–	26,432
Liabilities directly associated with assets classified as Held for Sale (see note 20)	–	–	89,077	89,077
Total liabilities	156,959	137,239	89,077	383,275

Notes to the consolidated financial statements

5. Operating segments continued

(i) Information about reportable segments continued

	Continuing operations		Discontinued operation	
	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
For the year ended 31 March 2016				
Net rental income	11,713	19,883	–	31,596
Fair value movement of investment properties	12,228	16,242	–	28,470
Net (loss)/gain from fair value of financial liabilities	(175)	(2,319)	–	(2,494)
Income from associates	1,075	–	–	1,075
Income from joint ventures	2,569	4,826	–	7,395
Net finance costs	(2,950)	(5,626)	–	(8,576)
Operating costs	(794)	(288)	–	(1,082)
Net foreign exchange gain	23	–	–	23
Profit for the year from discontinued operations (see note 20)	–	–	514	514
Taxation	(2,337)	(502)	–	(2,839)
Total profit per reportable segments	21,352	32,216	514	54,082
As at 31 March 2016				
Investment properties	252,510	321,532	155,740	729,782
Investment in associates	39,298	–	–	39,298
Investment in joint venture	10,329	27,250	–	37,579
Cash	10,435	15,053	3,395	28,883
Other	9,687	2,277	1,178	13,142
Total assets	322,259	366,112	160,313	848,684
Borrowings – bank loans	(145,913)	(134,512)	(87,068)	(367,493)
Other	(9,154)	(12,231)	(7,826)	(29,211)
Total liabilities	(155,067)	(146,743)	(94,894)	(396,704)

5. Operating segments continued

(ii) Reconciliation of reportable segment profit or loss

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Rental income		
Net rental income for reported segments	**30,316**	31,596
Profit or loss		
Fair value movement of investment properties	**2,894**	28,470
Net gain/(loss) from fair value of financial liabilities	**582**	(2,494)
(Loss)/gain from associates	**(11,710)**	1,075
Income from joint ventures	**3,719**	7,395
Net finance costs	**(7,147)**	(8,576)
Operating costs	**(946)**	(1,082)
Net foreign exchange gains	**64**	23
Profit for the year from discontinued operations (see note 20)	**3,350**	514
Taxation	**(2,537)**	(2,839)
Total profit per reportable segments	**18,585**	**54,082**
Other profit or loss – unallocated amounts		
Management fee income	**3,701**	2,927
Income from joint ventures	**364**	425
Net finance income	**10**	–
Tax, legal and professional fees	**(239)**	(446)
Audit fees	**(265)**	(250)
Administration fees	**(257)**	(356)
Non-executive directors	**(159)**	(214)
Staff remuneration costs	**(2,719)**	(4,289)
Other operating costs	**(1,390)**	(2,045)
Net foreign exchange gain	**255**	(157)
Taxation	**(143)**	(94)
Consolidated profit for the year	**17,743**	49,583

Notes to the consolidated financial statements

	31 March 2017 €'000	Audited 31 March 2016 €'000
5. Operating segments continued		
(iii) Reconciliation of reportable segment financial position		
ASSETS		
Investment properties	**550,145**	729,782
Investment in associates	**20,883**	39,298
Investment in joint venture	**36,706**	37,579
Cash	**28,025**	28,883
Other	**17,939**	13,142
Assets classified as Held for Sale (see note 20)	**158,248**	–
Total assets per reportable segments	**811,946**	848,684
Other assets – unallocated amounts		
Investment in joint ventures	**42**	41
Cash	**1,436**	7,928
Other	**418**	631
Total assets per consolidated statement of financial position	**813,842**	857,284
LIABILITIES		
Borrowings – bank loans	**267,766**	(367,493)
Other	**26,432**	(29,211)
Liabilities directly associated with assets classified as Held for Sale (see note 20)	**89,077**	–
Total liabilities per reportable segments	**383,275**	(396,704)
Other liabilities – unallocated amounts		
Other	**2,005**	(2,951)
Total liabilities per consolidated statement of financial position	**385,280**	(399,655)
6. Net rental income		
Rental income	**41,500**	43,458
Other income – tenant recharges	**7,807**	7,632
Other income	**117**	201
Rental income	**49,424**	51,291
Direct property costs	**(12,499)**	(11,674)
Discontinued operations adjustment (see note 20)	**(6,609)**	(8,021)
Total net rental income	**30,316**	31,596
7. Operating costs		
Tax, legal and professional fees	**780**	1,200
Audit fees	**296**	297
Interim review fees	**37**	43
Administration fee	**402**	466
Investment advisory fees	**510**	519
Non-executive directors	**159**	214
Staff remuneration costs	**2,719**	4,289
Other operating costs	**1,595**	2,259
Discontinued operations adjustment (note 20)	**(523)**	(605)
	5,975	8,682

8. Employees' and directors' emoluments

The Group had 11 employees (2016: 15) at year end and incurred €2,391,000 (2016: €3,942,000) in wages and salaries and €328,000 (2016: €347,000) in related social security costs and pension charges during the year.

Their aggregate remuneration for the period including that of executive directors is:

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Wages and salaries (excluding key management)	**1,008**	2,396
Key management remuneration	**1,383**	1,546
Social security costs	**219**	246
Other pension costs	**109**	101
	2,719	4,289

As at 31 March 2017 the Group had six directors (2016: 9). The directors of the Company during the financial year and at the date of this report were as follows:

	Appointed	Change in appointment
Non-executive directors		
S Ball (Chairman)	2/10/2014	appointed Chairman 1/2/2017
M Yachad	10/12/2014	
P Miller	14/9/2016	
G Leissner (Chairman)	3/12/2012	passed away 16/12/2016
M Fienberg	2/10/2014	resigned 14/9/2016
D Brown	25/9/2013	resigned 4/4/2016
J Keyes	26/10/2012	resigned 23/11/2016
P Hughes	4/4/2016	resigned 23/11/2016
Executive directors		
P Arenson (CEO)	2/10/2014	
P Watson (CFO)	2/10/2014	
N Marais	2/10/2014	

The Group pays remuneration to executive directors which amounted to €1,383,000 (2016: €1,546,000) and non-executive directors which amounted to €159,000 (2016: €214,000) in the year. A breakdown of directors' remuneration is provided below:

	Basic salary €'000	Pension €'000	Other benefits[1] €'000	Cash bonus €'000	Vested share options €'000	Total remuneration 31 March 2017 €'000
Executive directors						
P Arenson	**301**	**30**	**2**	**141**	**171**	**645**
P Watson	**240**	**24**	**–**	**113**	**137**	**514**
N Marais	**150**	**15**	**2**	**38**	**19**	**224**
	691	**69**	**4**	**292**	**327**	**1,383**

Notes to the consolidated financial statements

8. Employees' and directors' emoluments continued

	Basic salary €'000	Pension €'000	Other benefits[1] €'000	Cash bonus €'000	Vested share options €'000	Total remuneration 31 March 2016 €'000
Executive directors						
P Arenson	341	34	1	171	171	717
P Watson	273	27	–	137	137	574
N Marais	171	17	7	43	17	255
	785	78	7	350	325	1,546

[1] *Other benefits relates to the provision of private medical insurance.*

Based on the average GBP:EUR foreign exchange rate over the year of £1:€1.1904 (2016: £1:€1.3658)

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
Non-executive directors		
S Ball^	**45**	44
M Yachad*	**19**	11
P Miller (appointed 14 September 2016)	**27**	–
G Leissner (passed away 16 December 2016)	**25**	50
M Fienberg (resigned 14 September 2016)	**21**	75
D Brown (resigned 4 April 2016)	**–**	14
J Keyes (resigned 23 November 2016)	**13**	20
P Hughes (appointed 4 April 2016, resigned 23 November 2016)	**9**	–
	159	214

* *these fees were paid to Peregrine SA Holdings Proprietary Limited*
^ *these fees were paid to Sphere Management Limited*

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

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

	Bonuses in respect of the year ended 31 March 2017			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	**141**	**–**	**–**	**1,108**	**907,842**
Patsy Watson	**113**	**–**	**–**	**886**	**726,274**
Neil Marais	**38**	**14**	**11,348**	**102**	**83,234**
	292	**14**	**11,348**	**2,095**	**1,717,350**

Based on the average exchange rate of £1: €1.1904

8. Employees' and directors' emoluments continued

On 8 June 2016, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2016			Share Purchase Plan^	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	171	171	115,248	2,600	1,843,972
Patsy Watson	137	137	92,199	2,080	1,475,177
Neil Marais	43	23	15,847	126	89,317
	350	331	223,294	4,806	3,408,466

Based on the average exchange rate of £1:€1.3658

** Share options vest in three equal tranches and are accounted for as share-based payments (see note 3). The first tranche vests on grant. Subsequent tranches will vest in accordance with the rules of the Deferred Share Bonus Plan at the end of the relevant year.*

^ Loans advanced under the Share Purchase Plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six-monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends paid to such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

Directors' interests – beneficial direct and indirect holdings in the Company

	Direct number of shares	% of shares	Indirect number of shares	% of shares	Number of share options held	% of shares
31 March 2017						
S Ball (Chairman)	**–**		**250,000**	**0.09**	**–**	**–**
M Yachad	**–**		**150,000**	**0.06**	**–**	**–**
P Miller	**–**		**21,898**	**0.01**	**–**	**–**
P Arenson (CEO)	**–**		**9,955,994**	**3.47**	**474,908**	**0.17**
P Watson (CFO)	**–**		**3,658,510**	**1.28**	**412,918**	**0.14**
N Marais	**–**		**219,663**	**0.08**	**15,345**	**0.01**
31 March 2016						
G Leissner (Chairman)	–		422,034	0.15	–	
D Brown	–		–		–	
J Keyes	–		–		–	
M Yachad	–		–		–	
M Fienberg	–		114,994	0.04	–	
S Ball	–		250,000	0.09	–	
P Arenson (CEO)	97,783	0.03	8,854,419	3.13	236,894	0.05
P Watson (CFO)	–		2,183,333	0.77	189,515	0.05
N Marais	–		120,283	0.04	19,646	0.01

The directors' interests have not changed from 31 March 2017 to the date of the signing of these financial statements.

Notes to the consolidated financial statements

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
9. Net finance costs		
Interest receivable:		
Cash and cash equivalents	**292**	174
	292	174
Finance costs:		
Bank interest payable	**(9,331)**	(10,787)
Amortisation of facility costs	**(474)**	(478)
	(9,805)	(11,265)
Discontinued operations adjustment (note 20)	**2,376**	2,515
Net finance costs	**(7,137)**	(8,576)
10. Taxation		
(i) Tax recognised in statement of comprehensive income		
Income tax in respect of current year	**1,461**	618
Deferred tax (see note 26)	**2,040**	2,666
Discontinued Operations Adjustment (see note 20)	**(821)**	(351)
Total tax expense	**2,680**	2,933

No tax was recognised on other comprehensive income during the period (2016: Nil).

- Germany 15.825%
- United Kingdom 20%
- Switzerland (depending on the district in which the property is situated). Average rate of 19.6%.

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
(ii) Reconciliation of tax charge for the year		
Continuing operations		
Profit for the year before taxation	**17,073**	52,002
Tax provided at applicable rate in Bermuda	**–**	–
Tax charge in respect of different jurisdictions	**(2,680)**	(2,933)
Profit for the year after taxation	**14,393**	49,069
Discontinuing operations		
Profit for the year before taxation	**4,170**	865
Tax provided at applicable rate in Bermuda	**–**	–
Tax charge in respect of different jurisdictions	**(820)**	(351)
Profit for the year after taxation	**3,350**	514

	Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
11. Dividends		
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the prior year	**13,411**	11,654
Interim dividend for the current year	**12,495**	11,748
	25,906	23,402

On 18 July 2016, the directors of the Company declared a final dividend of 4.7 cents per share in respect of the year ended 31 March 2016 equating to €13,411,000 (2016: €11,654,000). This was paid in cash on 29 July 2016. An interim dividend of 4.5 cents per share equating to €12,495,000 (2016: €11,748,000) was declared on 23 November 2016 and paid in cash on 17 January 2017.

The directors declared a final dividend on 7 June 2017 for the year ended 31 March 2017, of 4.50 cents per share. The payment of this dividend, which will not have any tax consequences for the Group, is detailed in note 31.

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
12. Share capital			
Authorised			
1,000,000,000 ordinary shares with a par value of €0.000001258 each		**1**	1
Issued share capital			
Opening balance	(shares)	**282,984,626**	272,236,146
Issue of new shares	(shares)	**3,697,254**	10,748,480
Closing number of shares issued	(shares)	**286,681,880**	282,984,626
Share capital		**–**	–
Share premium		**397,999**	392,785
Less: Acquisition/transaction costs		**(2,858)**	(2,858)
Total share premium		**395,141**	389,927

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

The Company has 286,681,880 (March 2016: 282,984,626) ordinary shares in issue at the reporting date. On 9 June 2016, 3,687,191 and 10,063 new ordinary shares were issued on the JSE and the BSX at an issue price of €1.41 per share in respect of the Share Purchase Plan and Deferred Share Bonus Plan respectively (refer note 13).

As at 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil). In June and July 2016 the Company repurchased 1,356,567 shares for an aggregate purchase price of €1.8 million. The programme continued in November and December 2016 with the repurchase of a further 7,669,622 shares for an aggregate repurchase price of €9.6 million. The combined average price per share of the repurchased shares was €1.262. The shares were purchased with the benefit of the dividend thereby effectively reducing the average price per share to €1.217. The impact to the equity reserve of €11.4 million can be seen in the Consolidated Statement of Changes in Equity.

Major shareholders

As at the financial year end there were 2,847 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. There is no ultimate controlling party. Known shareholders holding in excess of 5% of the Company's share capital are detailed below:

Beneficial shareholder greater than 5%	Percentage of issued share capital
Peregrine Holdings Limited (direct and indirect interest)	6.51

13. Share-based payments

The Group operates two share incentive plans which are used to attract and retain high-calibre employees to help grow the business. All awards are considered by the remuneration committee and are subject to board approval. The incentive plans are discussed in more detail below:

Deferred Share Bonus Plan

The board may grant an award to an eligible employee following a recommendation from the remuneration committee over such number of shares that have an aggregate value equal to the deferred bonus. Such share options vest in three equal tranches; The first tranche vests on the date of grant with subsequent tranches vesting at the first and second anniversaries of the relevant year end. Share options may be exercised until the tenth anniversary of the grant date, after which time, they will lapse.

13. Share-based payments continued

The below table summarises the position at year end in terms of the number of share options granted and exercised in the period. All share options were granted at nil-cost. Further details relating to share options issued to executive directors are disclosed in more detail in note 8.

	31 March 2017	31 March 2016
Number of share options		
Outstanding at beginning of year	**356,242**	–
Granted during year	**282,544**	376,059
Exercised during year	**(10,063)**	(27,620)
Other (includes dividend equivalents and forfeited shares)	**35,898**	7,803
Outstanding at end of year	**664,621**	356,242
Exercisable at the end of the year	**575,281**	225,966

The fair value of the options was calculated using the Black-Scholes pricing model. The aggregate of the fair value credit of options granted at 31 March 2017 was €100,424 (2016: €42,110 expense). The table below sets out the assumptions made for the purposes of this valuation.

		31 March 2017	31 March 2016
Stock price at date of grant	(€)	**1.41**	1.43
Stock price at year end	(€)	**1.25**	1.54
Weighted average exercise price		**1.43**	1.30
Compounded risk-free interest rate	(%)	**1.50**	1.50
Volatility	(%)	**28**	22
Expected life	(years)	**10**	10

The Group recognised a total share-based payment expense of €316,000 (2016: €521,000) during the year relating to share-based payment transactions and holds an Equity Reserve at 31 March 2017 of €782,000 (2016: €480,000).

Share Purchase Plan

Loans advanced under the Share Purchase Plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrears. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan. The loans have full recourse to the participants who must charge their shares by way of security for the loans.

The below table summarises the position at year end in terms of loans advanced and the number of shares to which they relate. Loans relating to the Share Purchase Plan issued to executive directors are disclosed in more detail in note 8.

		31 March 2017	31 March 2016
Brought forward at start of year	(number of shares)	**5,209,109**	–
Share Purchase Plan shares issued in year	(number of shares)	**3,687,191**	5,209,109
Share Purchase Plan shares redeemed	(number of shares)	**(240,081)**	–
Carried forward at end of year	(number of shares)	**8,656,219**	5,209,109
Stock price at date of grant	(€)	**1.41**	1.43
Share Purchase Plan loans advanced (including accrued interest)	(€'000)	**12,380**	7,406

Other share options

On 30 March 2017 the Company agreed to grant an option to subscribe for two million Stenprop shares to an individual appointed a non-executive director after the year end on 5 April 2017. The exercise price was €1.53 and the option lapses should the individual cease to be a director, or after five years, whichever is sooner. The options only have a dilutive effect when the average market price of ordinary shares exceeds the exercise price of the options. The share price at year end was €1.25, which was below the exercise price.

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
14. Earnings per ordinary share			
Reconciliation of profit for the period to adjusted EPRA[1] earnings			
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266
Adjustment to exclude profit from discontinued operations		**(3,350)**	(514)
Earnings per IFRS income statement from continuing operations attributable to shareholders		**14,127**	48,752
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266
Adjustments to calculate EPRA earnings, exclude:			
Changes in fair value of investment properties		**(1,872)**	(22,939)
Changes in fair value of financial instruments		**(2,064)**	999
Deferred tax in respect of EPRA adjustments (investment properties and financial instruments)		**2,525**	2,666
Adjustments above in respect of joint ventures and associates			
Changes in fair value of investment properties and financial instruments		**12,985**	(2,959)
Deferred tax in respect of EPRA adjustments (investment properties and financial instruments)		**(864)**	39
EPRA earnings attributable to shareholders		**28,187**	27,072
Further adjustments to arrive at adjusted EPRA earnings			
Straight-line unwind of purchased swaps		**954**	1,976
Adjusted EPRA earnings attributable to shareholders		**29,140**	29,048
Weighted average number of shares in issue (excluding treasury shares)[2]		**282,644,639**	278,350,720
Share-based payment award		**956,185**	647,806
Diluted weighted average number of shares in issue		**283,600,824**	278,998,526
Earnings per share from continuing operations			
IFRS EPS	(cents)	**5.00**	17.51
Diluted IFRS EPS	(cents)	**4.98**	17.47
Earnings per share from continuing and discontinued operations			
IFRS EPS	(cents)	**6.18**	17.70
Diluted IFRS EPS	(cents)	**6.16**	17.66
EPRA EPS	(cents)	**9.97**	9.73
Diluted EPRA EPS	(cents)	**9.94**	9.70
Adjusted EPRA EPS	(cents)	**10.31**	10.44
Diluted adjusted EPRA EPS	(cents)	**10.28**	10.41

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

[2] *As at 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil).*

14. Earnings per ordinary share continued

Straight-line unwind of purchased swaps

A further adjustment was made to the EPRA earnings attributable to shareholders relating to the straight-line unwind of the value as at 1 April 2014 of the swap contracts in the property companies acquired. When the property companies were acquired by Stenprop with effect from 1 April 2014, it also acquired the bank loans and swap contracts which were in place within these property companies. As a result, Stenprop took over loans with higher swap interest rates than would have been the case had new loans and swaps been put in place at 1 April 2014. To compensate for this, the value of the swap break costs was calculated at 1 April 2014 and the purchase consideration for the property companies was reduced accordingly to reflect this liability.

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000	Revised* year ended 31 March 2015 €'000
Earnings per IFRS income statement attributable to shareholders		**17,477**	49,266	37,600
Adjustments to calculate headline earnings, exclude:				
Changes in fair value of investment properties		**(1,872)**	(22,939)	(17,956)
Reversal of gain on acquisition		**–**	–	(9,657)
Changes in fair value of financial instruments		**–**	519	(431)
Deferred tax in respect of headline earnings adjustments (investment properties)		**2,202**	2,666	1,538
Adjustments above in respect of joint ventures and associates				
Changes in fair value of investment properties		**16,254**	(2,529)	1,360
Deferred tax in respect of headline earnings adjustments		**(944)**	(307)	(204)
Headline earnings attributable to shareholders		**33,116**	26,676	12,250
Weighted average number of shares in issue (excluding treasury shares)		**282,644,639**	278,350,720	132,254,338
Share-based payment award		**956,185**	647,806	291,563
Diluted weighted average number of shares in issue		**283,600,824**	278,998,526	132,545,901
Earnings per share				
Headline EPS	(cents)	**11.72**	9.58	9.26
Diluted headline EPS	(cents)	**11.68**	9.56	9.24

* *Readers are referred to the 2015 headline EPS which has been revised since the publication of the 2015 annual financial statements. The revised 2015 Headline EPS is 9.26 cents per share, which differs from that of 8.20 cents published in the 2015 annual financial statements, due to the adjustment for deferred tax in respect of headline earnings adjustments. The deferred tax adjustment had originally included all deferred tax but should have adjusted for deferred tax relating only to changes in fair value of investment properties.*

Notes to the consolidated financial statements

		Year ended 31 March 2017 €'000	Audited year ended 31 March 2016 €'000
15. Net asset value per ordinary share			
Net assets attributable to equity shareholders		**426,164**	455,497
Adjustments to arrive at EPRA net asset value:			
Derivative financial instruments		**3,474**	5,942
Deferred tax		**11,853**	9,705
Adjustments above in respect of non-controlling interests		**1,839**	2,838
EPRA net assets attributable to shareholders		**443,330**	473,982
Number of shares in issue (excluding treasury shares)[1]		**277,655,691**	282,984,626
Share-based payment award		**956,185**	647,806
Diluted number of shares in issue		**278,611,876**	283,632,432
Net asset value per share (basic and diluted)			
IFRS net asset value per share	(Euros)	**1.53**	1.61
Diluted IFRS net asset value per share	(Euros)	**1.53**	1.61
EPRA net asset value per share	(Euros)	**1.60**	1.67
Diluted EPRA net asset value per share	(Euros)	**1.59**	1.67

[1] *As at 31 March 2017, the Company held 9,026,189 treasury shares (March 2016: Nil).*

16. Investment property

The fair value of the consolidated investment properties at 31 March 2017 was €550,145,000 (31 March 2016: €729,782,000). This excludes an amount of €155,900,000 (31 March 2016: €Nil) for properties which have been classified as Held for Sale, including the entire Swiss portfolio. The carrying amount of investment property is the fair value of the property as determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued ('valuers').

The fair value of each of the properties for the year ended 31 March 2017 was assessed by the valuers in accordance with the Royal Institute of Chartered Surveyors ('RICS') standards and IFRS 13. Valuers are qualified for purposes of providing valuations in accordance with the 'Appraisal and Valuation Manual' published by RICS.

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

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

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

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

All investment properties are mortgaged. Details of which can be seen in note 24. As at the date of signing this report, there are no restrictions on the realisability of any of the underlying investment properties, nor on the remittance of income and disposal proceeds.

The key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2017 are detailed in the table below:

Combined portfolio (including share of jointly controlled entities)	% of portfolio by market value (%)	Market value 31 March 2017 (€ million)	Properties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	Voids by area (%)
UK	**34.7**	**294.1**	**13**	**63,555**	**18.5**	**5.57**	**0.05**
Germany	**30.2**	**256.3**	**23**	**92,264**	**14.5**	**4.95**	**5.37**
Assets Held for Sale	**18.4**	**155.9**	**12***	**47,111**	**9.6**	**4.33**	**4.65**
Sub-total	**83.3**	**706.3**	**48**	**202,930**	**42.6**	**5.07**	**3.54**
Share of joint ventures and associates	**16.7**	**141.8**	**6**	**49,730**	**9.9**	**5.69**	**5.78**
Total	**100.0**	**848.1**	**54**	**252,660**	**52.5**	**5.18**	**3.98**

** The Burger King space, which is an annexe to the property known as Hermann is not included in the property count, but its inputs have been considered in other measures.*

Notes to the consolidated financial statements

16. Investment property continued

	31 March 2017 €'000	Audited 31 March 2016 €'000
Opening balance	**729,782**	695,196
Properties acquired	**–**	48,206
Capitalised expenditure	**1,924**	3,604
Disposals through the sale of property	**–**	(6,701)
Foreign exchange movement in foreign operations	**(20,934)**	(33,462)
Net fair value gain on investment property – continuing operations	**2,894**	28,471
Net fair value loss on investment property – discontinued operations (note 20)	**(1,022)**	(5,532)
Transfer to Assets Held for Sale (see note 20)	**(162,499)**	–
Closing balance	**550,145**	729,782
Acquisitions		
Germany		
Stenprop Hermann Limited	**–**	24,458
Stenprop Victoria Limited	**–**	23,748
	–	48,206
Disposals		
United Kingdom		
GGP1 Limited	**–**	(6,701)
	–	(6,701)

17. Subsidiaries, associates and joint ventures

The Group consists of a parent company, Stenprop Limited, incorporated in Bermuda and a number of subsidiaries, associates and joint ventures held directly and indirectly by Stenprop Limited which operate and are incorporated around the world.

Details of the Group's subsidiaries as at 31 March 2017 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
BVI				
Davemount Properties Limited	BVI	Property Investment		**100.00**
Laxton Properties Limited	BVI	Property Investment		**100.00**
Loveridge Properties Limited	BVI	Dormant		**100.00**
Normanton Properties Limited	BVI	Property Investment		**100.00**
Ruby Red Holdings Limited	BVI	Management		**100.00**
SP Corporate Services Limited	BVI	Management		**100.00**
SP Nominees Limited	BVI	Management		**100.00**
SP Secretaries Limited	BVI	Management		**100.00**
Stenprop Management Holdings Limited	BVI	Holding Company	**100.00**	
Stenprop (Germany) Limited	BVI	Holding Company	**100.00**	
Stenprop (Swiss) Limited	BVI	Holding Company	**100.00**	
Stenprop (UK) Limited	BVI	Holding Company	**100.00**	
Stenprop Trafalgar Limited	BVI	Holding Company		**100.00**
Leatherback Property Holdings Limited	BVI	Holding Company		**100.00**
Stenprop Hermann Ltd	BVI	Property Investment		**100.00**
Stenprop Victoria Ltd	BVI	Property Investment		**100.00**
Curaçao				
Anarosa Holdings N.V.	Curaçao	Holding Company		**94.90**
C.S. Property Holding N.V.	Curaçao	Holding Company		**94.90**
Lakewood International N.V.	Curaçao	Holding Company		**89.00**
T.B Property Holdings N.V.	Curaçao	Holding Company		**100.00**
Guernsey				
APF1 Limited (in liquidation)	Guernsey	Dormant	**100.00**	
Bernina Property Holdings Limited	Guernsey	Holding Company		**100.00**
GGP1 Limited	Guernsey	Property Investment	**100.00**	
Kantone Holdings Limited	Guernsey	Property Investment		**100.00**
KG Bleichenhof Grundtuscksverwaaltung GmbH & Co. KG	Germany	Property Investment		**94.90**
LPE Limited	Guernsey	Property Investment		**100.00**
Stenham Paramount Hotel GP Limited	Guernsey	Management		**100.00**
Stenprop Advisers Limited	Guernsey	Management		**100.00**

Notes to the consolidated financial statements

17. Subsidiaries, associates and joint ventures continued

Name	Place of incorporation	Principal activity	% equity owned by Company	% equity owned by Subsidiary
Luxembourg				
Algy Properties Sarl	Luxembourg	Property Investment		**100.00**
Bruce Properties Sarl	Luxembourg	Property Investment		**100.00**
Clint Properties Sarl	Luxembourg	Property Investment		**100.00**
David Properties Sarl	Luxembourg	Property Investment		**100.00**
Jimmy Investments Sarl	Luxembourg	Holding Company		**100.00**
Spike Investments S.A.	Luxembourg	Holding Company		**100.00**
Netherlands				
Century 2 BV	Netherlands	Property Investment		**94.90**
Century BV	Netherlands	Property Investment		**94.90**
Isabel Properties BV	Netherlands	Property Investment		**94.90**
Mindel Properties BV	Netherlands	Holding Company		**94.50**
Isle of Man (IoM)				
Stenham Beryl Limited	IoM	Property Investment		**100.00**
Stenham Crystal Limited	IoM	Property Investment		**100.00**
Stenham Jasper Limited	IoM	Property Investment		**100.00**
Gemstone Properties Limited (formerly Stenham Properties (Germany) Limited)	IoM	Holding Company		**100.00**
Switzerland				
Polo Property GmbH	Switzerland	Property Investment		**100.00**
United Kingdom				
Stenprop Management Limited	England	Management		**100.00**

Details of the Group's investments in associates and joint ventures are disclosed in note 18 and note 19 respectively.

18. Investment in associates

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

Name	Place of incorporation	Principal activity	% equity owned by subsidiary
Stenham European Shopping Centre Fund Limited ('SESCF')	Guernsey	Fund	28.42*
Stenham Berlin Residential Fund Limited	Guernsey	Fund	5.24

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

The above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3. The judgements exercised are disclosed in note 4.

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

	Stenham European Shopping Centre Fund Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
31 March 2017			
Non-current assets	**165**	**–**	**165**
Assets Held for Sale	**207,666**	**19,716**	**227,382**
Current assets	**7,861**	**22,583**	**30,444**
Non-current liabilities	**–**	**–**	**–**
Current liabilities	**(150,021)**	**(582)**	**(150,603)**
Equity attributable to owners of the Company	**65,671**	**41,717**	**107,388**
Revenue	**19,027**	**59,794**	**78,821**
Profit/(loss) from continuing operations and total comprehensive income	**(50,599)**	**23,330**	**(27,269)**
31 March 2016			
Non-current assets	–	55,672	55,672
Current assets	265,286	–	265,286
Non-current liabilities	15,408	4,600	20,008
Current liabilities	(164,318)	(150)	(164,468)
Equity attributable to owners of the Company	116,376	60,122	176,498
Revenue	20,638	4,621	25,259
Profit from continuing operations and total comprehensive income	1,343	6,876	8,219

Notes to the consolidated financial statements

18. Investment in associates continued

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

	Stenham European Shopping Centre Fund Limited €'000	Stenham Berlin Residential Fund Limited €'000	Stenpark Management Limited €'000	Total €'000
31 March 2017				
Opening balance	**33,019**	**6,279**	**–**	**39,298**
Share of associates' (loss)/profit*	**(14,333)**	**2,623**	**–**	**(11,710)**
Associate balance sheet adjustment	**18**	**–**	**–**	**18**
Share in associates disposed during the period	**–**	**(6,716)**	**–**	**(6,716)**
Distribution received from associates	**(7)**	**–**	**–**	**(7)**
Closing balance	**18,697**	**2,186**	**–**	**20,883**
31 March 2016				
Opening balance	34,041	5,570	41	39,611
Share in associates acquired during the period	367	–	–	367
Reclassification of associate to joint venture	–	–	(41)	–
Share of associates' profit*	366	709	–	1,075
Distribution received from associates	(1,755)	–	–	(1,755)
Closing balance	33,019	6,279	–	39,298

** The share of associates' profit includes the fair value movement in the underlying investments for the period. The investment property owned by Stenham European Shopping Centre, Nova Eventis was valued by the directors of the associate at €208 million less selling costs at 31 March 2017, a 21.5% reduction of the fair value at 31 March 2016 of €265 million. The Stenham Berlin Residential Fund share price increased by 49.2% from €1.24 to €1.85 per share during the year under review.*

Stenham European Shopping Centre Fund Limted ('SESCF')

As mentioned earlier in this report, SESCF, in which the Group has a 28.42% interest is currently in the final stages of a sales process in respect of the Nova Eventis shopping centre. A sale and purchase agreement was signed on 6 February 2017 at which time the buyers paid a deposit of €11 million into an escrow account. At the date of signing these financial statements all closing conditions have been met and the completion date is set for 22 June 2017. There are no significant restrictions on the remittance of the disposal proceeds.

Stenham Berlin Residential Fund Limited ('SBRF')

At 31 March 2017 Stenprop had a 5.24% shareholding in SBRF. At 31 March 2016 SBRF'S investments comprised a holding of 3,154,618 shares in ADO Group Limited (a company listed on the Tel Aviv Stock Exchange) and 1,283,283 shares in ADO Properties Sarl (listed on the Frankfurt Stock Exchange). During the year to 31 March 2017 SBRF disposed of its entire holding in ADO Group Limited and 659,415 shares in ADO Properties Limited. These disposals enabled SBRF to buy back 19.5 million of its shares for €1.73 per share at a total cost of €33.7 million in December 2016. This enabled Stenprop to realise €6.7 million from the sale of 3,882,317 shares in SBRF. At 31 March 2017 SBRF's sole investment was its remaining holding of 623,868 shares in ADO Properties Limited. SBRF embarked on a disposal programme to sell these remaining shares and Stenprop's investment in SBRF has been categorised at 31 March 2017 as Assets Held for Sale. At the date of signing these financial statements all remaining shares in ADO Properties Limited held by SBRF had been sold. There are no significant restrictions on the remittance of the disposal proceeds.

19. Investment in joint ventures

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

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

Summarised consolidated financial information in respect of the Group's joint ventures is set out below. Where applicable these represent the consolidated results of the respective holding companies.

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
31 March 2017				
Investment property	**35,521**	**–**	**94,689**	**130,210**
Current assets	**526**	**302**	**4,472**	**5,300**
Assets	**36,047**	**302**	**99,161**	**135,510**
Bank loans	**(22,672)**	**–**	**(43,620)**	**(66,292)**
Shareholder loan	**(14,537)**	**–**	**–**	**(14,537)**
Deferred tax	**(529)**	**–**	**–**	**(529)**
Financial liability	**(588)**	**–**	**(1,445)**	**(2,033)**
Current liabilities	**(237)**	**(217)**	**(4,729)**	**(5,183)**
Liabilities	**(38,563)**	**(217)**	**(49,794)**	**(88,574)**
Net assets/(liabilities) of joint ventures	**(2,516)**	**85**	**49,367**	**46,936**
Net assets of joint ventures excluding shareholder loans	**12,021**	**85**	**49,367**	**61,473**
Group share of net assets	**12,021**	**43**	**24,684**	**36,748**
Revenue	**2,753**	**978**	**5,367**	**9,098**
Interest payable	**(1,995)**	**–**	**(1,326)**	**(3,321)**
Tax expense	**(389)**	**–**	**–**	**(389)**
Profit from continuing operations and total comprehensive income excluding interest due to Group	**2,703**	**727**	**2,034**	**5,464**
Share of joint ventures profit due to the Group	**2,703**	**363**	**1,017**	**4,083**

Notes to the consolidated financial statements

19. Investment in joint ventures continued

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

Elysion S.A

Stenprop owns 100% of the shares and shareholder loans in Bernina Property Holdings Limited (Bernina). Bernina in turn owns 50% of the issued share capital and 100% of the shareholder loans of Elysion S.A., a company incorporated in Luxembourg which is the beneficial owner of the Care Home portfolio. The remaining 50% of Elysion S.A. is owned by a joint venture partner who manages the portfolio.

The acquired shareholder loans have attracted, and continue to attract, a 10% compounded interest rate since inception in 2007. The outstanding shareholder loan, which is wholly owned by Stenprop, has been valued at the recoverable balance which is deemed equal to the net assets of the joint venture excluding the shareholder loan.

19. Investment in joint ventures continued

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

	Elysion S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
31 March 2017				
Opening balance	**10,329**	**41**	**27,250**	**37,620**
Share of joint venture profit	**2,703**	**363**	**1,017**	**4,083**
Distribution received from joint venture	**(1,010)**	**(355)**	**(1,489)**	**(2,854)**
Foreign exchange movement in foreign operations	**–**	**(7)**	**(2,094)**	**(2,101)**
Closing balance	**12,022**	**42**	**24,684**	**36,748**
31 March 2016				
Opening balance	8,506	–	–	8,506
Reclassification of associate to joint venture	–	41	–	41
Share in joint ventures acquired during the period	–	–	26,782	26,782
Share of joint venture profit	2,569	424	4,827	7,820
Distribution received from joint ventures	(746)	(420)	(1,072)	(2,238)
Foreign exchange movement in foreign operations	–	(4)	(3,287)	(3,291)
Closing balance	10,329	41	27,250	37,620

20. Discontinued operations

Management consider 11 properties (the entire Swiss portfolio) and an annexe of a 12th property ('Burger King' element of the Hermann Quartier property) to meet the conditions relating to Assets Held for Sale, as per IFRS 5: Non-current Assets Held for Sale and discontinued operations. The properties are expected to be disposed of during the next financial year. The values have been determined by the directors based on the sale price per a letter of intent, a draft sales and purchase agreement, or in the case where this is not yet finalised, the fair value as determined by a third party valuer.

The results of the discontinued operations were as follows:

	31 March 2017 €'000	31 March 2016 €'000
Net rental income	**6,609**	8,021
Operating costs	**(523)**	(605)
Net operating income	**6,086**	7,416
Fair value movement of investment properties	**(1,022)**	(5,531)
Profit from operations	**5,064**	1,884
Other gains and losses	**–**	–
Net gain from fair value of derivative financial instruments	**1,482**	1,495
Net finance costs	**(2,376)**	(2,515)
Profit for the year before taxation	**4,170**	865
Taxation	**(820)**	(351)
Profit for the year from discontinued operations	**3,350**	514

The fair value of these properties are shown in the table below:

	31 March 2017 €'000
The fair value of these properties are shown in the table below:	
Investment properties	**155,949**
Cash and cash equivalents	**731**
Trade and other receivables	**1,568**
Total assets classified as Held for Sale	**158,248**
Bank loans	**82,744**
Deferred tax	**5,079**
Accounts payable and accruals	**1,255**
Liabilities directly associated with assets classified as Held for Sale	**89,077**

Disposals

On 29 November 2016, the Group disposed of the Clint Properties Sàrl property known as Interlaken, Switzerland, for CHF6.8 million (equating to €6.3 million after disposal costs). There was no gain to the Group as the disposal was made at fair value.

	31 March 2017 €'000	Audited 31 March 2016 €'000

21. Trade and other receivables

Non-current receivables		
Other debtors	**13,600**	7,403
	13,600	7,403

Non-current other debtors includes €12.38 million of loans advanced under the Share Purchase Plan (see note 13; share-based payments) and a €1.22 million loan advanced on 30 March 2017 used to purchase one million Stenprop shares in the market by a non-executive director, appointed to the board of Stenprop on 5 April 2017.

	31 March 2017 €'000	Audited 31 March 2016 €'000
Current receivables		
Accounts receivable[1]	**4,851**	3,509
Other debtors	**593**	1,935
Prepayments	**601**	923
Transfer to Assets Held for Sale (see note 20)[2]	**(1,288)**	–
	4,757	6,367

[1] *Included in this balance are provisions for doubtful debts of €272,000 (2016: €101,000)*

[2] *Included in this balance are provisions for doubtful debts of €163,000*

22. Cash and cash equivalents

Cash at bank	**30,192**	36,811
Transfer to Assets Held for Sale (see note 20)	**(731)**	–
	29,461	36,811

Restricted cash

At year-end funds totalling €14.5 million (2016: €11.9 million) were restricted. Tenant deposits of €2.8million (2016: €2.7 million) are included in this amount as are net rents held in bank accounts which are secured by the lenders for the purposes of debt repayments and redevelopment, including €11 million (2016: €8.5 million) for the redevelopment of Bleichenhof. As the Group is in compliance with all the terms and conditions of its loans as at the date of signing these financial statements, there are no further restrictions, and any surplus will flow to the Group.

	31 March 2017 €'000	Audited 31 March 2016 €'000

23. Accounts payable and accruals

Accruals	**3,373**	3,868
Deferred income	**5,763**	5,183
Taxes payable	**2,682**	1,776
Other payables	**7,626**	5,676
Liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(1,255)**	–
	18,189	16,503

Notes to the consolidated financial statements

	31 March 2017 €'000	Audited 31 March 2016 €'000
24. Borrowings		
Opening balance	**367,493**	364,931
Loan repayments	**(4,844)**	(30,608)
New loans	**–**	56,196
Amortisation of loans	**(4,134)**	(7,514)
Capitalised borrowing costs	**(188)**	(1,049)
Amortisation of transaction fees	**459**	378
Foreign exchange movement in foreign operations	**(8,276)**	(14,841)
Adjustment for liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(82,744)**	–
Total borrowings	**267,766**	367,493
Amount due for settlement within 12 months	**97,947**	188,785
Amount due for settlement between one to three years	**92,662**	29,892
Amount due for settlement between three to five years	**159,901**	139,816
Amount due for settlement after five years	**–**	9,000
Liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(82,744)**	–
	267,766	367,493
Non-current liabilities		
Bank loans	**252,563**	178,708
Total non-current loans and borrowings	**252,563**	178,708
The maturity of non-current borrowings is as follows:		
One year to five years	**252,563**	169,708
More than five years	**–**	9,000
	252,563	178,708
Current liabilities		
Bank loans	**97,947**	188,785
Liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**(82,744)**	–
Total current loans and borrowings	**15,203**	188,785
Total loans and borrowings	**267,766**	367,493

24. Borrowings continued

The facilities are secured by debentures and legal charges over the properties to which they correspond. There is no cross-collateralisation of the facilities. The terms and conditions of outstanding loans are as follows:

Facility	Note	Amortising	Loan interest rate	Currency	Maturity date	Nominal value 31 March 2017 €'000	Nominal value 31 March 2016 €'000	Carrying value* 31 March 2017 €'000	Carrying value* 31 March 2016 €'000
United Kingdom									
Laxton Properties Limited		No	LIBOR +1.4%	GBP	08/05/2020	**32,194**	34,846	**31,969**	34,497
Normanton Properties Limited		No	LIBOR +1.4%	GBP	25/03/2019	**43,312**	46,879	**43,205**	46,690
Davemount Properties Limited	1	Yes	LIBOR +2.25%	GBP	26/05/2021	**4,676**	5,445	**4,637**	5,445
LPE Limited		No	LIBOR +2%	GBP	23/03/2020	**35,070**	37,959	**34,626**	37,317
GGP1 Limited	1	No	LIBOR +2.25%	GBP	26/05/2021	**9,773**	10,578	**9,656**	10,563
Switzerland									
Algy Properties Sarl	2	Yes	LIBOR +1.5%	CHF	31/03/2018	**3,028**	3,099	**3,028**	3,099
Bruce Properties Sarl	2	Yes	LIBOR +1.35%	CHF	31/03/2018	**4,447**	4,384	**4,447**	4,384
Clint Properties Sarl	3			CHF		**–**	2,820	**–**	2,820
David Properties Sarl	2	Yes	LIBOR +1.4%	CHF	31/03/2018	**7,225**	7,340	**7,225**	7,340
Kantone Holdings Limited	2	Yes	LIBOR +1.05%	CHF	Note 2	**45,830**	46,787	**45,830**	46,787
Polo Property GmbH	2	Yes	LIBOR +1.15%	CHF	Note 2	**22,213**	22,639	**22,213**	22,639
Germany									
Century BV		Yes	Euribor +1.65%	EUR	31/12/2017	**9,649**	9,911	**9,631**	9,870
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**4,177**	4,291	**4,169**	4,273
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	**874**	898	**873**	894
Stenham Beryl Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,377**	5,488	**5,377**	5,488
Stenham Crystal Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**4,490**	4,583	**4,490**	4,583
Stenham Jasper Limited		Yes	Euribor +1.85%	EUR	30/04/2018	**5,494**	5,608	**5,494**	5,608
Isabel Properties BV		No	Euribor +2.50%	EUR	31/12/2021	**9,000**	9,000	**9,000**	9,000
Bleichenhof GmbH & Co. KG	4	No	1,58%	EUR	28/02/2022	**84,937**	84,937	**84,937**	84,884
Stenprop Hermann Ltd		No	Euribor +1.13%	EUR	30/06/2020	**9,430**	11,050	**9,399**	11,012
Stenprop Victoria Ltd		No	Euribor +1.28%	EUR	31/08/2020	**10,300**	10,300	**10,300**	10,300
						351,496	368,842	**350,506**	367,493

* *The difference between the nominal and the carrying value represents unamortised facility costs.*

1. *On 26 May 2016, Davemount Properties Limited ('Davemount') and GGP1 Limited ('GGP1') refinanced their loan facilities with Santander. Santander have provided a single facility with a five-year term of £12,360,000 split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% (including a swap of 1.21%) which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.*
2. *All of the bank loans in respect of the Swiss properties were due for expiry on 31 March 2017. Given that all of the properties in the Swiss portfolio were Held for Sale at this date, the loans were re-financed on a short-term basis as follows:*
   - *Algy Properties Sarl extended its loan with Credit Suisse in the sum of CHF3,237,500, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.5% and no swap (previous facility: LIBOR + 1.3% + 0.91% swap).*
   - *Bruce Properties Sarl extended its loan with Credit Suisse in the sum of CHF4,755,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.35% and no swap (previous facility: LIBOR + 1.25% + 1.90% swap).*
   - *David Properties Sarl extended its loan with Credit Suisse in the sum of CHF7,725,000, for a period of one year from 1 April 2017 at a loan interest rate of LIBOR +1.4% and no swap (previous facility: LIBOR + 1.3% + 1.73% swap).*
   - *Kantone Holdings Limited entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF49,000,000 at a loan interest rate of LIBOR +1.05% and no swap (previous facility: LIBOR + 1.05% + 0.7% swap). As each property within the Kantone portfolio is sold, partial repayments of the loan are to be made.*
   - *Polo Properties GmbH entered into a rolling credit facility with its existing lender, Union Bank of Switzerland ('UBS'). The credit facility was for CHF23,750,000 at a loan interest rate of LIBOR +1.15% and no swap (previous facility: LIBOR + 1.15% + 0.73% swap). As each property within the Polo portfolio is sold, partial repayments of the loan are to be made.*
3. *On 29 November 2016, Clint Properties Sarl ('Clint') sold its sole investment, a property in Interlaken Switzerland. As a condition of the sale Clint repaid, in full, its outstanding loan of CHF3,067,500 with Credit Suisse.*
4. *On 28 February 2017 Kommandtigesellschaft Bleichenhof Grundstucksverwaltung GmbH & Co. ('Bleichenhof') refinanced its €84,937,000 interest only loan facility with Berlin Hyp AG for a five-year term, until 28 February 2022, at an all-in fixed rate of 1.58% per annum compared to the previous all-in fixed rate of 1.90% per annum.*

Notes to the consolidated financial statements

25. Derivative financial instruments

In accordance with the terms of the borrowing arrangements and Group policy, the Group has entered into interest rate swap agreements. The interest rate swap agreements are entered into by the borrowing entities to convert the borrowings from floating to fixed interest rates and are used to manage the interest rate profile of financial liabilities and eliminate future cash exposure to interest rate fluctuations. It is the Group's policy that no economic trading in derivatives is undertaken. In the current year the Group recognised a total net gain in fair value of financial instruments from continuing and discontinuing operations of €582,000 (2016: €2,495,000 loss) and €1.482,000 (2016: €1,495,000) respectively.

The following table sets out the interest rate swap agreements at 31 March 2016 and 31 March 2017.

Facility	Effective date	Maturity date	Swap rate %	Notional value 31 March 2017 €'000	Fair value 31 March 2017 €'000	Notional value 31 March 2016 €'000	Fair value 31 March 2016 €'000
United Kingdom							
Laxton Properties Limited	14/04/2014	8/05/2020	1,62	**32,194**	**(1,105)**	34,846	(1,232)
Normanton Properties Limited	1/04/2014	25/03/2019	1,50	**43,312**	**(964)**	46,879	(1,285)
LPE Limited	26/03/2015	31/03/2020	1,35	**35,070**	**(872)**	37,959	(891)
GGP1 Limited (novated from APF1 Limited)				**–**	**–**	6,630	(55)
GGP1 Limited (novated from APF1 Limited)				**–**	**–**	1,265	(10)
Switzerland							
Algy Properties Sarl				**–**	**–**	3,522	(62)
Bruce Properties Sarl				**–**	**–**	4,384	(122)
Clint Properties Sarl				**–**	**–**	2,820	(74)
David Properties Sarl				**–**	**–**	7,409	(171)
Kantone Holdings Limited				**–**	**–**	46,787	(721)
Polo Property GmbH				**–**	**–**	22,639	(355)
Germany							
Century BV	1/04/2014	29/12/2017	1,00	**9,649**	**(95)**	9,911	(220)
Century 2 BV	1/04/2014	29/12/2017	1,08	**4,177**	**(44)**	4,291	(102)
Century 2 BV	1/04/2014	29/12/2017	1,85	**874**	**–**	898	–
Stenham Beryl Limited	1/04/2014	30/04/2018	0,83	**5,340**	**(65)**	5,488	(125)
Stenham Crystal Limited	1/04/2014	30/04/2018	0,83	**4,459**	**(54)**	4,583	(105)
Stenham Jasper Limited	1/04/2014	30/04/2018	0,83	**5,456**	**(67)**	5,608	(128)
Isabel Properties BV	30/01/2015	30/12/2021	0,48	**9,000**	**(208)**	9,000	(284)
Total swaps				**149,531**	**(3,475)**	254,919	(5,942)
Maturing within 12 months					**(139)**		(1,769)
Maturing after 12 months					**(3,335)**		(4,173)
Derivative financial instruments – on balance sheet					**(3,475)**		(5,942)
Swaps included in investments in associates and joint ventures							
Regent Arcade House Holdings Ltd	20/05/2015	20/05/2020	1,57	**43,838**	**(1,445)**	47,449	(1,585)
Elysion Braunschweig Sarl	1/04/2014	29/03/2018	2,43	**5,963**	**(115)**	6,125	(240)
Elysion Dessau Sarl	1/04/2014	29/03/2018	2,43	**5,762**	**(110)**	5,918	(230)
Elysion Kappeln Sarl	1/04/2014	31/12/2018	2,80	**6,252**	**(217)**	6,420	(359)
Elysion Winzlar Sarl	1/04/2014	31/12/2018	2,80	**4,168**	**(145)**	4,280	(239)
Prejan Enterprises Limited				**–**	**–**	44,380	(231)
Derivative financial instruments – associates and joint ventures				**65,983**	**(2,032)**	114,572	(2,884)

26. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	31 March 2017 €'000	Audited 31 March 2016 €'000
Opening balance	**(9,705)**	(7,230)
Deferred tax recognised on investment properties	**(2,202)**	(2,667)
Deferred tax recognised on revaluation of financial liabilities	**(323)**	(220)
Deferred tax on tax losses	**377**	412
Adjustment for liabilites directly associated with assets classified as Held for Sale adjustment (see note 20)	**5,079**	–
Closing balance	**(6,774)**	(9,705)
Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:		
Deferred tax liabilities	**(16,790)**	(14,821)
Deferred tax assets	**4,937**	5,116
Adjustment for liabilities directly associated with assets classified as Held for Sale adjustment (see note 20)	**5,079**	–
Closing balance	**(6,774)**	(9,705)
Deferred tax opening balance	**9,705**	7,230
Exchange movements	**107**	(191)
Deferred tax liability closing balance	**(11,852)**	(9,705)
Movement in deferred tax	**(2,040)**	(2,666)

Notes to the consolidated financial statements

27. Financial risk management

The Group is exposed to a variety of financial risks including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to minimise the potential adverse effects on the Group's financial performance. Certain risk exposures are hedged via the use of financial derivatives.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout these audited financial statements where relevant. The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The board has established the risk committee which has assumed responsibility for developing and monitoring the Group's risk management policies. The risk committee participates in management's process of formulating and implementing the risk management plan and reports on the plan adopted by management to the board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The board will be responsible for ensuring the adoption of appropriate risk management policies by management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The board will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

To enable the risk committee to meet its responsibilities, the risk committee has adopted a charter which includes appropriate standards and the implementation of systems of internal control and an effective risk-based internal audit, comprising policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely, reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk arising from deposits with banks is managed through a policy of utilising only independently-rated banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the European financial institutions credit ratings for the six banks in which 81% of the Group's cash is held, are as follows:

	31 March 2017	**31 March 2016**
ABN AMRO Bank NV	**A**	A
Barclays Private Clients International Limited	**A-**	A-
Berliner Sparkasse	**AA-**	AA-
HSBC Bank plc.	**AA-**	AA-
Santander UK plc.	**A**	A
UBS AG	**A+**	A

The directors are satisfied as to the credit worthiness of the banks where the remaining cash is held.

27. Financial risk management continued

Credit risk continued

At the time of acquisition of a property, and from time to time thereafter, the Company reviews the quality of the contracted tenants to ensure that the tenants meet acceptable covenants. Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables. An allowance for impairment is made where there is an indefinable loss event, which based on previous experience, may give risk to a non-recovery of a receivable.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

At 31 March 2017, trade and other receivables and cash and cash equivalents amounts to €34,218,000 (March 2016: €43,178,000) as shown in the statement of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources, the availability of funding through appropriate and adequate credit lines and managing the ability of tenants to settle within lease obligations. The Group ensures, through the forecasting and budgeting of cash requirements that adequate committed resources are available.

By its nature, the market for investment property is not immediately liquid. As a result of this illiquidity, the Group's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited. Furthermore, where the Group acquires investment properties for which there is not a readily available market, the Group's ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such property investment is exposed may be limited. The Group's short-term liquidity risk is secured by the existence of cash balances, through the fact that rental income exceeds the Group's cost structures and through ensuring that facilities are managed within debt covenants.

The following table details the contractual maturity date of the Group's financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where there Group is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payments that have not been included in the carrying amount of the financial liability. The table also includes a reconciliation to the carrying value in the statement of financial position.

	Less than one month €'000	One to three months €'000	Three to twelve months €'000	One to five years €'000	Over five years €'000	Discount €'000	Total €'000
Interest-bearing loans	**–**	**–**	**97,946**	**252,564**	**–**	**–**	**350,510**
Loan interest	**575**	**1,950**	**5,609**	**14,120**	**–**	**(21,634)**	**620**
Financial liabilities	**–**	**–**	**139**	**3,335**	**–**	**–**	**3,474**
Deferred tax	**–**	**–**	**5,079**	**6,774**	**–**	**–**	**11,853**
Other payables (including tax)	**–**	**4,225**	**6,083**	**–**	**–**	**–**	**10,308**
Accruals	**–**	**–**	**2,753**	**–**	**–**	**–**	**2,753**
Deferred income	**–**	**5,763**	**–**	**–**	**–**	**–**	**5,763**
Liabilities directly associated with assets classified as Held for Sale	**–**	**(770)**	**(89,250)**	**–**	**–**	**943**	**(89,077)**
As at 31 March 2017	**575**	**11,168**	**28,359**	**276,793**	**–**	**(20,691)**	**296,204**
Interest-bearing loans	5,445	–	183,340	169,708	9,000	–	367,493
Loan interest	531	2,388	6,636	14,056	203	(23,278)	536
Financial liabilities	199	–	1,570	3,889	284	–	5,942
Deferred tax	–	–	–	9,705	–	–	9,705
Other loans and interest	–	–	–	12	–	–	12
Other payables (including tax)	–	2,811	4,641	–	–	–	7,452
Accruals	–	–	3,332		–	–	3,332
Deferred income	–	5,156	27	–	–	–	5,183
As at 31 March 2016	6,175	10,355	199,546	197,370	9,487	(23,278)	399,655

Notes to the consolidated financial statements

27. Financial risk management continued

Fair value of financial instruments

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

	Held at fair value through profit and loss €'000	Held at amortised cost €'000	Total carrying amount 31 March 2017 €'000
Financial assets			
Cash and cash equivalents	–	29,461	29,461
Trade and other receivables	–	18,357	18,357
	–	47,818	47,818
Financial liabilities			
Bank loans	–	267,766	267,766
Derivative financial instruments	3,474	–	3,474
Accounts payable and accruals	–	18,189	18,189
As at 31 March 2017	3,474	285,955	289,429

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

27. Financial risk management continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to shareholders.

Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- changes in the general economic climate;
- local conditions in respective markets, such as oversupply, or a reduction in demand, for commercial space in a specific area;
- competition from other available properties; and
- government regulations, including planning, environmental and tax laws.

Whilst a large number of these factors are outside the control of the management, market and property specific factors relevant to maintain a sustainable income stream within the Group's yield parameters are considered as part of the initial due diligence. Properties and tenant leases are actively managed.

Foreign currency risk

The Group's functional currency is Euros. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency or exchange rates. At the reporting date, the below table summarises the Group's exposure to foreign currency risk in respect of assets and liabilities held in GBP (United Kingdom) and CHF (Switzerland).

	31 March 2017 €'000	31 March 2016 €'000
Assets		
GBP	**337,187**	371,938
CHF	**155,278**	160,313
Liabilities		
GBP	**138,557**	149,120
CHF	**89,077**	94,894

Foreign currency sensitivity analysis

The sensitivity analysis measures the impact on the Group's exposure in Euros (based on a change in the reporting date spot rate) and the impact on the Group's Euro profitability, given a simultaneous change in the foreign currencies to which the Group is exposed at the reporting date.

A 10% strengthening in the Euro exchange rate against the following currencies at year end would have decreased equity and profits by the amounts shown below. The 10% threshold was selected as a reasonable, worse-case scenario and is considered a prudent threshold. This analysis assumes that all other variables remain constant. For a 10% weakening of the Euro, there would be an equal but opposite impact on the profit and equity and the balance would be positive.

	Equity €'000	Profit or loss €'000
GBP impact	(19,863)	(1,079)
CHF impact	(6,620)	(335)
	(26,483)	(1,414)

Notes to the consolidated financial statements

27. Financial risk management continued

Foreign currency sensitivity analysis continued

The following exchange rates were applied during the year:

	Average rate for 12 months to 31 March 2017	Period end 31 March 2017
CHF	0.9229	0.9353
GBP	1.1904	1.1690

Interest rate risk

The Group's interest rate risk is associated with cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 24, borrowings from credit institutions are protected against movements in interest rates. The Company uses interest rate swaps to manage its interest rate exposure.

Fair value hierarchy

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

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

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

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

	Total financial instruments recognised at fair value	Designated at fair value		
	€'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
31 March 2017				
Liabilities				
Derivative financial liabilities	**3,474**	**–**	**3,474**	**–**
Total liabilities	**3,474**	**–**	**3,474**	**–**
31 March 2016				
Liabilities				
Derivative financial liabilities	5,942	–	5,942	–
Total liabilities	5,942	–	5,942	–

Details of changes in valuation techniques

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

Significant transfers between Level 1, Level 2 and Level 3

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

Unobservable inputs

Investment properties are considered Level 3 and associated unobservable inputs are disclosed in note 16.

27. Financial risk management continued

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity attributable to ordinary shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Stenprop's average loan to value ('LTV') ratio at 31 March 2017 was 51.6% (March 2016: 51.6%), including joint ventures and associates and the Group is not subject to any external capital requirements. The Group strategy is to maintain a debt-to-equity ratio and LTV to ensure that property performance is translated into an enhanced return for shareholders whilst at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 50% LTV in respect of secured external borrowings is an appropriate target for the Group, given the current market conditions.

28. Related party transactions

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

Other than those further referred to below, there were no other related party transactions during the period ended 31 March 2017.

P Arenson and M Fienberg, both directors of the Company until 14 September 2016 when M Fienberg resigned, are also directors of Stenham Limited which at 31 March 2017 had an indirect beneficial interest of 4.85% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2016: 4.91%).

At 31 March 2017, P Arenson held an indirect 1.13% interest in the share capital of Stenham Limited (March 2016: 2.58%). His interest in Stenprop Limited is seperately disclosed in note 8.

M Yachad is a non-executive director of the Company and an executive director of Peregrine Holdings Limited, which has a beneficial interest (direct and indirect) of 6.51% in the shares of the Company at 31 March 2017 (March 2016: 6.41%).

29. Operating lease commitments

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	31 March 2017 €'000	Audited 31 March 2016 €'000
Continuing operations		
Within one year	**32,536**	32,662
Between one and two years	**30,531**	31,777
Between two and five years	**76,284**	81,790
After five years	**63,304**	72,157
	202,656	218,386
Discontinuing operations		
Within one year	**9,210**	8,011
Between one and two years	**8,282**	7,145
Between two and five years	**20,792**	16,203
After five years	**30,030**	14,532
	68,314	45,891

Notes to the consolidated financial statements

30. Contingent liabilities and commitments

As at 31 March 2017, the Group was contractually committed to CHF2.5 million (€2.3 million). This reflects a contribution towards capital expenditure in respect of an investment property in Switzerland.

31. Subsequent events

(i) Declaration of dividend after reporting date

On 7 June 2017, the directors declared a final dividend of 4.5 cents per share, payable in cash on 4 August 2017.

An announcement containing details of the dividend and the timetable will be made separately.

(ii) Sale of Assets Held for Sale

Burger King

On 25 April 2017, the sale completed on the annexe of the Hermann Quartier property known as Burger King. The annexe was recognised at its sale price per the signed sales and purchase agreement at reporting date. Readers are referred to note 20 where details of this annexe are disclosed as per IFRS 5: Non-current Assets Held for Sale and discontinued operations.

(iii) Signing of sale and purchase agreement of shares in subsidiary of associate

On 6 February 2017, a sale and purchase agreement was signed to sell the shares in the Company which owns the underlying property known as Nova Eventis shopping centre. Stenprop owns 28.16% of the underlying investment through Stenham European Shopping Centre Fund Limited ('SESCF'), and 0.26% via a wholly-owned subsidiary, Leatherback Property Holdings Limited. The directors have estimated the fair value of the Nova Eventis shopping centre to be €207.7 million as at 31 March 2017 being the agreed property valuation of €208.5 million per the agreement, less sale costs. The buyers have paid a deposit of €11 million into an escrow account. At the date of signing all closing conditions are met, and completion date is set for 22 June 2017.

(iv) Sale of shares held by associate

Following year end, an associate of the Group, Stenham Berlin Residential Fund Limited ('SBRF') sold all of its shares in its sole investment, ADO Properties SA. Subsequent to this, a voluntary buy back offer was made to all investors in SBRF. Stenprop has participated in this buyback which will result in net sales proceeds of €2.3 million being received by 20 June 2017.

(v) Change to the board of directors

On 6 April 2017, an announcement was made containing details of the appointment of Warren Lawlor as a non-executive director of the board of Stenprop with effect from 5 April 2017.

(vi) Share incentive awards

On 7 June 2017, the directors, on the recommendation of the remuneration committee, approved the following share-based awards:

	Bonus awards under Deferred Share Bonus Plan in respect of the year ended 31 March 2017*		Share Purchase Plan^	
	€'000	Number of shares	Loan €'000	Number of shares
Executive directors	14	11,348	2,095	1,717,350
Other staff	39	31,856	285	233,654
	53	43,204	2,380	1,951,004

** Share options vest in three equal tranches. The first tranche vests on grant. Subsequent tranches will vest at the relevant year end in accordance with the rules of the Deferred Share Bonus Plan.*

^ Shares will be issued on 8 June 2017.

Loans advanced under the Share Purchase Plan are interest-bearing at a rate equal to the average interest rate incurred by the Group from time to time. Interest is payable six monthly in arrear. Loans are repayable within 30 days of cessation of employment (unless the participant ceases employment in circumstances beyond his or her control, in which case the loan is repayable within 12 months), and must in all circumstances be repaid in 10 years. All dividends received by such employees (or his or her nominee) by virtue of their shareholding, must first be utilised to discharge any interest outstanding in terms of the loan advanced in terms of the Share Purchase Plan.

31. Subsequent events continued

(vii) Industrial portfolio acquisition

On 7 June 2017 Stenprop announced the acquisition of 100% of the interests in Industrials UK LP which owns a portfolio of multi-let industrial properties (the 'MLI Portfolio') as well 100% as the management business that has built up and managed the portfolio, C2 Capital Limited (the 'C2 Management Platform') for a combined consideration that values the two businesses at £130.5 million.

The MLI Portfolio is made up of 25 separate multi-let industrial estates situated in or near densely populated nodes across the United Kingdom. The portfolio has a gross lettable area of approximately 2 million square feet (200,000 sqm), a diversified base of over 400 tenants and contractual rent (including contractual fixed uplifts) of approximately £9.1 million per annum.

The C2 Management Platform specialises in the acquisition and active management of multi-let industrial estates across the UK. Founded and run by Julian Carey, with the support of five property professionals, the business has been investing on behalf of private and institutional clients since its inception in 2009.

The MLI Portfolio is being acquired with effect from the date of completion of the transaction, which is expected to be 30 June 2017. The purchase price is payable in cash, with a £6.35 million deposit having been paid on exchange of contracts on 6 June 2017 with the balance of the purchase price payable on completion, subject to a further adjustment to take account of any working capital in the structure.

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

Stenprop will acquire the shares in C2 Capital Limited from Julian Carey for £3.5 million, to be settled by the issue of 3,270,500 Stenprop shares valued at €1.22 per share, adjusted upward or downward in cash for working capital.

The accounting for these transactions will be finalised on completion and more information will be given when Stenprop reports its interim results.

Stenprop is confident that the combination of these acquisitions will provide a strategic foothold and capability in the multi-let industrial estates sector; and that this positioning will enable it to deliver sustainable higher average annual rental growth over the next few years. The acquisition of the MLI Portfolio, together with the acquisition of the C2 Management Platform, represents a rare opportunity to make a substantial strategic investment into an asset class which Stenprop believes is likely to show superior returns over the next few years.

APPENDICES

Property summary

	Asset value (€ million)	Asset value as percentage of portfolio (%)	Gross lettable area (m²)	Occupancy (by area) (%)	Annual gross rental income (€ million)	WAULT (by revenue) years	WAULT (by area) years	Weighted average rental per square metre €/m²
United Kingdom								
Office	**324.7**	**38.3**	**44,566**	**99.9**	**19.0**	**5.5**	**5.6**	**426**
Retail	**8.7**	**1.0**	**7,678**	**100.0**	**1.1**	**4.0**	**4.3**	**143**
Industrial	**8.0**	**0.9**	**14,313**	**100.0**	**0.7**	**3.4**	**3.4**	**49**
Total	**341.4**	**40.2**	**66,557**	**100.0**	**20.8**	**5.4**	**5.0**	**313**
Germany								
Retail	**206.2**	**24.3**	**103,396**	**95.6**	**14.5**	**6.7**	**7.0**	**140**
Office	**53.5**	**6.3**	**15,015**	**80.1**	**2.4**	**4.5**	**4.8**	**160**
Nursing Homes	**35.4**	**4.2**	**19,330**	**100.0**	**2.7**	**12.4**	**12.1**	**140**
Other	**55.7**	**6.6**	**1,251**	**80.1**	**2.5**	**4.5**	**4.8**	**1,998**
Total	**350.8**	**41.4**	**138,990**	**94.4**	**22.1**	**6.9**	**7.4**	**159**
Assets Held for Sale*								
Retail	**84.6**	**10.0**	**24,511**	**94.7**	**5.3**	**9.2**	**10.5**	**216**
Office	**70.7**	**8.3**	**21,487**	**96.5**	**4.3**	**4.7**	**4.7**	**200**
Other	**0.6**	**0.1**	**1,113**	**87.8**	**0.0**	**4.6**	**4.3**	**–**
Total	**155.9**	**18.4**	**47,111**	**95.4**	**9.6**	**7.2**	**7.7**	**204**
Total								
Office	**448.9**	**52.9**	**81,068**	**95.4**	**25.7**	**5.3**	**5.2**	**317**
Retail	**299.5**	**35.3**	**135,585**	**95.6**	**20.9**	**7.2**	**7.5**	**154**
Industrial	**8.0**	**0.9**	**14,313**	**100.0**	**0.7**	**3.4**	**3.4**	**49**
Nursing Homes	**35.4**	**4.2**	**19,330**	**100.0**	**2.7**	**12.4**	**12.1**	**140**
Other	**56.3**	**6.7**	**2,364**	**83.7**	**2.5**	**4.5**	**4.6**	**1,058**
Total	**848.1**	**100.0**	**252,660**	**96.0**	**52.5**	**6.3**	**6.8**	**208**

** Readers are referred to note 20. Assets Held for Sale includes the remaining Swiss portfolio.*

Rental Escalation profile

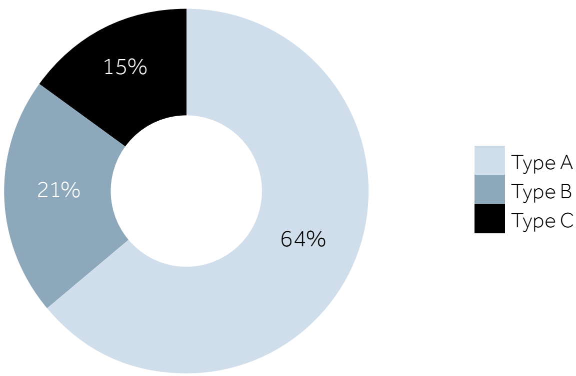
Stenprop operates in countries with low inflation rates. The annual inflation rate during the 2016 calendar year was 1.6% for the UK, 1.7% for Germany and nil for Switzerland. Rental escalation clauses vary across the portfolio. In the UK, a majority of leases are subject to periodic upwards-only rent reviews, at different stages of the tenancy. Leases in the German and Swiss properties are generally adjusted for CPI with a hurdle rate before an increase can be applied, with the exception of the Aldi portfolio, which sees increases of 1.66% annually. During the past year, the UK increased by 0.38% entirely due to one rent review at the Argyll Street property. Rents from German properties saw an average increase of 0.63%, while Swiss properties saw no indexation.

Property analysis

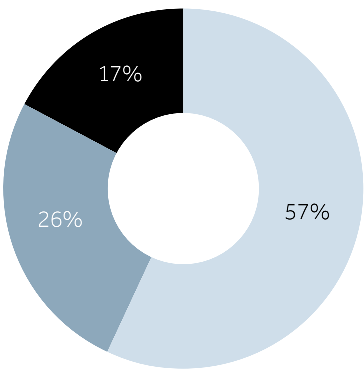
Combined portfolio	Portfolio by market value (%)	Market value 31 March 2017 (€ million)	Properties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield 31 March 2017 (weighted average) (%)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m^2 (€/m^2)
United Kingdom	34.7	294.1	13	63,555	18.5	5.57	5.7	0.0	291
Germany	30.2	256.3	23	92,264	14.5	4.95	6.6	5.4	157
Assets Held for Sale	18.4	155.9	12	47,111	9.6	4.33	7.2	4.6	204
Germany	0.3	2.7	–	250	0.2	6.40	1.2	0.0	800
Switzerland	18.1	153.2	12	46,861	9.4	4.29	7.3	4.7	201
Total	83.3	706.3	48	202,930	42.6	5.07	6.3	3.5	210
Share of joint ventures and associates	16.7	141.8	6	49,730	9.9	5.69	6.4	5.8	199
Total	100.0	848.1	54	252,660	52.5	5.18	6.3	4.0	208

Tenant profile
Stenprop's tenants are classified into three groups, as follows:

Tenant profile by annual rent



Tenant profile by let area



Type A: *Large tenants with a national presence or multi-national tenants, government and major franchisees.*
Type B: *Nationally recognised tenants, listed tenants, franchisees, and medium to large professional firms.*
Type C: *All other tenants.*

Includes Stenprop's share of joint ventures and associates.

Consolidated portfolio

Company	Property/ portfolio	Ownership interest (%)	Market value 31 March 2017 (€ million)	Pro- perties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield 31 March 2017 (weighted average) (%)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m^2 (€/m^2)
United Kingdom										
Davemount Properties (BVI)	Davemount	**100.00**	**8.7**	**3**	**7,678**	**1.1**	**11.42**	**4.0**	**0.0**	**143**
Laxton Properties Ltd (BVI)	Euston	**100.00**	**90.8**	**1**	**10,204**	**4.8**	**4.07**	**4.2**	**0.0**	**470**
GGP1 Limited (Guernsey)	GGP1	**100.00**	**30.3**	**7**	**25,454**	**2.6**	**8.23**	**3.8**	**0.0**	**102**
Normanton Properties (BVI)	Pilgrim	**100.00**	**91.2**	**1**	**9,655**	**5.1**	**4.98**	**4.2**	**0.0**	**528**
LPE Ltd (Guernsey)	Trafalgar	**100.00**	**73.1**	**1**	**10,564**	**4.9**	**6.38**	**10.1**	**0.3**	**464**
Total	United Kingdom		**294.1**	**13**	**63,555**	**18.5**	**5.57**	**5.7**	**0.0**	**291**
Germany										
Gemstone Properties Ltd	Aldi	**100.00**	**33.0**	**14**	**18,843**	**2.2**	**5.78**	**9.9**	**0.0**	**117**
Anarosa Holdings N.V (Curaçao)	BikeMax	**100.00**	**25.2**	**5**	**18,007**	**2.0**	**7.09**	**4.5**	**0.0**	**111**
KG Bleichenhof GmbH	Bleichenhof	**94.90**	**127.5**	**1**	**20,067**	**5.8**	**3.98**	**4.5**	**19.9**	**289**
Isabel Properties B.V	Isabel	**100.00**	**18.7**	**1**	**13,365**	**1.3**	**6.08**	**6.4**	**3.0**	**97**
Stenprop Hermann Ltd	Hermann	**100.00**	**20.7**	**1**	**8,272**	**1.4**	**6.40**	**5.1**	**5.3**	**169**
Stenprop Victoria Ltd	Victoria	**100.00**	**31.2**	**1**	**13,710**	**1.8**	**4.65**	**13.5**	**0.9**	**131**
Total	Germany		**256.3**	**23**	**92,264**	**14.5**	**4.95**	**6.6**	**5.4**	**157**
Total	Wholly-owned portfolio		**550.4**	**36**	**155,819**	**33.0**	**5.28**	**6.1**	**3.2**	**212**

Consolidated portfolio

Assets Held for Sale properties

Company	Property/ portfolio	Ownership interest (%)	Market value 31 March 2017 (€ million)	Pro-perties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield 31 March 2017 (weighted average) (%)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m^2 (€/m^2)
Germany	Germany									
	Burger King space (Hermann)	100	2.7	–	250	0.2	6.40	1.2	0.0	800
Switzerland	Switzerland									
Credit Suisse	Credit Suisse									
David Properties Sarl (Lux)	Cham	100.00	13.2	1	5,335	0.8	4.46	4.5	14.2	150
Bruce Properties Sarl (Lux)	Chiasso	100.00	8.9	1	4,183	0.6	4.28	2.4	9.7	143
Algy Properties Sarl (Lux)	Sissach	100.00	3.9	1	1,988	0.2	4.91	4.2	45.4	101
Total	**Credit Suisse**		**26.0**	**3**	**11,506**	**1.6**	**4.47**	**3.7**	**18.0**	**139**
Polo	Polo									
Polo Property GmbH (Swiss)	Altendorf	100.00	27.1	1	8,199	1.5	4.09	10.4	0.0	183
Polo Property GmbH (Swiss)	Arlesheim	100.00	13.1	1	4,834	1.0	4.95	6.5	0.0	207
Total	**Polo**		**40.2**	**2**	**13,033**	**2.5**	**4.37**	**8.9**	**0.0**	**192**
Kantone	Kantone									
Kantone Holdings Ltd (Guernsey)	Baar	100.00	22.3	1	4,114	1.4	4.00	2.8	1.8	340
Kantone Holdings Ltd (Guernsey)	Granges	100.00	18.6	3	5,261	1.1	4.46	4.8	0.0	209
Kantone Holdings Ltd (Guernsey)	Lugano	100.00	18.3	1	7,036	1.3	4.46	19.5	0.0	185
Kantone Holdings Ltd (Guernsey)	Montreux	100.00	22.3	1	4,362	1.1	4.09	4.6	0.5	252
Kantone Holdings Ltd (Guernsey)	Vevey	100.00	5.5	1	1,549	0.4	3.82	3.6	1.8	258
Total	**Kantone**		**87.0**	**7**	**22,322**	**5.3**	**4.21**	**7.7**	**0.6**	**237**
Total	**Switzerland**		**153.2**	**12**	**46,861**	**9.4**	**4.29**	**7.3**	**4.7**	**201**
Total	**Assets Held for Sale**		**155.9**	**12**	**47,111**	**9.6**	**4.33**	**7.2**	**4.6**	**204**
Total	**Current subsidiaries**		**706.3**	**48**	**202,930**	**42.6**	**5.07**	**6.3**	**3.5**	**210**

Jointly controlled entities

Company	Property/ portfolio	Ownership interest (%)	Market value 31 March 2017 (€ million)	Pro- perties	Area (m^2)	Annualised gross rental income (€ million)	Net initial yield 31 March 2017 (weighted average) (%)	WAULT (by rental) (years)	Voids (by area) (%)	Rental per m^2 (€/m^2)
United Kingdom	Argyll	**50.0**	**94.7**	**1**	**6,007**	**4.6**	**4.54**	**2.7**	**0.0**	**766**
Germany										
Elysion Sarl	Carehomes	**100.00**	**35.4**	**4**	**19,330**	**2.7**	**6.28**	**12.4**	**0.0**	**140**
SESCF Ltd (Guernsey)	Nova	**28.42**	**207.7**	**1**	**96,397**	**17.2**	**6.27**	**4.8**	**10.5**	**178**
Total	**Germany**		**243.1**	**5**	**115,727**	**19.9**	**6.27**	**5.8**	**6.2**	**172**
Total	**Jointly-owned interests (100%)**		**337.8**	**6**	**121,734**	**24.5**	**5.79**	**5.2**	**5.9**	**201**
Total	**Jointly-owned interests (Stenprop share)**		**141.8**	**6**	**49,730**	**9.9**	**5.69**	**6.4**	**5.8**	**199**

Analysis of shareholders

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	369	12.96	131,613	0.05
1 001 – 10 000 shares	1,108	38.92	4,628,198	1.61
10 001 – 100 000 shares	899	31.58	34,429,088	12.01
100 001 – 1 000 000 shares	422	14.82	113,479,116	39.58
1 000 001 shares and over	49	1.72	134,013,865	46.75
Total	2,847	100.00	286,681,880	100.00
DISTRIBUTION OF SHAREHOLDERS				
Banks/brokers	55	1.93	32,528,773	11.35
Close corporations	23	0.81	518,811	0.18
Control account	2	0.07	254,592	0.09
Endowment funds	14	0.49	1,162,857	0.41
Individuals	1,837	64.52	55,146,817	19.24
Insurance companies	16	0.56	5,982,922	2.09
Investment company	2	0.07	71,801	0.03
Mutual funds	97	3.41	28,724,174	10.02
Other corporations	11	0.39	346,298	0.12
Private companies	195	6.85	51,437,951	17.94
Public companies	32	1.12	41,124,912	14.35
Retirement funds	43	1.51	6,331,530	2.21
Treasury stock	1	0.04	9,026,189	3.15
Trusts	519	18.23	54,024,253	18.84
Total	2,847	100.00	286,681,880	100.00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	13	0.46	23,107,874	8.06
Directors and associates of the Company holdings	12	0.42	14,081,685	4.91
Treasury stock	1	0.04	9,026,189	3.15
Public shareholders	2,835	99.58	272,600,195	95.09
Total	2,847	100.00	286,681,880	100.00

Major shareholders

As at the financial year end there were 2,847 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. As at 31 March 2017 Peregrine Holdings Limited held a direct and indirect interest of 6.51% in the issued share capital of the Company. The Company does not know of any other shareholder which has beneficial interest of greater than 5% of the Company's issued share capital as at 31 March 2017.

Shareholder diary

Financial year end	31 March
Integrated Annual Report posted	August
Annual general meeting	September

Announcement of results

Interim	December
Annual	June

Dividends	Declared	Paid
Interim	December	January
Final	June	July/August

Corporate information

STENPROP LIMITED

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

Registered office of the Company
Stenprop Limited
(Registration number 47031)
20 Reid Street
3rd Floor, Williams House
Hamilton, HM11
Bermuda

Company secretary
Apex Corporate Services Ltd.
(Registration number 33832)
3rd Floor, Williams House
20 Reid Street
Hamilton HM11, Bermuda
(PO Box 2460 HM JX, Bermuda)

JSE sponsor
Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
South Africa
(PO Box 2087, Parklands, 2121)

SA transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196,
South Africa

Correspondence address
PO Box 61051
Marshalltown, 2107
South Africa

Legal advisors
Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London, EC4R 9HA
United Kingdom

Postal address of the Company
Kingsway House
Havilland Street
St Peter Port, GY1 2QE
Guernsey

South African corporate advisor
Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
South Africa
(PO Box 2087, Parklands, 2121)

BSX sponsor
Estera Securities (Bermuda) Limited
(Registration number 25105)
Canon's Court
22 Victoria Street
Hamilton, HM12, Bermuda
(Postal address the same as the physical address above)

Bermudian registrars
Computershare Investor Services (Bermuda) Limited
(Company number 41776)
Corner House
20 Parliament Street
Hamilton, HM12
Bermuda

Correspondence address
2nd Floor, Queensway House
Hilgrove Street
St. Helier
Jersey
JE1 1ES
Channel Islands

Auditors
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
GY1 3HW
Guernsey
Channel Islands

www.stenprop.com