



STENPROP

(Incorporated in Bermuda)
(Registration number 47031)

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Provisional Annual Results for the year ended 31 March 2016

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Highlights

€1.67	10.41 cents	7.4%	4.70 cents	6%
EPR NAV PER SHARE	DILUTED ADJUSTED EPR EARNINGS PER SHARE	INCREASE ON THE DILUTED ADJUSTED EPR EPS FOR 2015	FINAL DIVIDEND PER SHARE	INCREASE IN DIVIDEND PER SHARE ON AN ANNUALISED BASIS

Stenprop Limited, which has dual primary listings on the Johannesburg Stock Exchange ("JSE") and the Bermuda Stock Exchange ("BSX"), presents its results for the year ended 31 March 2016 ("the reporting date").

Financial

- Declaration of a final dividend on 8 June 2016 of 4.70 cents per share (2015: 4.2 cents) which, together with the interim dividend declared on 26 November 2015 of 4.2 cents, results in a total dividend for the year ended 31 March 2016 of 8.90 cents per share. The final dividend is payable in cash, on 29 July 2016
- Diluted adjusted EPRA EPS* of 10.41 cents for the year ended 31 March 2016, representing a 7.43% increase on the 2015 diluted adjusted EPRA EPS of 9.69 cents. IFRS EPS was 17.70 cents (2015: 28.43 cents)
- Headline earnings for the period of 9.58 cents per share (2015: 8.20 cents)
- Net rental income of €39.6 million (2015: €19.3 million**). Profit after tax of €49.6 million (2015: €37.7 million)
- EPRA net asset value of €1.67 per share representing a 1.2% increase over the EPRA NAV at 31 March 2015 of €1.65 per share. IFRS net asset value was €1.61 per share (2015: €1.59)
- Earnings yield of 6.8% and annualised dividend yield of 5.6% on the share price of €1.54[^] at 31 March 2016, or 6.2% and 5.2% respectively on the EPRA NAV of €1.67 at 31 March 2016

Operational

- Completion in May 2015 of the acquisition of a 50% interest in 25 Argyll Street, a multi-let office building located in London's West End, based on a valuation of the property of £75 million
- Refinancing of €64.6 million of debt on two London properties in May 2015 at reduced interest rates with no capital repayments
- Migration to the JSE's Main Board with effect from 5 October 2015
- Completion of the acquisition of two retail centres in central Berlin, the most recent being the Victoria Centre for €22.0 million on 24 November 2015. The first acquisition was the Hermann Quartier retail centre at a purchase price of €22.7 million in August 2015
- Disposal in January 2016 of a distribution warehouse in Leigh, north west England, at a sale price of £5.37 million, an uplift of 8.4% compared with the September 2015 valuation of £4.95 million

* "EPRA" means European Public Real Estate Association. 'EPS' means earnings per share.

** Relates to the six month period.

[^] JSE closing price on 31 March 2016 was ZAR25.90. ZAR:EUR rate at the same date was 16.8437

Commentary

Stenprop is pleased to report its consolidated results for the financial year ended 31 March 2016.

Investment strategy

Stenprop currently focuses on property investment in the United Kingdom, Germany and Switzerland with an emphasis on commercial and retail assets. Its objective is to cultivate a diversified portfolio of quality investment properties delivering sustainable and growing earnings, distributions and capital growth to shareholders. It does not generally pursue development exposure other than value add asset management and related development of existing assets to protect and improve capital values. It intends to distribute most of its earnings which are available for distribution on a bi-annual basis.

Business review

Portfolio Summary

Following the completion of the purchase of Trafalgar Court in March 2015 for €61.4 million, Stenprop concluded three further acquisitions in the financial year ended 31 March 2016. These are detailed below and relate to two retail shopping centres in Berlin with a total purchase price of €43.3 million and a 50% interest in an entity which owns an office building at 25 Argyll Street in the West End of London, valued at acquisition at €75 million.

Effective asset management is an important component of driving returns through initiatives designed to increase rental returns and valuation growth. Stenprop continues to enjoy strong relationships with its major occupiers and has seen a number of leasing successes across the portfolio. The Group's portfolio is well positioned and the team remains focused on the careful development of a diversified selection of properties through proactive asset management and strategic sales and acquisitions.

Stenprop currently has an interest in 55 properties with a total market value of €891.0 million¹ (2015: €806.7 million), with 42% in the United Kingdom, 41% in Germany and 17% in Switzerland (by value). The portfolio, which has a gross lettable area of approximately 254,100 m² (2015: 240,500) and gross annual rent of €52.8 million¹ (2015: €48.7 million) is predominantly in the office and retail sectors which account for 51% and 38% of rental income respectively.

Top six properties by value as at 31 March 2016

Property	Market value (€'million)	Ownership interest (%)	Sector	Lettable area (m ²)	Annualised gross rental (Stenprop share) (€'million)	Weighted average unexpired lease term (years)
Bleichenhof, Hamburg	123.7	94.9	Mixed use	20,067	6.0	4.4
Pilgrim Street, London	104.4	100	Office	9,706	5.5	5.1
Euston House, London	96.8	100	Office	10,103	4.1	5.9
Trafalgar Court, Guernsey	79.1	100	Office	10,565	5.3	11.1
Nova Eventis, Leipzig	265.0	28.4	Retail	96,387	5.7	5.8
Argyll Street, London	103.4	50.0	Office	6,008	2.3	3.7
Total	772.4	–	–	152,836	28.9	6.2

These six properties account for 60% of the total portfolio asset value. The three Central London properties account for 28% of the total portfolio asset value.

Acquisitions

The purchase of the Victoria shopping centre for €22.0 million excluding acquisition costs, completed on 24 November 2015. The property is located in the Lichtenberg district of Berlin, approximately 15 minutes by underground from the city centre. The investment is anchored by Kaufland (a hypermarket chain) on a new 17 year lease. The return on equity on this investment exceeded 8% per annum on purchase. At year end the external independent valuation of the centre was €31.2 million, which represents an increase of over 42% on cost and over 78% increase on equity invested. This substantial increase was primarily driven by back to back negotiations between Stenprop and one of the key tenants to restructure its lease following completion.

¹ Includes Stenprop's share of the properties held within the associate and joint venture investments.

The acquisition of a shopping centre known as Hermann Quartier for a purchase price of €22.7 million completed on 24 August 2015. The property is on a high street location of Berlin's central suburb of Neukölln with excellent public transport links, including an underground station inside the shopping centre. The property is anchored by well-known national retailers including Kaiser's, DM and Netto. The return on equity on this investment exceeded 7.5% per annum at inception after taking into account vacancies of approximately 11% of all lettable space. The property is performing well and at the year end the independent valuation was €22.9 million. Stenprop is now actively engaged in managing the property to let the vacant space and increase income.

On 20 May 2015, the Group acquired a 50% interest in Regent Arcade House Holdings Limited (RAHHL), which owns the property known as 25 Argyll Street. The acquisition cost was £18.9 million which was based on a valuation of the property of £75 million. RAHHL refinanced the property with an interest-only bank loan of £37.5 million at an all-in rate of 2.974% per annum, with a term of five years. The building was independently valued at £82.5 million at year end.

Disposals

In January 2016 Stenprop completed the sale of a 10,000 sqm distribution warehouse in Leigh, situated in the north west of England. The warehouse was sold for £5.37 million, representing an uplift of 8.4% compared with the September 2015 valuation of £4.95 million. The building, although let, was not being occupied by the tenant and required significant refurbishment. As it was a non-core asset in a marginal location Stenprop elected to take advantage of the strong market to dispose of it at a premium to the latest valuation. The equity released from the sale is intended to be used to acquire stronger, earnings-enhancing assets.

The Nova Eventis shopping centre near Leipzig, in which the Group has a 28.4% interest, is currently being marketed for sale by Jones Lang LaSalle GmbH. The shopping centre, which has over 200 shops and an occupancy level of 96.4%, has 96,387 m² of lettable space and an annual daily footfall in excess of 15,000 people. We are satisfied with the progress of the sale process and look forward to providing an update in our Interim Report.

Financial review

Earnings

The basic earnings attributable to ordinary shareholders for the year ended 31 March 2016 were €49.3 million (2015: €37.6 million). This equates to a diluted IFRS EPS of 17.66 cents (2015: 28.37 cents). Headline earnings were €26.7 million (2015: €10.8 million) equating to a diluted headline EPS of 9.56 cents (2015: 8.18 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 earnings. Adjusted EPRA² earnings attributable to shareholders were €29.0 million (2015: €12.8 million), equating to a diluted adjusted EPRA EPS of 10.41 cents (2015: 9.69 cents). This represents a 7.4% increase on the diluted adjusted EPRA EPS for the year ended 31 March 2015.

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 €0.9 million. Ongoing management fees made up the balance of the management fee income which totalled €2.9 million for the year ended 31 March 2016.

Dividends

On 8 June 2016, the directors declared a final dividend of 4.70 cents per share which, together with the interim dividend of 4.2 cents (2015: nil) declared on 26 November 2015, results in a total dividend for the year ended 31 March 2016 of 8.90 cents (2015: 4.2 cents).

The final dividend will be a cash dividend. An announcement containing details of the dividend and the timetable will be made separately.

On 25 January 2016, the Company announced a 41.5% take-up of the interim scrip dividend of 4.2 cents declared on 26 November 2015, for which 3,253,857 new Stenprop shares were issued at a price of €1.49854 per share.

² The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in December 2014, which provide guidelines for performance measures relevant to real estate companies. Their recommended reporting standards are widely applied across this market, aiming to bring consistency and transparency to the sector. The EPRA earnings measure disclosed in Note 15, 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.

Commentary

Net assets

The IFRS (basic and diluted) net asset value per share at 31 March 2016 was €1.61 (2015: €1.59).

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 NAV³. The diluted EPRA NAV per share at 31 March 2016 was €1.67 (2015: €1.65) and represents a 1.2% increase on the prior year end.

Foreign exchange

Foreign exchange markets have remained relatively volatile towards year end. The Sterling: Euro exchange rate at the start of April 2015 was £1:€1.36 and reached over £1:€1.44 before ending 2015 on £1:€1.35. As at 31 March 2016 Sterling had weakened further against the Euro. Accordingly at year end, a rate of £1:€1.27 has been used to translate the Group's Sterling assets and liabilities on the balance sheet. Foreign exchange volatility has also been seen in the Swiss Franc which began the period at CHF1:€0.96 and ended the year at CHF1: €0.91.

The impact of the weakening of Sterling and the Swiss Franc against the Euro can be seen if one assumes that exchange rates at 31 March 2016 had remained constant against the Euro at the level that prevailed on 31 March 2015. On this basis, the diluted IFRS NAV net asset value per share at 31 March 2016 would have been 4.3% higher at €1.68 instead of €1.61, an increase of 5.6% against the IFRS NAV per share of €1.59 at 31 March 2015. The diluted EPRA NAV per share at 31 March 2016 would have been 4.7% higher at €1.75 instead of €1.67, an increase of 6% against the IFRS NAV per share at 31 March 2015.

Stenprop's diversification across the UK, Germany and Switzerland provides a natural spread of currencies. It remains our policy not to hedge currencies and to maintain this multi-currency exposure.

Portfolio valuation

Including the Company's share of associates and joint ventures, the portfolio valuation at year end was €891.0 million (2015: €806.7 million). On a like for like basis, which excludes the impact of foreign exchange movements, the valuation of the portfolio increased by €31.1 million. This was driven largely by the continued strength of the central London office sector as well as gains at most of the Group's German properties.

	Percentage of portfolio by market value	Market value 31 March 2016 (€ million)	Properties	Area m ²	Annualised gross rental income (€ million)	Net initial yield (weighted average)	Weighted average unexpired lease term ('WAULT') (by rental)
United Kingdom	36.1	321.5	13	63,506	19.0	5.32	6.8
Germany	28.3	252.6	23	92,041	14.5	5.18	6.9
Switzerland	17.5	155.7	13	48,799	8.5	4.51	5.9
Total	81.9	729.8	49	204,346	42.0	5.10	6.7
Share of joint ventures and associates	18.1	161.2	6	49,727	10.8	5.65	7.7
Total	100.0	891.0	55	254,073	52.8	5.20	6.9

United Kingdom

The UK portfolio (excluding Argyll Street, which is discussed separately below) was independently valued at £254.1 million, an increase of 5.5% on the previous year end valuations on a like for like basis. The strong growth in rental and capital values in central London continues to be driven by a shortage of office supply which has seen these assets, being Euston House and Pilgrim Street, increase in value by £12.0 million over the period. Assets elsewhere in the UK have also performed well and marginal yield compression has seen the value of the Guernsey office property increase to £62.5 million from a purchase price of £61.4 million.

³ 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 IAS40, adjustments to reflect the EPRA NAV include only those relating to the revaluation of financial instruments and deferred tax.

Germany

The German portfolio (excluding associates and joint ventures) was independently valued at €252.6 million. On a like for like basis and excluding the Hermann Quartier and Victoria Berlin retail shopping centres acquired during the year, property values rose by 3.5%, driven by a €3.8 million increase at the Bleichenhof mixed use property in the city core of Hamburg with a further €2.5 million increase seen at our portfolio of 14 Aldi properties. As explained earlier in this report, the Victoria retail centre in Berlin was valued at €31.2 million at year end representing a substantial increase of 51.4% on the purchase price of €20.6 million and driven primarily by a strategic lease restructure with one of the key tenants.

Switzerland

The Swiss portfolio was independently valued at CHF170.3 million, a 2.7% decrease on the previous year end valuation of CHF175.0 million. This decrease is almost entirely due to the Lugano property which is currently almost entirely vacant due to anticipated lease expiries. We are in advanced negotiations on a pre-let of all of the vacant space based on a comprehensive refurbishment and asset management repositioning of this property. Once these negotiations are finalised and the necessary works have been completed, the value of the property and the rental income is expected to increase significantly.

Joint ventures and associates

The Care Homes portfolio valuation of €34.2million has increased by 2.4% on the 31 March 2015 valuation of €33.4 million. This reflects a new lease at one of the four care homes. The portfolio remains fully let.

The Group's 50% interest in 25 Argyll Street has increased by 9% since its acquisition in May 2015 reflecting the strong demand for office space in central London.

The Nova Eventis shopping centre in Leipzig, in which Stenprop holds a 28.42% interest and which is currently being marketed for sale, was valued at €265.0 million (this excludes assumed selling costs of 1%), and represents a 3.6% reduction over the year end valuation of €275 million.

Capital management

Based on the value of the property portfolio as at 31 March 2016 of €891.0 million (including the Group's share of associate and joint venture properties) and bank debt of €460.2 million, the average loan to value ratio was 51.6%, compared with 53.8% at the previous year end.

The weighted average debt maturity stood at 2.2 years at 31 March 2016, a level broadly unchanged since the previous year end. Annual capital repayments since 31 March 2015 remain unchanged in Germany and Switzerland, but €3.4 million of repayments in the UK have been eliminated following the refinancing at our Euston House and Pilgrim Street properties, resulting in total annual loan repayments across the portfolio of €6.2 million. The all-in contracted weighted average cost of debt dropped to 2.8% (including the increased cost caused by negative interest rates in Switzerland and Germany) from 3.07% at 31 March 2015. After taking into account the amortisation of the swap contract liabilities acquired by Stenprop as part of the Stenham Transaction, the effective weighted average cost of debt at 31 March 2016 was 2.53%, including the increased cost of negative interest rates in Switzerland and Germany.

As previously reported, on 8 May 2015 the property known as Euston House was refinanced on favourable terms with a five year loan to May 2020. The new facility of £27.5 million is interest only. A five year interest rate swap agreement was entered into to fix the interest rate at an all-in rate of 3.02% per annum (previous facility: 4.54%). The Group incurred costs of £0.4 million to break the former swap agreement.

On 29 May 2015, also as previously reported, the Group extended the existing bank loan (which was due to expire in March 2016), on the property known as Pilgrim Street on favourable terms until March 2019. With effect from signature, the loan became interest-only. An interest rate swap agreement was entered into to fix the interest rate for the period from the prior termination date, being 23 March 2016, until the new termination date, at an all-in rate of 2.90% per annum. An existing swap agreement resulted in an all-in rate of 4.11% until 23 March 2016.

Stenprop has deliberately delayed refinancing its existing debt in Switzerland, which matures in March 2017, to allow the existing swap contracts to unwind, rather than incur heavy swap break penalties. During the forthcoming financial year Stenprop intends to focus on refinancing much of this debt, as interest rates in Switzerland are at historically low levels. For most of the current financial year Stenprop has also been paying approximately 2.82% per annum on its Swiss debt (or 2.02% after taking into account the capital repayments of the acquired swap contract liabilities) including an extra 0.80 basis points due to negative interest rates which have been imposed on borrowers with swap contracts. Stenprop plans to refinance this debt for a further five years at a loan to value ratio of 50%. This may require a capital repayment of approximately CHF 6 million at the time of such refinance as the current loan to value on the Swiss portfolio is 55.9%. Based on discussions with our Swiss banks, the all-in cost of such finance is anticipated to be approximately 1.50% per annum and there is likely to be no need for further capital repayments compared with current annual capital repayments of CHF 4.02 million. Although current five year swap rates are negative, it is likely that new Swiss debt will be taken on an unhedged floating rate basis as the risk of rates going further into negative territory is perceived as outweighing the risk of positive rates over the next five years.

Commentary

As a general policy, the Company utilises five year debt funding unless there are good reasons to take loans of longer or shorter duration. Stenprop's current weighted average debt maturity profile of 2.2 years is temporarily skewed by three large loan structures, being:

- the Swiss debt totalling CHF87.1 million which, as discussed above, is intended to be refinanced during the current year on a five year term;
- a loan of €84.9 million on our Bleichenhof property in central Hamburg. This loan matures in December 2016, and is currently on a short term fixed rate as the property is undergoing a refurbishment/repositioning at the rear of the property to take advantage of the marriage value with the large scale redevelopment of the property next door. Once the redevelopment is complete, estimated to be in December 2017, our plan is to refinance the property on a five year, fixed rate basis; and
- the loan on Nova Eventis, which is held as an associate. Stenprop owns a 28.42% interest in this property which was funded with a four year loan expiring in July 2016. The loan is at a historically high all-in interest rate of 4% pa. As stated earlier, the property is currently being marketed for sale. A six month extension is in the process of being finalised with the current lender on the same terms. As such we will not incur any break costs on sale.

The expiry of the Swiss and Bleichenhof debt during the twelve month period after 31 March 2016 is primarily responsible for the increased level of bank loans shown under Current Liabilities in the consolidated statement of financial position, which at 31 March 2016 is €188.8 million. Stenprop has seen evidence of significant liquidity in both the German and Swiss lending markets, particularly at the levels of gearing shown by the properties in question. Stenprop has strong refinancing experience, having successfully negotiated €64.6m of debt on two London properties in May 2015 at reduced rates and with no capital repayments. Given the strength of the assets and the level of existing gearing, Stenprop expects to secure favourable all-in interest rates, with no capital repayments, on refinancing.

As mentioned earlier in this report, the Nova Eventis shopping centre near Leipzig, in which the Group has a 28.4% interest, is currently being marketed for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms. Should a decision be taken not to sell the property for any reason, the directors of SESCF anticipate that, given the quality of the property and the strong relationships with German lenders, a refinancing on favourable terms can be secured. Stenprop agrees with this assessment.

Subsequent events

On 26 May 2016, the UK portfolios known as Davemount and GGP1 were refinanced. The portfolios hold 10 properties across the UK valued at £32.6 million. The new £12.4 million five year facility was secured with the existing lender, Santander, and has an all-in interest rate of 3.46%. This comprises a 2.25% margin and a swap of 1.21%. As part of the negotiations, it was agreed to remove the requirement for any capital repayments

Also in May 2016, a new six year lease was signed at Euston House for 11,787 square feet, representing one floor and 11% of the space. The new tenant will pay an annual rent of just under £0.7 million equating to £58.50 per square foot per annum from August 2017 onwards. Prior to that the tenant will pay half rent of £0.345 million per annum. The previous tenant paid £27.50 per square foot per annum on unrefurbished space. Stenprop spent approximately £1.4 million on the refurbishment of the space. The building is now fully let.

Prospects

Stenprop's mission is to enhance and protect shareholder value by delivering sustainable growth in earnings, distributions and net asset value through the active asset management of its carefully selected, high quality, low risk portfolio of European property assets.

It expects to grow EPRA earnings per share and distributions by at least 1.5% per annum over the next three years, whilst maintaining the quality of the portfolio and the long term sustainability of earnings. It is forecasting growth of 1.5% per annum in EPRA earnings per share from active management of the existing portfolio. Additional growth of 0.5% to 1% in EPRA earnings per share is achievable if capital can be raised for acquisitions at pricing levels which deliver enhanced earnings from targeted acquisitions.

Fluctuations in exchange rates used in our forecast could impact earnings and distributions.

This general forecast has been based on the Group's forecasts and has not been reported on by the external auditors.

Statement of directors' 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 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 8 June 2016 and are signed on their behalf by:



Michael Fienberg
Chairman of Audit Committee



Paul Arenson
Chief Executive Officer



Patsy Watson
Chief Financial Officer

Consolidated statement of comprehensive income

	Note	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Net rental income	6	39,617	19,341
Management fee income		2,927	1,663
Operating costs	7	(9,287)	(5,576)
Net operating income		33,257	15,428
Fair value movement of investment properties	17	22,939	17,956
Income from associates	19	1,075	455
Income from joint ventures	20	7,820	778
Profit from operations		65,091	34,617
Gain on acquisition	27	–	9,657
Other gains and losses	9	–	49
Net loss from fair value of financial liabilities	26	(999)	(589)
Net finance costs	10	(11,091)	(5,485)
Net foreign exchange (losses)/gains		(134)	148
Profit for the year before taxation		52,867	38,397
Taxation	11	(3,284)	(705)
Profit for the year after taxation		49,583	37,692
Profit attributable to:			
Equity holders		49,266	37,599
Non-controlling interest		317	93
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value movement on interest rate swaps		519	(431)
Foreign currency translation reserve		(20,480)	22,051
Total comprehensive profit for the year		29,622	59,312
Total comprehensive profit attributable to:			
Equity holders		29,305	59,219
Non-controlling interest		317	93
		Cents	Cents
Earnings per share			
IFRS EPS	15	17.70	28.43
Diluted IFRS EPS	15	17.66	28.37

Results derive from continuing operations.

Consolidated statement of financial position

	Note	31 March 2016 €'000	Audited as at 31 March 2015 €'000
ASSETS			
Investment properties	17	729,782	695,196
Investment in associates	19	39,298	39,652
Investment in joint ventures	20	37,620	8,506
Other debtors	22	7,403	–
Property, plant and equipment		3	2
Total non-current assets		814,106	743,356
Cash and cash equivalents	23	36,811	80,430
Trade and other receivables	22	6,367	8,064
Total current assets		43,178	88,494
Total assets		857,284	831,850
Equity and liabilities			
Capital and reserves			
Share capital	13	–	–
Share premium	13	389,927	374,127
Equity reserve	14	480	–
Retained earnings		63,426	37,562
Foreign currency translation reserve		1,664	22,144
Cash flow hedge reserve		–	(519)
Total equity attributable to equity shareholders		455,497	433,314
Non-controlling interest		2,132	1,815
Total equity		457,629	435,129
Non-current liabilities			
Bank loans	25	178,708	296,873
Derivative financial instruments	26	4,173	5,108
Other loan and interest		12	23
Deferred tax	29	9,705	7,230
Total non-current liabilities		192,598	309,234
Current liabilities			
Bank loans	25	188,785	68,058
Derivative financial instruments	26	1,769	1,273
Accounts payable and accruals	24	16,503	18,156
Total current liabilities		207,057	87,487
Total liabilities		399,655	396,721
Total equity and liabilities		857,284	831,850
IFRS net asset value per share	16	1.61	1.59
EPRA net asset value per share	16	1.67	1.65

Consolidated statement of changes in equity

	Share capital €'000	Share premium €'000	Equity reserve €'000	Retained earnings €'000	Foreign currency translation reserve €'000	Cash flow hedge reserve €'000	Attributable to equity shareholders €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 April 2015	-	374,127	-	37,562	22,144	(519)	433,314	1,815	435,129
Issue of share capital	-	15,800	(41)	-	-	-	15,759	-	15,759
Credit to equity for equity-settled share-based payments (note 14)	-	-	521	-	-	-	521	-	521
Total comprehensive profit/(loss) for the year	-	-	-	49,266	(20,480)	519	29,305	317	29,622
Ordinary dividends	-	-	-	(23,402)	-	-	(23,402)	-	(23,402)
Balance at 31 March 2016	-	389,927	480	63,426	1,664	-	455,497	2,132	457,629
Balance at 1 April 2014	-	21,131	-	(37)	-	5	21,099	-	21,099
Issue of share capital	-	355,854	-	-	-	-	355,854	-	355,854
Share issue and listing costs	-	(2,858)	-	-	-	-	(2,858)	-	(2,858)
Novation of SWAP contract	-	-	-	-	93	(93)	-	-	-
Total comprehensive profit/(loss) for the year	-	-	-	37,599	22,051	(431)	59,219	93	59,312
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,722	1,722
Balance at 31 March 2015	-	374,127	-	37,562	22,144	(519)	433,314	1,815	435,129

Consolidated statement of cash flows

	Note	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Operating activities			
Profit from operations		65,091	34,617
Share of profit in associates	19	(1,075)	(455)
Increase in fair value of investment property	17	(22,939)	(17,956)
Increase in fair value of joint ventures	20	(7,820)	(778)
Exchange rate (gains)/losses		(134)	148
Increase in trade and other receivables		(119)	(3,925)
(Decrease)/Increase in trade and other payables		(510)	3,724
Interest paid		(10,770)	(5,292)
Interest received		1,942	1,229
Tax paid		(1,006)	(158)
Net cash from operating activities		22,660	11,154
Investing activities			
Dividends received from trading activities		–	11
Dividends received from associates		2,268	772
Dividends received from joint ventures		420	–
Proceeds on disposal of trading investments	21	–	369
Purchases of investment property		(51,137)	(3,414)
Proceeds on disposal of investment property	17	6,701	65,274
Acquisition of investment in an associate	19	–	(5,411)
Acquisition of investment in joint venture	20	(26,782)	–
Acquisition of subsidiary	28	–	(83,913)
Cash obtained on acquisition of subsidiaries	27/28	–	42,621
Net cash (used in)/from investing activities		(68,530)	16,309
Financing activities			
Dividends paid		(15,070)	–
Repayment of borrowings		(41,477)	(23,004)
Proceeds on issue of ordinary share capital		–	35,000
Listing costs paid		–	(1,688)
Financing fees paid		(1,246)	(846)
Unutilised facility fee paid		–	(59)
SWAP break fee		(571)	–
New bank loans raised	25	60,368	41,016
Repayment of loan advances		95	–
Net cash from financing activities		2,099	50,419
Net (decrease)/increase in cash and cash equivalents		(43,771)	77,882
Effect of foreign exchange rate changes		152	877
Cash and cash equivalents at beginning of the year		80,430	1,671
Cash and cash equivalents at end of the year		36,811	80,430

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, the requirements of IAS34: Interim Financial Reporting, the JSE Listing Requirements and the BSX Listing Regulations and applicable law. The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies which are consistent with those applied in the previous annual financial statements, and are set out below.

This summarised report is extracted from audited information, but is itself not audited. The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements. The auditors, Deloitte, have reported on the audited financial statements and their report was unqualified. A copy is available on the Company's website: www.stenprop.com, or upon written request from the Company's registered office.

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

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

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

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

The financial statements are presented in Euros.

Going concern

At the date of signing these accounts, the Group has positive operating cash flow forecasts and positive net assets. The directors have reviewed the Group's budgets for the year to 31 March 2017, forecasts for the period to September 2017 and the current financial position, and, in light of this review, they are satisfied that the Company and the Group have access to adequate resources to meet obligations and continue in operational existence for the foreseeable future, and specifically the 12 months subsequent to the signing of these financial statements.

The cash flow forecasts take into account projected income and expenses; possible changes in the investment property portfolio, including exposure to tenant credit risk; lease expiries; the raising of additional capital; external debt; refinancings which have occurred and are expected to occur subsequent to the reporting date and forecast financial loan covenants. The expiry of the Swiss and Bleichenhof debt during the twelve month period after 31 March 2016 is primarily responsible for the increased level of bank loans shown under Current Liabilities in the consolidated statement of financial position, which at 31 March 2016 is €188.8 million. Stenprop has seen evidence of significant liquidity in both the German and Swiss lending markets, particularly at the levels of gearing shown by the properties in question. Stenprop has strong refinancing experience, having successfully negotiated £64.6m of debt on two London properties in May 2015 at reduced rates and with no capital repayments. Given the strength of the assets and the level of existing gearing, Stenprop expects to secure favourable all-in interest rates, with no capital repayments, on refinancing.

As mentioned earlier in this report, the Nova Eventis shopping centre near Leipzig, in which the Group has a 28.4% interest, is currently being marketed for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms. Should a decision be taken not to sell the property for any reason, the directors of SESCOF anticipate that, given the quality of the property and the strong relationships with German lenders, a refinancing on favourable terms can be secured. Stenprop agrees with this assessment.

The directors believe that it is therefore appropriate to prepare the accounts on a going-concern basis. Note 30 to the financial statements includes the Group's objectives, policies and procedures for managing its market, interest and liquidity risk.

2. Adoption of new and revised standards

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

- Annual improvement to IFRS 2010 – 2012 cycle
- Annual improvement to IFRS 2011 – 2013 cycle
- IAS 19 Defined benefit plans: Employee contributions

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

IFRS 9	Financial instruments (1 January 2018)
IFRS 14	Regulatory deferral accounts (1 January 2016)
IFRS 15	Revenue from contracts with customers (1 January 2018)
IFRS 11 (amendments)	Accounting for acquisitions of interests in joint operations (1 January 2016)
IFRS 16	Leases (1 January 2019)
IAS 1 (amendments)	Disclosure initiative (1 January 2016)
IAS 7 (amendments)	Disclosure initiative (1 January 2017)
IAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses (1 January 2017)
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation (1 January 2016)
IAS 27 (amendments)	Equity method in separate financial statements (1 January 2016)
IFRS 10 and IAS 28 (amendments)	Sale or contribution of assets between an Investor and its associate or joint venture (deferred indefinitely)
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment entities: Applying the consolidation exemptions (1 January 2016)
Annual improvements to IFRS: 2012 – 2014 cycle (1 January 2016)	Amendment to: IFRS 5/IFRS 7/IAS 19/IAS 34

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

Notes to the financial statements

3. Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

Business combinations

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured at the aggregate of the fair values, at the date of completion, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquisition and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on acquisition.

Investments in associates

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

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

Joint ventures

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

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

Revenue recognition

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

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

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

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

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

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

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

Notes to the financial statements

3. Significant accounting policies continued

Revenue recognition continued

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

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

Foreign currencies

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

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

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

Borrowing costs

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

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

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Non-controlling interest

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

Investment properties

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

Investment properties are recognised as assets when:

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

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

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

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

Cash and cash equivalents

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

Expenditure

Expenses are accounted for on an accrual basis.

Financial instruments

Classification

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

Notes to the financial statements

3. Significant accounting policies continued

Measurement

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

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

Financial assets

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

Recognition and derecognition

Purchases and sale of listed securities are recognised on the trade date which is when the Group commits to purchase or sell the assets. Other financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

After initial recognition, the Group measures the financial assets designated at FVTPL at fair values without any deduction for transaction costs it may incur on their disposal.

The fair value of quoted financial assets is their bid price at the financial year-end. If the market for a financial asset is not active, the fair value is estimated using valuation techniques. These include a review of recent arm's length transactions, references to current fair market value of another instrument that is substantially the same as that being valued and discounted cash flow analysis. Where discounted cash flow analysis is used, estimated future cash flows are based on management's estimates and the discount rate is a market-related rate at the financial year-end for a financial asset with similar terms and conditions. Where other pricing models are used, inputs are based on observable market indicators at the financial year-end.

Realised and unrealised gains and losses arising from changes in fair value of financial assets at FVTPL are included in the statement of comprehensive income in the period in which they arise.

Loan and receivables are measured at amortised cost using the effective interest method, less impairment losses which are recognised in the statement of comprehensive income. Financial liabilities are measured at amortised cost using the effective interest method. In the case of short-term trade receivables and payables, the impact of discounting is not material and cost approximates amortised cost.

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

Loans and receivables

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

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

Recognition and derecognition

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

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

Derivatives

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

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

Notes to the financial statements

3. Significant accounting policies continued

Trade and other receivables

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

Trade and other payables

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

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and where appropriate, the risks specific to the obligation.

Dividends

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

Earnings/(loss) per share

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

Share-based payments

Share options were granted to key management as part of the acquisition of the management companies in October 2014, and subsequently under the Deferred Share Bonus Plan. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these options at grant date over the vesting period in the income statement, with a corresponding increase to the share-based payment reserve, included as part of the equity reserve in the statement of financial position.

The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Group's share price over the life of the option and other relevant factors. Readers are referred to note 14 share-based payments, where key assumptions are further disclosed. Full IFRS 2: Share-based payments disclosure is not required as management considers the impact to be immaterial. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

4. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates

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

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

Business combinations

In accounting for the Stenham Transaction (being the acquisition of the property companies and management companies detailed in note 27), the directors have been required to make a number of key judgements, namely the acquisition date for the transaction, whether to account for the transaction as separate individual transactions or as one transaction, the fair value of assets and liabilities acquired, and the fair value of actual and deferred consideration.

Investment properties

The Group's investment properties are stated at estimated fair value, determined by directors, based on independent external appraisals. The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location and the expectation of future rentals. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be false, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant. In the UK, the Group's valuers, JLL have noted that the uncertainty surrounding the outcome of the UK's membership of the EU is impacting some occupier and investment decisions. While these influences are expected to lift if there is a decision to remain in the EU, if the decision is to exit, the current uncertainty may continue which could lead to reduced investment volumes and liquidity.

Associates

The Group holds an investment in Stenham European Shopping Centre Fund Limited ('SESCF'). In January 2016, external property agents were appointed to market the sole asset owned by SESCOF, known as Nova Eventis, for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms. Should a decision be taken not to sell the property for any reason, the directors of SESCOF anticipate that, given the quality of the property, relationship with German lenders and the existing level of gearing, a refinancing on favourable terms can be secured. As such, the consolidated accounts of SESCOF show the investment property as held for sale and its accounts have been prepared on a going concern basis. Stenprop Limited has therefore deemed it appropriate to continue to disclose the investment in associate relating to SESCOF as a non-current asset. Readers are referred to the commentary (page 6) and the going concern paragraph in note 1 where this is discussed in further detail.

Hedge accounting

As at 31 March 2015, the Group designated certain derivative hedging instruments as cash flow hedges. The effective portion of changes in the fair value of derivatives that were designated and qualified as cash flow hedges were recognised in other comprehensive income. The gain or loss relating to the ineffective portion was recognised immediately in profit or loss.

On 30 September 2015, the Group discontinued hedge accounting for all interest rate swaps and as such any gain or loss is recognised immediately in the statement of comprehensive income. The decision was taken in order to reduce the costs associated with the initial and ongoing assessment of hedge effectiveness as well as to simplify financial derivative reporting requirements. Whilst this is not strictly in accordance with IFRS, the directors do not consider departure to be material. At the time of this designation, the loss accumulated in equity of €519,000 was immediately recognised in the statement of comprehensive income.

Deferred tax assets and liabilities

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Deferred tax assets and liabilities are presented in note 29.

Notes to the financial statements

5. Operating segments

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

Relevant financial information is set out below:

i) Information about reportable segments

	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
For the year ended 31 March 2016				
Net rental income	11,713	19,883	8,021	39,617
Fair value movement of investment properties	12,228	16,242	(5,531)	22,939
Net (loss)/gain from fair value of financial liabilities	(175)	(2,319)	1,495	(999)
Income from associates	1,075	–	–	1,075
Income from joint ventures	2,569	4,826	–	7,395
Net finance costs	(2,950)	(5,626)	(2,515)	(11,091)
Operating costs	(794)	(288)	(605)	(1,687)
Total profit per reportable segments	23,666	32,718	865	57,249
As at 31 March 2016				
Investment properties	252,510	321,532	155,740	729,782
Investment in associates	39,298	–	–	39,298
Investment in joint ventures	10,329	27,250	–	37,579
Cash	10,435	15,053	3,395	28,883
Other	9,687	2,277	1,178	13,142
Total assets	322,259	366,112	160,313	848,684
Borrowings – bank loans	(145,913)	(134,512)	(87,068)	(367,493)
Other	(9,154)	(12,231)	(7,826)	(29,211)
Total liabilities	(155,067)	(146,743)	(94,894)	(396,704)

	Germany €'000	United Kingdom €'000	Switzerland €'000	Total €'000
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5. Operating segments continued

i) Information about reportable segments continued

For the year ended 31 March 2015

Net rental income	4,860	10,547	3,934	19,341
Fair value movement of investment properties	2,059	16,375	(478)	17,956
Net loss/(gain) from fair value of financial liabilities	34	242	(865)	(589)
Income from associates	246	–	–	246
Income from joint ventures	778	–	–	778
Net finance costs	(1,463)	(3,096)	(926)	(5,485)
Operating costs	(396)	(807)	(231)	(1,434)
Gain on acquisition	5,668	20,295	3,057	29,020
Total profit per reportable segments	11,786	43,556	4,491	59,833

As at 31 March 2015

Investment properties	191,704	336,235	167,257	695,196
Investment in associates	39,611	–	–	39,611
Investment in joint venture	8,506	–	–	8,506
Cash	46,687	27,083	4,558	78,328
Other	2,763	2,111	910	5,784
Total assets	289,271	365,429	172,725	827,425
Borrowings – bank loans	(125,417)	(144,372)	(95,142)	(364,931)
Other	(5,403)	(12,892)	(9,763)	(28,058)
Total liabilities	(130,820)	(157,264)	(104,905)	(392,989)

Notes to the financial statements

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
5. Operating segments <i>continued</i>		
ii) Reconciliation of reportable segment profit or loss		
Rental income		
Net rental income for reported segments	39,617	19,341
Profit or loss		
Fair value movement of investment properties	22,939	17,956
Net loss from fair value of financial liabilities	(999)	(589)
Income from associates	1,075	246
Income from joint ventures	7,395	778
Net finance costs	(11,091)	(5,485)
Operating costs	(1,687)	(1,434)
Gain on acquisition	–	29,020
Total profit per reportable segments	57,249	59,833
Other profit or loss – unallocated amounts		
Management fee income	2,927	1,664
Income from associates	–	209
Income from joint ventures	425	–
Loss on acquisition	–	(19,364)
Tax, legal and professional fees	(446)	(213)
Audit fees	(250)	(313)
Administration fees	(356)	(188)
Non-executive directors	(214)	(97)
Staff remuneration costs	(4,289)	(2,073)
Other operating costs	(2,045)	(1,258)
Other gains and losses	–	49
Net foreign exchange gain/(loss)	(134)	148
Consolidated profit before taxation	52,867	38,397

	31 March 2016 €'000	Audited as at 31 March 2015 €'000
5. Operating segments <i>continued</i>		
iii) Reconciliation of reportable segment financial position		
ASSETS		
Investment properties	729,782	695,196
Investment in associates	39,298	39,611
Investment in joint venture	37,579	8,506
Cash	28,883	78,328
Other	13,142	5,784
Total assets per reportable segments	848,684	827,425
Other assets – unallocated amounts		
Investment in associates	41	41
Cash	7,928	2,102
Other	631	2,282
Total assets per consolidated statement of financial position	857,284	831,850
LIABILITIES		
Borrowings – bank loans	(367,493)	(364,931)
Other	(29,211)	(28,058)
Total liabilities per reportable segments	(396,704)	(392,989)
Other liabilities – unallocated amounts		
Other	(2,951)	(3,732)
Total liabilities per consolidated statement of financial position	(399,655)	(396,721)

Notes to the financial statements

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
6. Net rental income		
Rental Income	43,458	20,602
Other income – tenant recharges	7,632	2,896
Other income	201	669
	51,291	24,167
Direct property costs	(11,674)	(4,826)
Total net rental income	39,617	19,341
7. Operating costs		
Tax, legal and professional fees	1,200	757
Audit fees	340	303
Administration fees	466	219
Investment advisory fees	519	641
Non-executive directors (refer note 8)	214	97
Staff remuneration costs (refer note 8)	4,289	2,073
Other operating costs	2,259	1,486
	9,287	5,576

8. Employees' and directors' emoluments

The Group had 15 (2015: 20) employees at year end and incurred €3,942,000 (2015: €1,866,000) in wages and salaries and €347,000 (2015: €207,000) in related social security costs and pension charges during the year.

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

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Wages and salaries (excluding key management)	2,396	1,456
Key management remuneration	1,546	410
Social security costs	246	120
Other pension costs	101	87
	4,289	2,073

The comparative figures relate to the period 2 October 2014, being the effective date of the acquisition of the management companies, to 31 March 2015. No bonuses were paid in the prior year.

As at 31 March 2016 the Group had 9 directors (2015: 9). The directors of the Company during the financial year and at the date of this report were as follows:

	Appointed	Change in appointment
Non-executive directors		
G Leissner (Chairman)	03/12/2012	
D Brown*	25/09/2013	04/04/2016
J Keyes	26/10/2012	
M Yachad	10/12/2014	
M Fienberg	02/10/2014	
S Ball	02/10/2014	
P Hughes	04/04/2016	
Executive directors		
P Arenson (CEO)	02/10/2014	
P Watson (CFO)	02/10/2014	
N Marais	02/10/2014	

* D Brown resigned on 4 April 2016

Notes to the financial statements

The Group pays remuneration to executive directors which amounted to €1,546,000 (2015: €410,000) and non-executive directors which amounted to €214,000 (2015: €97,000) for the period. A breakdown of directors' remuneration is provided below:

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
8. Employees' and directors' emoluments continued		
Executive directors		
P Arenson (appointed 2 October 2014)	718	181
P Watson (appointed 2 October 2014)	574	143
N Marais (appointed 2 October 2014)	254	86
	1,546	410
Directors' emoluments include basic salary and bonus, vested share options, pension contributions and other benefits. The comparative figures relate to the period 2 October 2014, being the effective date of acquisition of the management companies, to 31 March 2015. No bonuses were paid in the prior year.		
Non-executive directors		
J Keyes	20	12
G Leissner	50	25
D Brown (resigned 4 April 2016)	14	8
M Fienberg (appointed 2 October 2014)	75	23
S Ball (appointed 2 October 2014)	44	19
M Yachad (appointed 10 December 2014)	11*	3*
P Hughes (appointed 4 April 2016)	–	–
H Esterhuizen (resigned 2 October 2014)	–	3
C Josling (resigned 2 October 2014)	–	3
S Melnick (resigned 2 October 2014)	–	1
	214	97

* These fees were paid to Peregrine SA Holdings Proprietary Limited.

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

8. Employees' and directors' emoluments continued

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

	Bonuses in respect of the year ended 31 March 2016			Share Purchase Plan [^]	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	158	158	115,248	2,600	1,843,972
Patsy Watson	127	127	92,199	2,080	1,475,177
Neil Marais	40	22	15,847	126	89,317
	325	307	223,294	4,806	3,408,466

Based on the year end exchange rate of £1:€1.2653

On 10 June 2015, the board of directors, on the recommendation of the remuneration committee, approved the following:

	Bonuses in respect of the year ended 31 March 2015			Share Purchase Plan [^]	
	Cash bonus €'000	Deferred Share Bonus Plan* €'000	Number of shares	Loans €'000	Number of shares
Executive directors					
Paul Arenson	171	256	179,266	3,813	2,666,667
Patsy Watson	137	205	143,413	3,122	2,183,333
Neil Marais	53	21	14,341	158	110,428
	361	482	337,020	7,093	4,960,428

Based on the year end exchange rate of £1:€1.3672

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

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

Notes to the financial statements

8. Employees' and directors' emoluments *continued*

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

	Direct number of shares	% of shares	Indirect number of shares	% of shares	Number of share options held	% of shares
31 March 2016						
G Leissner (Chairman)	–		422,034	0.15	–	
D Brown	–		–		–	
J Keyes	–		–		–	
M Yachad	–		–		–	
M Fienberg	–		114,994	0.04	–	
S Ball	–		250,000	0.09	–	
P Arenson (CEO)	97,783	0.03	8,854,419	3.13	236,894	0.05
P Watson (CFO)	–		2,183,333	0.77	189,515	0.05
N Marais	–		120,283	0.04	19,646	
31 March 2015						
G Leissner (Chairman)	–		422,034	0.16	–	
D Brown	–		–		–	
J Keyes	–		–		–	
M Yachad	–		–		–	
M Fienberg	–		114,994	0.04	–	
S Ball	–		250,000	0.09	–	
P Arenson (CEO)	97,783	0.04	4,774,041	1.75	145,782*	0.05
P Watson (CFO)	–		–		145,782*	0.05
N Marais	–		–		–	

**In terms of the Stenham Transaction (detailed in note 27) 145,782 ordinary share options valued at €200,000 at the time of the transaction, were awarded to each of P Watson and P Arenson on 2 October 2014 at a strike price of €1.37. These share options vest over a two-year period on 30 September 2015 and 30 September 2016 respectively, subject to the directors still being in the employ of the Group at vesting date. None of the options available for exercise had been exercised at 31 March 2016.*

The Directors' interests have not changed to the date of the signing of these financial statements.

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
9. Other gains and losses		
Loss on disposal of subsidiaries	–	(25)
Dividends received from investments	–	8
Fair value movement on financial investments (refer note 21)	–	66
	–	49
10. Net finance costs		
Interest receivable:		
Cash and cash equivalents	174	9
	174	9
Finance costs		
Bank interest payable	(10,787)	(5,137)
Unutilised facility fee	–	(59)
Amortisation of facility costs	(478)	(298)
	(11,265)	(5,494)
Net finance costs	(11,091)	(5,485)

Notes to the financial statements

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
11. Taxation		
(i) Tax recognised in profit and loss		
Income tax in respect of current year	618	578
Deferred tax (see note 29)	2,666	127
Total tax expense	3,284	705
No tax was recognised on other comprehensive income during the period (2015: nil).		
The Company is subject to the standard rate of corporate income tax of 0% in Bermuda. As the tax expense arises in jurisdictions outside of Bermuda, a full tax reconciliation of the relationship between the tax expense and accounting loss has not been included in these financial statements. The Group incurs tax on rental income from its investment properties, after deduction for allowable rental expenses. The rate of corporate income tax depends on the jurisdiction in which the property is situated being:		
<ul style="list-style-type: none"> • Germany 15.825% • United Kingdom 20% • Switzerland (depending on the district in which the property is situated). Average rate of 19.6%. 		
(ii) Recognition of tax charge for the year		
Profit for the year before taxation	52,867	38,397
Tax provided at applicable rate in Bermuda	–	–
Tax charge in respect of different jurisdictions	(3,284)	(705)
Profit for the year after taxation	49,583	37,692

	31 March 2016 €'000	Audited 31 March 2015 €'000
12. Dividends		
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the prior year	11,654	–
Interim dividend for the current year	11,748	–
	23,402	–

On 11 June 2015, the directors of the Company declared a final dividend of 4.2 cents per share in respect of the year ended 31 March 2015 equating to €11,654,000 (2014: nil). This was paid on 16 July 2015. An interim dividend of 4.2 cents per share equating to €11,748,000 (2015: €nil) was declared on 26 November 2015 and paid on 25 January 2016. Both dividends were offered to shareholders as cash, with a scrip alternative. In respect of this scrip dividend offering, a scrip dividend take up of 29.48% of the final dividend and 41.5% of the interim dividend was recorded and new ordinary shares issued to shareholders accordingly. This is further detailed in note 13.

The Directors declared a final dividend on 8 June 2016 for the year ended 31 March 2016, of 4.70 cents per share which is payable in cash, on 29 July 2016. The payment of this dividend will not have any tax consequences for the Group.

	31 March 2016 €'000	Audited 31 March 2015 €'000
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13. Share capital

Authorised

1,000,000,000 ordinary shares with a par value of €0.000001258 each

1

1

	Year ended 31 March 2016	Audited for the year ended 31 March 2015
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Issued share capital

Opening balance

272,236,146

15,986,003

Issue of new shares

10,748,480

256,250,143

Closing number of shares issued

282,984,626

272,236,146

	€'000	€'000
Share capital	–	–
Share premium	392,785	376,985
Less: Acquisition/transaction costs	(2,858)	(2,858)
Total share premium	389,927	374,127

There were no changes made to the number of authorised shares of the Company during the year under review. Stenprop Limited has one class of share; all shares rank equally and are fully paid. With effect from 5 October 2015, the Johannesburg Stock Exchange (JSE) approved the transfer of the Company's listing from the JSE's AltX to the JSE's Main Board. The transfer does not affect the Company's current listing on the Bermuda Stock Exchange (BSX).

The Company has 282,984,626 (March 2015: 272,236,146) ordinary shares in issue at the reporting date which have dual primary listings on the BSX the JSE.

On 11 June 2015, a dividend of 4.2 cents per share was declared in respect of the year ended 31 March 2015. The record date for the dividend was 10 July 2015. On the payment date, 16 July 2015 the owners of 277,463,048 shares were entitled to receive the dividend resulting in an overall dividend payment of €11,654,000. From this total, 2,257,894 new ordinary shares were issued in respect of the scrip dividend offering for the year ended 31 March 2015, representing a scrip dividend take up of 29.48%.

On 30 June 2015, 5,209,109 and 17,793 new ordinary shares were issued on the BSX and JSE at an issue price of €1.43 per share in respect of a Share Purchase Plan and Deferred Share Bonus Plan respectively.

On 31 March 2016, 9,827 new ordinary shares were issued in respect of the Deferred Share Bonus Plan. These shares subsequently listed on the BSX and JSE at an issue price of €1.54 per share on 5 April 2016.

On 26 November 2015, the Company announced an interim dividend of 4.2 cents per share in respect of the six months to 30 September 2015. On 25 January 2016, the Company announced a 41.5% take up of the scrip dividend for which 3,253,857 new Stenprop shares were issued at an issue price of €1.49854 per share.

Major shareholders

As at the financial year end there were 3,185 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. Known shareholders holding in excess of 5% of the Company's share capital are detailed below:

Beneficial shareholder greater than 5%	Percentage of issued share capital
Peregrine Holdings Limited (direct and indirect interest)	6.41

Notes to the financial statements

14. Share-based payments

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

Deferred share bonus plan

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

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

	31 March 2016	31 March 2015
Number of share options		
Outstanding at beginning of year	–	–
Granted during year	376,059	–
Exercised during year	(27,620)	–
Other	7,803	–
Outstanding at end of year	356,242	–
Exercisable at the end of the year	225,966	–

The fair value of the options was calculated using the Black Scholes pricing model. The aggregate of the fair value expense of options granted at 31 March 2016 was €42,110 (2015: n/a). The table below sets out the assumptions made for the purposes of this valuation.

Stock price at year end	(€)	€1.54	n/a
Weighted average exercise price		–	n/a
Compounded risk-free interest rate	(%)	1.50	n/a
Volatility	(%)	22	n/a
Expected life	(years)	10	n/a

The Group recognised a total share based payment expense of €521,000 (2015: nil) during the year relating to share-based payment transactions and holds an Own Shares Equity Reserve at 31 March 2016 of €480,000 (2015: nil).

Share purchase plan

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

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

		31 March 2016	31 March 2015
Share purchase plan (issued 30 June 2015)	(number of shares)	5,209,109	–
Share purchase plan loans advanced (including accrued interest)	(€'000)	7,403	–

Other share options

At the time of the Stenham Transaction, 2 October 2014, the Company committed to issue 291,564 ordinary shares at a strike price of €1.37 to two directors, the value of which was €400,000 at the time. These share options vest over a two-year period on 30 September 2015 and 30 September 2016, subject to the directors still being in the employ of the Group at vesting date. At the year end, half of the options had vested and none had been exercised. Although this represents a share-based payment under IFRS 2: Share-based payments, this has been treated as a cost of the shares issued as part of the Stenprop Transaction and has been classified as a liability. This treatment is not consistent with the Group's policy to recognise the fair value of share-based payments in a share-based payment reserve over the vesting period; however, the directors consider the impact of the difference in treatment to be immaterial.

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
15. Earnings and net asset value per ordinary share		
Reconciliation of profit for the period to adjusted EPRA¹ earnings		
Earnings per IFRS income statement attributable to shareholders	49,266	37,599
<i>Adjustments to calculate EPRA earnings exclude:</i>		
Changes in fair value of investment properties	(22,939)	(17,956)
Reversal of provision for selling costs	–	–
Reversal of gain on acquisition	–	(9,657)
Reversal of impairment of goodwill	–	–
Changes in fair value of financial instruments	999	589
Deferred tax in respect of EPRA adjustments	2,666	127
<i>Adjustments above in respect of joint ventures and associates</i>		
Changes in fair value	(2,959)	1,057
Deferred tax in respect of EPRA adjustments	39	(158)
EPRA earnings attributable to shareholders	27,072	11,601
<i>Further adjustments to arrive at Adjusted EPRA earnings</i>		
Straight-line unwind of purchase swaps	1,976	1,244
Adjusted earnings attributable to shareholders	29,048	12,845
Weighted average number of shares in issue	278,350,720	132,254,338
Share-based payment award (note 14)	647,806	291,563
Diluted weighted average number of shares in issue	278,998,526	132,545,901
	cents	cents
Earnings per share		
IFRS EPS	17.70	28.43
Diluted IFRS EPS	17.66	28.37
EPRA EPS	9.73	8.77
Diluted EPRA EPS	9.70	8.75
Adjusted EPRA EPS	10.44	9.71
Diluted adjusted EPRA EPS	10.41	9.69

¹ The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in December 2014, which provide guidelines for performance measures relevant to real estate companies. Their recommended reporting standards are widely applied across this market, aiming to bring consistency and transparency to the sector. The EPRA earnings measure is intended to show the level of recurring earnings from core operational activities with the purpose of highlighting the Group's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. The measure excludes unrealised changes in the value of investment properties, gains or losses on the disposal of properties and other items that do not provide an accurate picture of the Group's underlying operational performance. The measure is considered to accurately capture the long-term strategy of the Group, and is an indication of the sustainability of dividend payments.

Notes to the financial statements

15. Earnings and net asset value per ordinary share *continued*

Straight-line unwind of purchase swaps

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

	Year ended 31 March 2016 €'000	Audited for the year ended 31 March 2015 €'000
Reconciliation of profit for the period to headline earnings		
Earnings per IFRS income statement attributable to shareholders	49,266	37,599
<i>Adjustments to calculate headline earnings, exclude:</i>		
Changes in fair value of investment properties	(22,939)	(17,956)
Reversal of provision for selling costs	–	–
Reversal of gain on acquisition	–	(9,657)
Reversal of impairment of goodwill	–	–
Changes in fair value of financial instruments	519	(431)
Deferred tax in respect of headline earnings adjustments	2,666	127
<i>Adjustments above in respect of joint ventures and associates</i>		
Changes in fair value of investment properties	(2,529)	1,360
Deferred tax	(307)	(204)
Headline earnings attributable to shareholders	26,676	10,838
	cents	cents
Earnings per share		
Headline EPS	9.58	8.20
Diluted headline EPS	9.56	8.18

	31 March 2016 €'000	Audited 31 March 2015 €'000
16. Net asset value per share		
Net assets attributable to equity shareholders	455,497	433,314
<i>Adjustments to arrive at EPRA net asset value:</i>		
Derivative financial instruments	5,942	6,381
Deferred tax	9,705	7,230
Adjustments above in respect of joint ventures and associates	2,838	2,504
EPRA net assets attributable to shareholders	473,982	449,429
Number of shares in issue	282,984,626	272,236,146
Share-based payment award (note 14)	647,806	291,563
Diluted number of shares in issue	283,632,432	272,527,709
	cents	cents
Net asset value per share (basic and diluted)		
IFRS net asset value per share	1.61	1.59
EPRA net asset value per share	1.67	1.65

17. Investment property

The fair value of the consolidated investment properties at 31 March 2016 was €729,782,000 (31 March 2015: €695,196,000). The carrying amount of an investment property is the fair value of the property as determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued (valuers).

The fair value of each of the properties for the year ended 31 March 2016 was assessed by the valuers in accordance with the Royal Institute of Chartered Surveyors ('RICS') standards and IFRS 13. Valuers are qualified for purposes of providing valuations in accordance with the 'Appraisal and Valuation Manual' published by RICS.

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

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

The valuation techniques used are consistent with IFRS13 and use significant "unobservable" inputs. There have been no changes in valuation techniques since the prior year.

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

All investment properties are mortgaged. Details of which can be seen in note 25.

Notes to the financial statements

17. Investment property continued

The key unobservable inputs used in the valuation of the Group's investment properties at 31 March 2016 are detailed in the table below:

Combined portfolio (including share of jointly controlled entities)

	Percentage of portfolio by market value (%)	Market value 31 March 2016 (€ million)	Properties	Area (m ²)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	Voids by area (%)
United Kingdom	36.1	321.5	13	63,506	19.0	5.32	1.8
Germany	28.3	252.6	23	92,041	14.5	5.18	2.8
Switzerland	17.5	155.7	13	48,799	8.5	4.51	17.3
Subtotal	81.9	729.8	49	204,346	42.0	5.10	5.9
Share of joint ventures and associates	18.1	161.2	6	49,727	10.8	5.65	2.0
Total	100.0	891.0	55	254,073	52.8	5.20	5.2

	31 March 2016 €'000	Audited 31 March 2015 €'000
Opening balance	695,196	33,281
Properties acquired through the acquisition of subsidiaries	–	661,151
Properties acquired	48,206	–
Capitalised expenditure	3,604	3,414
Disposals through the sale of property	(6,701)	(65,273)
Foreign exchange movement in foreign operations	(33,462)	44,667
Net fair value gains on investment property	22,939	17,956
Closing balance	729,782	695,196

	31 March 2016 €'000	Audited 31 March 2015 €'000
17. Investment property continued		
Acquisitions		
United Kingdom		
Laxton Properties Limited	–	81,536
Normanton Properties Limited	–	95,232
Davemount Properties Limited	–	10,195
LPE Limited	–	83,919
Loveridge Properties Limited	–	55,808
Switzerland		
Algy Properties S.a.r.l.	–	4,328
Bruce Properties S.a.r.l.	–	7,910
Clint Properties S.a.r.l.	–	5,832
David Properties S.a.r.l.	–	12,609
Kantone Holdings Limited	–	78,621
Polo Property GmbH	–	35,904
Germany		
KG Bleichenhof Grundtucksverwaltung GmbH & Co. KG	–	119,400
Century BV	–	16,200
Century 2 BV	–	8,550
Stenham Beryl Limited	–	10,252
Stenham Crystal Limited	–	8,514
Stenham Jasper Limited	–	10,341
Isabel Properties BV	–	16,000
Stenprop Hermann Limited	24,458	–
Stenprop Victoria Limited	23,748	–
	48,206	661,151
Disposals		
United Kingdom		
Loveridge Properties Limited	–	(65,273)
GGP1 Limited, Leigh	(6,701)	–
	(6,701)	(65,273)

Acquisitions

The acquisition of a retail centre known as Hermann Quartier for a purchase price, including acquisition costs, of €24.5 million completed on 24 August 2015. The property is on a high street location in Berlin's central suburb of Neukölln with excellent public transport links, including an underground station inside the shopping centre. The acquisition was financed 50% by debt at an all-in interest rate of 1.42% per annum. The return on equity on this investment exceeded 7% per annum at inception.

The acquisition of the Victoria shopping centre for €23.7 million, including acquisition costs, completed on 24 November 2015. The property is located in the Lichtenberg district of Berlin, approximately 15 minutes by underground from the city centre and is anchored by Kaufland (a hypermarket chain) on a new 17-year lease. The return on equity on this investment exceeded 8% per annum at inception.

Disposals

On 20 January 2016, the Group disposed of one of the eight properties owned by GGP1 Limited known as Leigh, UK, for £5.37 million (equating to €6.7 million after disposal costs). The proceeds of the sale were utilised to part pay down the outstanding Santander facility of €10.4 million by €2.04 million.

Prior year disposals

On 23 March 2015, the Group disposed of the only property owned by Loveridge Properties Limited, known as Chiswell Street, London for £48.255 million (equating to €65.2 million after disposal costs). The proceeds of the sale were utilised to settle the outstanding Lloyds facility of €12.925 million (circa €18 million). At 31 March 2016, Loveridge Properties Limited remains a dormant subsidiary of the Group.

Notes to the financial statements

18. Subsidiaries, associates and joint ventures

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

Details of the Group's subsidiaries as at 31 March 2016 are as follows:

Name	Place of incorporation	Principal activity	% equity owned by	
			Company	Subsidiary
BVI				
Davemount Properties Limited	BVI	Property investment		100.00
Laxton Properties Limited	BVI	Property investment		100.00
Loveridge Properties Limited	BVI	Dormant		100.00
Normanton Properties Limited	BVI	Property investment		100.00
Ruby Red Holdings Limited	BVI	Management		100.00
SP Corporate Services Limited	BVI	Management		100.00
SP Nominees Limited	BVI	Management		100.00
SP Secretaries Limited	BVI	Management		100.00
Stencap1 Limited	BVI	Dormant		100.00
Stencap2 Limited	BVI	Dormant		100.00
Stencap3 Limited	BVI	Dormant		100.00
Stencap4 Limited	BVI	Dormant		100.00
Stenham Property Holdings Limited	BVI	Holding company	100.00	
Stenprop (Germany) Limited	BVI	Holding company	100.00	
Stenprop (Swiss) Limited	BVI	Holding company	100.00	
Stenprop (UK) Limited	BVI	Holding company	100.00	
Stenprop Trafalgar Limited	BVI	Holding company		100.00
Leatherback Property Holdings Limited	BVI	Holding company		100.00
Stenprop Hermann Limited	BVI	Property investment		100.00
Stenprop Victoria Limited	BVI	Property investment		100.00
Curacao				
Anarosa Holdings N.V.	Curacao	Holding company		94.90
C.S. Property Holding N.V.	Curacao	Holding company		94.90
Lakewood International N.V.	Curacao	Holding company		89.00
T.B Property Holdings N.V.	Curacao	Holding company		100.00
Guernsey				
APF1 Limited (in liquidation)	Guernsey	Dormant	100.00	100.00
Bernina Property Holdings Limited	Guernsey	Holding company		100.00
GGP1 Limited	Guernsey	Property investment	100.00	
Kantone Holdings Limited	Guernsey	Property investment		100.00
KG Bleichenhof Grundtucksverwaltung GmbH & Co. KG	Germany	Property investment		94.90
LPE Limited	Guernsey	Property investment		100.00
Stenham Paramount Hotel GP Limited	Guernsey	Management		100.00
Stenprop Advisers Limited (formerly Stenham Property Finance Limited)	Guernsey	Management		100.00

18. Subsidiaries, associates and joint ventures *continued*

Details of the Group's subsidiaries as at 31 March 2016 *continued*:

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

Details of the Group's investments in associates and joint ventures are disclosed in note 19 and note 20 respectively.

Notes to the financial statements

19. Investment in associates

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

Name	Place of incorporation	Principal activity	% equity owned by subsidiary
Stenham European Shopping Centre Fund Limited ("SESCF")	Guernsey	Fund	28.42*
Stenham Berlin Residential Fund Limited	Guernsey	Fund	10.44

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

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

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

	Stenham European Shopping Centre Fund Limited €'000	Stenpark Management Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
31 March 2016				
Non-current assets	–	–	55,672	55,672
Assets held for sale	265,286	–	–	265,286
Current assets	15,408	–	4,600	20,008
Current liabilities	(164,318)	–	(150)	(164,468)
Equity attributable to owners of the Company	116,376	–	60,122	176,498
Revenue	20,638	–	4,621	25,259
Profit from continuing operations and total comprehensive income	1,343	–	6,876	8,219
31 March 2015				
Non-current assets	275,000	–	53,121	328,121
Current assets	16,188	153	562	16,903
Non-current liabilities	(160,217)	(71)	–	(160,288)
Current liabilities	(11,218)	–	(444)	(11,662)
Equity attributable to owners of the Company	119,753	82	53,239	173,074
Revenue	21,122	1,159	–	22,281
Profit from continuing operations and total comprehensive income	4,557	884	158	5,599

19. Investment in associates continued

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

	Stenham European Shopping Centre Fund Limited €'000	Stenpark Management Limited €'000	Stenham Berlin Residential Fund Limited €'000	Total €'000
31 March 2016				
Opening balance	34,041	41	5,570	39,652
Share in associates acquired during the period	367	–	–	367
Reclassification of associate to joint venture	–	(41)	–	(41)
Share of associates' profit*	366	–	709	1,075
Distribution received from associates	(1,755)	–	–	(1,755)
Foreign exchange movement in foreign operations	–	–	–	–
Closing balance	33,019	–	6,279	39,298
31 March 2015				
Opening balance	–	–	–	–
Share in associates acquired during the period	35,704	32	5,411	41,147
Share of associates' profit*	87	209	159	455
Distribution received from associates	(1,750)	(210)	–	(1,960)
Foreign exchange movement in foreign operations	–	10	–	10
Closing balance	34,041	41	5,570	39,652

* The share of associates' profit includes the fair value movement in the underlying investments for the period. The investment property in Stenham European Shopping Centre, Nova Eventis was valued by the directors of the associate at €265 million at 31 March 2016, a 3.6% reduction of the fair value at 1 April 2015 of €275 million. The Stenham Berlin Residential Fund share price increased by 13% from €1.10 to €1.24 per share during the year under review.

Stenham European Shopping Centre Fund Limited ('SESCF')

On 18 September 2015, as a result of a scrip dividend paid by SESCOF, the Group's holding in the entity increased from 28.40% to 28.42%.

In January 2016, external property agents were appointed to market the sole asset owned by SESCOF, known as Nova Eventis, for sale. The current lenders have agreed to extend the loan, which matures on 24 July 2016 for a period of six months to 24 January 2017 on terms which are substantially the same as the current terms.

Stenpark

On 30 September 2015, management reclassified Stenpark Management Limited from an associate to a joint venture to more accurately reflect the substance of this investment. Refer note 20. The net asset value of Stenpark Management Limited at this date was €41,000.

Notes to the financial statements

20. Investment in joint ventures

Details of the Group's joint ventures as at 31 March 2016 are as follows:

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

20. Investment in joint ventures continued

Summarised consolidated financial information in respect of the Group's joint ventures is set out below:

	ElySION S.A. €'000	Stenpark Management Limited €'000	Stenprop Argyll Limited €'000	Total €'000
31 March 2016				
Investment property	34,349	–	103,375	137,724
Current assets	613	405	4,130	5,148
Assets	34,962	405	107,505	142,872
Bank loans	(23,222)	–	(47,131)	(70,353)
Shareholder loan third party	–	–	(23,851)	(23,851)
Shareholder loan Group	(14,140)	–	(23,850)	(37,990)
Deferred tax	(223)	–	–	(223)
Financial liability	(1,068)	–	(1,585)	(2,653)
Current liabilities	(120)	(324)	(4,290)	(4,734)
Liabilities	(38,773)	(324)	(100,707)	(139,804)
Net assets/(liabilities) of joint ventures	(3,811)	81	6,798	3,068
Net assets of joint ventures excluding shareholder loans	10,329	81	54,499	64,909
Group share of net assets	10,329	41	27,250	37,620
Revenue	2,797	1,115	4,990	8,902
Interest payable	(2,456)	–	–	(2,456)
Tax expense	(91)	–	–	(91)
Profit from continuing operations and total comprehensive income excluding interest due to Group	2,569	848	9,654	13,071
Share of joint ventures profit due to the Group	2,569	424	4,827	7,820
31 March 2015				
Investment property	33,563	–	–	33,563
Current assets	339	–	–	339
Assets	33,902	–	–	33,902
Bank loans	(23,776)	–	–	(23,776)
Shareholder loan	(13,524)	–	–	(13,524)
Deferred tax	(153)	–	–	(153)
Financial liability	(1,268)	–	–	(1,268)
Current liabilities	(199)	–	–	(199)
Liabilities	(38,920)	–	–	(38,920)
Net assets/(liabilities) of joint ventures	(5,018)	–	–	(5,018)
Net assets of joint ventures excluding shareholder loans	8,506	–	–	8,506
Group share of net assets	8,506	–	–	8,506
Revenue	2,796	–	–	2,796
Interest payable	(2,037)	–	–	(2,037)
Tax expense	(75)	–	–	(75)
Profit from continuing operations and total comprehensive income excluding interest due to Group	1,314	–	–	1,314
Share of joint ventures profit due to the Group	778	–	–	778

Notes to the financial statements

20. Investment in joint ventures continued

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

	ElySION S.A. 31 March 2016 €'000	Stenpark Management Limited 31 March 2016 €'000	Stenprop Argyll Limited 31 March 2016 €'000	Total 31 March 2016 €'000
31 March 2016				
Opening balance	8,506	–	–	8,506
Reclassification of associate to joint venture	–	41	–	41
Share in joint ventures acquired during the period	–	–	26,782	26,782
Share of joint venture profit	2,569	424	4,827	7,820
Distribution received from joint venture	(746)	(420)	(1,072)	(2,238)
Foreign exchange movement in foreign operations	–	(4)	(3,287)	(3,291)
Closing balance	10,329	41	27,250	37,620
31 March 2015				
Opening balance	–	–	–	–
Reclassification of associate to joint venture	–	–	–	–
Share in joint ventures acquired during the period	8,948	–	–	8,948
Share of joint venture profit	778	–	–	778
Distribution received from joint ventures	(1,220)	–	–	(1,220)
Foreign exchange movement in foreign operations	–	–	–	–
Closing balance	8,506	–	–	8,506

Acquisitions

On 20 May 2015, the Group acquired a 50% interest in Regent Arcade House Holdings Limited ("RAHHL"), through Stenprop Argyll Limited a wholly-owned subsidiary of the Group. RAHHL owns the property known as 25 Argyll Street. The acquisition cost of this interest was £18.9 million which was based on a valuation of the property of £75 million. RAHHL refinanced the property with an interest-only bank loan of £37.5 million at an all-in rate of 2.974% per annum, with a term of five years.

Prior period acquisitions

On 1 October 2014 Stenprop completed the acquisition of 100% of the shares and shareholder loans in Bernina Property Holdings Limited ("Bernina"). Bernina in turn owns 50% of the issued share capital and 100% of the shareholder loans of ElySION S.A., a company incorporated in Luxembourg which is the beneficial owner of the Care Home portfolio. The remaining 50% of ElySION S.A. is owned by a joint venture partner who manages the portfolio.

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

	31 March 2016 €'000	Audited 31 March 2015 €'000
21. Investments		
Opening balance	–	287
Trading investments additions at cost	–	–
Fair value movement	–	66
Foreign exchange movement in foreign operations	–	16
Disposal	–	(369)
Fair value	–	–
Trading investments, comprising a portfolio of four listed Real Estate Investment Trusts ("REIT") were disposed of on 13 February 2015 for a value of €369,000.		
22. Trade and other receivables		
Non-current receivables		
Other debtors	7,403	–
	7,403	–
Non-current other debtors relate solely to loans advanced under the Share Purchase Plan (see note 14, share based payments).		
Current receivables		
Accounts receivable*	3,509	2,634
Other debtors	1,935	3,911
Prepayments	923	1,519
	6,367	8,064
* Included in this balance are provisions for doubtful debts of €101,000 (2015: €34,000).		
23. Cash and cash equivalents		
Cash at bank	36,811	80,430
	36,811	80,430
Restricted cash		
At year end funds totalling €11.9 million (2015: €9.0 million) were restricted. Tenant deposits of €2.7 million (2015: €1.6 million) are included in this amount as are net rents held in bank accounts which are secured by the lenders for the purposes of debt repayments and redevelopment, including €8.5 million (2015: €5.8 million) for the redevelopment of Bleichenhof. As the Group is in compliance with all the terms and conditions of its loans as at the date of signing these financial statements, there are no further restrictions, and any surplus will flow to the Group.		
24. Accounts payable and accruals		
Accruals	3,868	2,772
Deferred income	5,183	5,754
Taxes payable	1,776	2,194
Other payables	5,676	7,436
	16,503	18,156

Notes to the financial statements

	31 March 2016 €'000	Audited 31 March 2015 €'000
25. Borrowings		
Opening balance	364,931	12,586
Acquisitions (note 27)	–	313,643
Loan repayments	(30,608)	(17,774)
New loans	56,196	40,454
Amortisation of loans	(7,514)	(5,416)
Capitalised borrowing costs	(1,049)	(622)
Amortisation of transaction fees	378	22
Foreign exchange movement in foreign operations	(14,841)	22,038
Total borrowings	367,493	364,931
Amount due for settlement within 12 months	188,785	68,058
Amount due for settlement between one to three years	29,892	232,201
Amount due for settlement between three to five years	139,816	56,132
Amount due for settlement after five years	9,000	8,540
	367,493	364,931
Non-current liabilities		
Bank loans	178,708	296,873
Total non-current loans and borrowings		
The maturity of non-current borrowings is as follows:		
One year to five years	169,708	288,333
More than five years	9,000	8,540
	178,708	296,873
Current liabilities		
Bank loans	188,785	68,058
Total current loans and borrowings	188,785	68,058
Total loans and borrowings	367,493	364,931

25. 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	Notes	Amortising	Loan interest rate	Currency	Maturity date	Nominal value		Carrying value*	
						31 March 2016 €'000	31 March 2015 €'000	31 March 2016 €'000	31 March 2015 €'000
United Kingdom									
Laxton Properties Limited	3	No	LIBOR +1.4%	GBP	08/05/2020	34,846	30,283	34,497	30,283
Normanton Properties Limited	4	No	LIBOR +1.4%	GBP	29/05/2020	46,879	51,099	46,690	51,100
Davemount Properties Limited	2	Yes	LIBOR +2.1%	GBP	24/04/2016	5,445	8,354	5,445	8,354
LPE Limited		No	LIBOR +2%	GBP	23/03/2020	37,959	41,016	37,317	40,453
GGP1 Limited	1	No	LIBOR +2.5%	GBP	22/12/2016	10,578	14,219	10,563	14,181
Switzerland									
Algy Properties S.a.r.l.		Yes	LIBOR +1.3%	CHF	31/03/2017	3,099	3,823	3,099	3,823
Bruce Properties S.a.r.l.		Yes	LIBOR +1.25%	CHF	31/03/2017	4,384	4,628	4,384	4,628
Clint Properties S.a.r.l.		Yes	LIBOR +1.3%	CHF	31/03/2017	2,820	3,044	2,820	3,044
David Properties S.a.r.l.		Yes	LIBOR +1.3%	CHF	31/03/2017	7,340	7,956	7,340	7,956
Kantone Holdings Limited		Yes	LIBOR +1.05%	CHF	31/03/2017	46,787	51,082	46,787	51,082
Polo Property GmbH		Yes	LIBOR +1.15%	CHF	31/03/2017	22,639	24,609	22,639	24,609
Germany									
Century BV		Yes	Euribor +1.65%	EUR	31/12/2017	9,911	10,174	9,870	10,174
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	4,291	4,404	4,273	4,404
Century 2 BV		Yes	Euribor +1.65%	EUR	31/12/2017	898	922	894	922
LGI Properties Beryl Limited		Yes	Euribor +1.85%	EUR	30/04/2018	5,488	5,636	5,488	5,636
LGI Properties Crystal Limited		Yes	Euribor +1.85%	EUR	30/04/2018	4,583	4,707	4,583	4,707
LGI Properties Jasper Limited		Yes	Euribor +1.85%	EUR	30/04/2018	5,608	5,759	5,608	5,759
Isabel Properties BV		No	Euribor +2.50%	EUR	31/12/2021	9,000	9,000	9,000	9,000
Bleichenhof GmbH & Co. KG		No	1.9%	EUR	31/12/2016	84,937	84,937	84,884	84,816
Stenprop Hermann Ltd	5	No	Euribor +1.13%	EUR	30/06/2020	11,050	–	11,012	–
Stenprop Victoria Ltd	6	No	Euribor +1.28%	EUR	31/08/2020	10,300	–	10,300	–
						368,842	365,652	367,493	364,931

* The difference between the nominal and the carrying value represents unamortised facility costs, which have arisen since the completion of the Stenham Transaction (note 27).

- On 20 January 2016, the Group disposed of one of the eight properties owned by GGP1 Limited known as Leigh, UK, for £5.365 million. The proceeds of the sale were utilised to part pay down the outstanding Santander facility of £10.4 million by £2.04 million.
- On 26 May 2016, Davemount Properties Limited ("Davemount") and GGP1 Limited ("GGP1") refinanced their loan facilities with Santander. Santander have provided a single facility with a 5 year term of £12,360,000 split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% (including a swap of 1.21%), which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.
- On 8 May 2015, Laxton Properties Limited refinanced the property known as Euston House on favourable terms with a five year loan to May 2020. The new facility of £27,540,000 is interest only. A five year interest rate swap agreement was entered into to fix the interest rate at an all-in rate of 3.02% per annum (previous facility: 4.54%). The Group incurred costs of £413,000 to break the former swap agreement.
- On 29 May 2015, Normanton Properties Limited extended the existing bank loan (which was due to expire in March 2016), on the property known as Pilgrim Street on favourable terms until March 2019. With effect from signature, the loan became interest-only. An interest rate swap agreement was entered into to fix the interest rate for the period from the prior termination date, being 23 March 2016, until the new termination date, at an all-in rate of 2.9% per annum. The previous all-in rate on the loan was 4.96%.
- On 24 August 2015, Stenprop Hermann Limited entered into a facility agreement to borrow €11,050,000. An interest rate of EURIBOR plus a margin of 1.13% was agreed and the interest-only loan is repayable in full on 30 June 2020.
- On 24 November 2015, Stenprop Victoria Limited entered into a facility agreement to borrow €10,300,000. An interest rate of EURIBOR plus a margin of 1.28% was agreed and the interest-only loan is repayable in full on 31 August 2020.

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26. Derivative financial instruments

In accordance with the terms of the borrowing arrangements and group policy, the Group has entered into interest rate swap agreements. The Interest rate swap agreements are entered into by the borrowing entities to convert the borrowings from floating to fixed interest rates and are used to manage the interest rate profile of financial liabilities and eliminate future exposure to interest rate fluctuations. It is the Group's policy that no economic trading in derivatives is undertaken. The Group recognised a total net loss from fair value of financial instruments of €999,000 in the current year (2015: €589,000).

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

Facility	Effective date	Maturity date	Swap rate %	Notional value 31 March 2016 €'000	Fair value 31 March 2016 €'000	Notional value 31 March 2015 €'000	Fair value 31 March 2015 €'000
United Kingdom							
Laxton Properties Limited	01/04/2014	08/05/2020	1.62	34,846	(1,232)	30,283	(692)
Normanton Properties Limited	01/04/2014	25/03/2019	1.50	46,879	(1,285)	51,099	(1,273)
LPE Limited	26/03/2015	31/03/2020	1.35	37,959	(891)	41,016	(252)
GGP1 Limited (novated from APF1 Limited)	02/04/2015	22/12/2016	1.70	6,630	(55)	7,164	(121)
GGP1 Limited (novated from APF1 Limited)	02/04/2015	22/12/2016	1.66	1,265	(10)	1,367	(22)
Switzerland							
Algy Properties S.a.r.l.	01/04/2014	31/03/2017	0.91	3,522	(62)	3,823	(129)
Bruce Properties S.a.r.l.	01/04/2014	31/03/2017	1.90	4,384	(122)	4,628	(254)
Clint Properties S.a.r.l.	01/04/2014	31/03/2017	1.75	2,820	(74)	2,967	(135)
David Properties S.a.r.l.	01/04/2014	20/02/2017	1.73	7,409	(171)	7,885	(331)
Kantone Holdings Limited	01/04/2014	31/03/2017	0.70	46,787	(721)	51,082	(1,513)
Polo Property GmbH	01/04/2014	31/03/2017	0.73	22,639	(355)	24,609	(744)
Germany							
Century BV	01/04/2014	29/12/2017	1.00	9,911	(220)	10,174	(267)
Century 2 BV	01/04/2014	29/12/2017	1.08	4,291	(102)	4,404	(126)
Century 2 BV	01/04/2014	29/12/2017	1.85	898	–	922	1
LGI Properties Beryl Limited	01/04/2014	30/04/2018	0.83	5,488	(125)	5,636	(135)
LGI Properties Crystal Limited	01/04/2014	30/04/2018	0.83	4,583	(105)	4,707	(113)
LGI Properties Jasper Limited	01/04/2014	30/04/2018	0.83	5,608	(128)	5,759	(138)
Isabel Properties BV	30/01/2015	30/12/2021	0.48	9,000	(284)	9,000	(137)
Total swaps – on balance sheet				254,919	(5,942)	266,525	(6,381)
Maturing within 12 months					(1,769)		(1,273)
Maturing after 12 months					(4,173)		(5,108)
Derivative financial instruments					(5,942)		(6,381)
Swaps included in investments in associates and joint ventures					–		–
Regent Arcade House Holdings Limited	20/05/2015	20/05/2020	1.57	47,449	(1,585)	–	–
ElySION Braunschweig S.a.r.l.	01/04/2014	29/03/2018	2.43	6,125	(240)	6,282	(302)
ElySION Dessau S.a.r.l.	01/04/2014	29/03/2018	2.43	5,918	(230)	6,072	(287)
ElySION Kappeln S.a.r.l.	01/04/2014	31/12/2018	2.80	6,420	(359)	6,584	(407)
ElySION Winzlar S.a.r.l.	01/04/2014	31/12/2018	2.80	4,280	(239)	4,389	(271)
Prejan Enterprises Limited	01/04/2014	25/07/2016	0.80	44,380	(231)	45,897	(540)
Total swaps				114,572	(2,884)	335,749	(8,188)

27. Business combinations

Prior period

On 1 October 2014 and 2 October 2014 the Company completed the acquisition of:

- Various property companies which collectively at the time of the transaction, held an interest in forty five properties in Germany, Switzerland and the United Kingdom (the 'property companies');
- The Stenham Property management business;
- Various cash holding entities, and
- The external investment manager, Apex Hi (UK) Limited.

The total purchase consideration for the acquisition of the property companies was calculated with reference to the net asset value of the property companies as at 31 March 2014 and amounted to €281.0 million. The purchase consideration for the Stenham Property management business was €15.6 million and the purchase consideration for Apex Hi (UK) Limited was €3.8 million. The purchase consideration for the cash holding subsidiaries was €18.4 million.

The purchase consideration for the acquisitions was funded by the issue of 232,916,809 new Stenprop ordinary shares to the value of €318,791,000 on the Bermudian share register at an issue price of €1.37 per share, which was the Euro equivalent of the net asset value per share of Stenprop as at 31 March 2014.

Deferred consideration which remains outstanding at year end, and which relates to the acquisition of the Stenham property management business is estimated to be €936,000 and relates to the vendor's right to receive a share of pre-existing exit and performance fees on certain assets managed by the acquired business on behalf of third parties.

The companies acquired on 1 October 2014 were:

Name	Place of incorporation	Ownership (%)
Stencap 1 Limited	BVI	100
Stencap 2 Limited	BVI	100
Davemount Properties Limited	BVI	100
Loveridge Properties Limited	BVI	100
Laxton Properties Limited	BVI	100
Normanton Properties Limited	BVI	100
Kantone Holdings Limited	Guernsey	100
Spike Investments S.A	Lux	100
Stencap 3 Limited	BVI	100
Stencap 4 Limited	BVI	100
Bernina Property Holdings Limited	Guernsey	100
Lakewood International N.V	Curaçao	89
TB Property Holdings N.V	Curaçao	100
Leatherback Properties Limited	BVI	100
Stenham Properties (Germany) Limited	IoM	100
Anarosa Holdings N.V	Curaçao	94.9
CS Property Holding N.V	Curaçao	94.9
Stenham European Shopping Centre Fund Limited	Guernsey	28.12

The following management companies were acquired on 2 October 2014:

Stenham Property Holdings Limited	BVI	100
Stenprop Advisers Limited (formerly Stenham Property Finance Limited)	Guernsey	100
Stenprop Management Limited (formerly Stenham Property Limited)	England	100
ApexHi UK Limited	UK	100

Notes to the financial statements

27. Business combinations continued

A summary of properties acquired as part of the Stenham Transaction is provided below:

	Stenprop (UK) Limited	Stenprop (Swiss) Limited	Stenprop (Germany) Limited	Total
Effective date of acquisition	01/10/2014	01/10/2014	01/10/2014	
Number of properties (100%)	6	13	20	39
Number of properties (94.9%)			1	1
Number of properties in joint ventures (50%)			4	4
Number of properties in associates (28%)			1	1
	6	13	26	45

Fair value on completion date of properties and management companies acquired:

A summary of the fair value of assets and liabilities and the net cash position arising from the business combination is included in the table below:

	Stenprop (UK) Limited €'000	Stenprop (Swiss) Limited €'000	Stenprop (Germany) Limited €'000	Management Companies €'000	Total €'000
Investment properties	242,771	145,204	189,570		577,545
Investment in associate			35,082	32	35,114
Investment in joint venture			8,948	–	8,948
Property, plant and equipment			–	10	10
	242,771	145,204	233,600	42	621,617
Net working capital	(6,456)	(1,258)	(1,261)	1,385	(7,590)
External debt	(102,379)	(84,197)	(127,066)	–	(313,642)
Deferred tax	–	(3,722)	(2,811)	–	(6,533)
Derivative financial instruments	(1,773)	(1,880)	(812)	–	(4,465)
Non-controlling interest	–	–	(1,750)	–	(1,750)
	132,163	54,147	99,900	1,427	287,637
Gain on acquisition					(9,657)*
Net assets acquired					277,980
Purchase consideration					
Share issue (EUR)					318,791
Deferred consideration					1,445
Less cash					(42,256)
Total consideration					277,980

* The composition of the Gain on acquisition is detailed on page 99 of the 2015 Integrated Annual Report.

Stenprop (UK) Limited, Stenprop (Swiss) Limited and Stenprop (Germany) Limited were incorporated during the period to hold the acquired assets (note 28).

27. Business combinations continued

Notional goodwill of €19,374,000 arose as a result of the acquisition of the Stenham Property Holdings Limited group and ApexHi (UK) Limited (the management companies). The acquisition of the management companies was contingent on the completion of the purchase of the property companies and was therefore considered a linked transaction in terms of IFRS 3: Business combinations. From a group perspective, the fair value of the combined identifiable net assets on acquisition date exceeded the summation of the consideration paid. A net gain on acquisition arose on acquisition date from the internalisation of management and the uplift in the value of the various property companies in the six-month period between the effective date of the sale (on which the assets were fair valued for purposes of the transaction), and the acquisition date. No goodwill is therefore recognised in the Group accounts.

Intangible assets

Management have measured the fair value of all assets and liabilities acquired as at the date of acquisition, including any assets or liabilities which may not have been recognised in the underlying company balance sheets. The value of any intangible assets acquired as at the date of the transaction is considered immaterial and has not been recognised.

Notes to the financial statements

28. Acquisition of subsidiaries and joint ventures

During the period the Group incorporated the following companies:

Name	Jurisdiction	Incorporation date	Cost €'000	Net assets acquired €'000
<i>Acquisition of Hermann Quartier (refer note 17):</i>				
Stenprop Hermann Limited	BVI	24/04/2015	–	–
<i>Acquisition of Victoria Centre (refer note 17):</i>				
Stenprop Victoria Limited	BVI	24/04/2015	–	–
<i>Acquisition of Regent Arcade House Holdings Limited (refer below):</i>				
Stenprop Argyll Limited (joint venture)	BVI	17/02/2015	–	–

Acquisition of 25 Argyll Street

On 20 May 2015, the Group acquired 50% of the issued share capital of the property owning company, Regent Arcade House Holdings Limited which owns the property known as 25 Argyll Street. The interest was acquired by Stenprop Argyll Limited, a wholly-owned subsidiary and was structured as a joint venture.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed of Regent Arcade House Holdings Limited are as set out in the table below:

	€'000
Investment properties	94,898
Net working capital	(490)
Net identifiable assets	94,408
Satisfied by:	
Cash	47,834
Bank loan	47,449
	95,283
Less: Cash and cash equivalent balances acquired	(875)
	94,408

Prior period

During the prior period the Group incorporated the following companies:

Name	Jurisdiction	Incorporation date	Cost \$	Net assets acquired \$
<i>Stenham Transaction (refer note 27)</i>				
Stenprop (UK) Limited	BVI	01/07/2014	100	100
Stenprop (Germany) Limited	BVI	01/07/2014	100	100
Stenprop (Swiss) Limited	BVI	01/07/2014	100	100
<i>Acquisition of Trafalgar Court (refer below)</i>				
Stenprop Trafalgar Limited	BVI	07/01/2015	100	100

28. Acquisition of subsidiaries and joint ventures continued

Acquisition of Trafalgar Court

On 26 March 2015, the Group acquired 100% of the issued share capital of the property owning company, LPE Limited, which owns the property known as Trafalgar Court. The acquisition was funded from capital raised in the private placement on 22 March 2015.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	€'000
Investment properties	83,919
Net working capital	(371)
Net identifiable assets	83,548
Satisfied by:	
Cash	43,460
Bank loan	41,016
Borrowing costs*	(563)
	83,913
Less: Cash and cash equivalent balances acquired	(365)
	83,548

* The capitalised borrowing costs which will be expensed over the life of the facility, have been offset against the cost of the investment.

Notes to the financial statements

	31 March 2016 €'000	Audited 31 March 2015 €'000
29. Deferred tax		
The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.		
Opening balance	(7,230)	–
Deferred tax recognised on investment properties	(2,667)	(11,919)
Deferred tax recognised on revaluation of financial liabilities	(220)	625
Deferred tax on tax losses	412	4,064
Closing balance	(9,705)	(7,230)
Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:		
Deferred tax liabilities	(14,821)	(11,943)
Deferred tax assets	5,116	4,713
Closing balance	(9,705)	(7,230)
Deferred tax opening balance	7,230	–
Deferred tax liability acquired (note 27)	–	6,533
Exchange movements	(191)	570
Deferred tax liability closing balance	(9,705)	(7,230)
Movement in deferred tax	(2,666)	(127)

30. Financial risk management

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

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

The Board has established a Risk Committee to develop and monitor the Group's risk management policies. The Risk Committee participates in management's process of formulating and implementing the risk management plan and reports on the plan adopted by management to the board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The board will 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 banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the Standard & Poors European financial institutions credit ratings for the six banks in which 78% of the Group's cash is held are as follows:

	31 March 2016	31 March 2015
ABN AMRO Bank NV	A	A
Barclays Private Clients International Limited	A-	A
Berliner Sparkasse	AA-	AA
HSBC Bank plc.	AA-	AA-
Santander UK plc.	A	A
UBS AG	A	A

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

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

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

At 31 March 2016, trade and other receivables and cash and cash equivalents amounted to €43,178,000 (March 2015: €88,494,000) as shown in the statement of financial position.

Notes to the financial statements

30. Financial risk management continued

Liquidity risk

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

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

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

	Less than one month €'000	One to three months €'000	Three to twelve months €'000	One to five years €'000	Over five years €'000	Discount €'000	Total €'000
Interest-bearing loans	5,445	–	183,340	169,708	9,000	–	367,493
Loan interest	531	2,388	6,636	14,056	203	(23,278)	536
Financial liabilities	199	–	1,570	3,889	284	–	5,942
Deferred tax	–	–	–	9,705	–	–	9,705
Other loans and interest	–	–	–	12	–	–	12
Other payables (including tax)	–	2,811	4,641	–	–	–	7,452
Accruals	–	–	3,332	–	–	–	3,332
Deferred income	–	5,156	27	–	–	–	5,183
As at 31 March 2016	6,175	10,355	199,546	197,370	9,487	(23,278)	399,655
Interest-bearing loans	–	–	68,058	288,333	8,540	–	364,931
Loan interest	510	2,736	8,177	16,217	470	(27,590)	520
Financial liabilities	–	–	1,273	4,971	137	–	6,381
Deferred tax	–	–	–	7,230	–	–	7,230
Other loans and interest	–	–	–	23	–	–	23
Other payables (including tax)	–	3,122	6,508	–	–	–	9,630
Accruals	30	302	1,920	–	–	–	2,252
Deferred income	919	4,835	–	–	–	–	5,754
As at 31 March 2015	1,459	10,995	85,936	316,774	9,147	(27,590)	396,721

30. Financial risk management continued

Fair value of financial instruments

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

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

	Held at fair value through other comprehensive income €'000	Held at fair value through profit and loss €'000	Held at amortised cost €'000	Total carrying amount 31 March 2015 €'000
Financial assets				
Cash and cash equivalents	–	–	80,430	80,430
Accounts receivable	–	–	2,634	2,634
Other debtors	–	–	3,911	3,911
	–	–	86,975	86,975
Financial liabilities				
Loans	–	–	364,931	364,931
Other loans and interest	–	–	23	23
Interest rate swaps	519	5,862	–	6,381
Accounts payable and accruals	–	–	18,156	18,156
As at 31 March 2015	519	5,862	383,110	389,491

Notes to the financial statements

30. Financial risk management continued

Market risk

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

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

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

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

Foreign currency risk

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

	31 March 2016 €'000	31 March 2015 €'000
Assets		
GBP	371,938	367,995
CHF	160,313	172,725
Liabilities		
GBP	149,120	159,369
CHF	94,894	104,905

Foreign currency sensitivity analysis

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

A 10% strengthening in the Euro exchange rate against the following currencies at year end would have decreased equity and profits by the amounts shown below. This analysis assumes that all other variables remain constant. For a 10% weakening of the Euro, there would be an equal but opposite impact on the profit and equity and the balance would be positive.

	Equity €'000	Profit or loss €'000
GBP impact	(22,282)	(2,988)
CHF impact	(6,542)	(51)
	(28,824)	(3,039)

30. Financial risk management continued

The following exchange rates against the Euro were applied during the year:

	Average rate for 12 months to 31 March 2016	Period end 31 March 2016
CHF	0.931954	0.914700
GBP	1.365830	1.265300

Interest rate risk

The Group's interest rate risk is associated with cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 26, borrowings from credit institutions are protected against movements in interest rates. The company uses interest rate swaps to manage its interest rate exposure.

Fair value hierarchy

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

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

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

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

	Total financial instruments recognised at fair value €'000	Designated at fair value		
		Level 1 €'000	Level 2 €'000	Level 3 €'000
31 March 2016				
Assets				
Investment properties	729,782	–	–	729,782
Total assets	729,782	–	–	729,782
Liabilities				
Derivative financial liabilities	5,942	–	5,942	–
Total liabilities	5,942	–	5,942	–
31 March 2015				
Assets				
Investment properties	695,196	–	–	695,196
Total assets	695,196	–	–	695,196
Liabilities				
Derivative financial liabilities	6,381	–	6,381	–
Total liabilities	6,381	–	6,381	–

Notes to the financial statements

30. Financial risk management continued

Details of changes in valuation techniques

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

Significant transfers between Level, 1 Level 2 and Level 3

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

Unobservable inputs

Unobservable inputs for Level 3 investment properties are disclosed in note 17.

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity attributable to ordinary shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Stenprop's average loan to value ratio ("LTV") ratio at 31 March 2016 was 51.6% (2015: 53.8%), including joint ventures and associates and the Group is not subject to any external capital requirements. The Group strategy is to maintain a debt to equity ratio and LTV to ensure that property performance is translated into an enhanced return for shareholders whilst at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 50% LTV in respect of secured external borrowings is an appropriate target for the Group, given current market conditions.

31. Related party transactions

Parties are considered related if one party has control, joint control or significant influence over the other party in making financial and operating decisions.

P Arenson and M Fienberg, both directors of the Company, are also directors of Stenham Limited which at 31 March 2016 had an indirect beneficial interest of 4.91% in Stenprop Limited through its wholly-owned subsidiary, Stenham Group Limited (March 2015: 5.1%).

At 31 March 2016, P Arenson held an indirect 2.58% interest in the share capital of Stenham Limited (March 2015: 4.49%). His interest in Stenprop Limited is separately disclosed in note 8.

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

On 20 May 2015, the Group acquired a 50% interest in Regent Arcade House Holdings Limited ("RAHHL"), which owns the property known as 25 Argyll Street. SP Corporate Services Limited, the director of RAHHL is a wholly-owned subsidiary of the Group, as are Stenprop Management Limited and Stenprop Advisors Limited which act as Property Manager and Administrator respectively to RAHHL. The Group earns fees of €181,000 per annum for these services.

32. Operating lease commitments

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

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

	31 March 2016 €'000	Audited 31 March 2015 €'000
Within one year	40,673	41,440
Between one and two years	38,922	39,479
Between two and five years	97,993	105,129
After five years	86,690	98,840
	264,278	284,888

33. Subsequent events

(i) Declaration of dividend after reporting date

On 8 June 2016, the directors declared a final dividend of 4.70 cents per share, payable in cash on 29 July 2016.

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

(ii) Share incentive awards

On 8 June 2016, the directors, on the recommendation of the remuneration committee, approved the following share based awards:

	Bonus awards under Deferred Share Bonus Plan in respect of the year ended 31 March 2016*		Share Purchase Plan [^]	
	€'000	Number of shares	€'000	Number of shares
Executive directors	307	223,294	4,806	3,408,466
Other staff	81	59,250	393	278,725
	388	282,544	5,199	3,687,191

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

[^] Shares will be issued on 9 June 2016

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

(iii) Refinance of Davemount and GGP1 portfolios

On 26 May 2016, Davemount Properties Limited ("Davemount") and GGP1 Limited ("GGP1") refinanced their loan facilities with Santander. Santander have provided a single facility of £12,360,000 for a five year period, split £4,000,000 to Davemount and £8,360,000 to GGP1. The all-in rate on this facility is 3.46% which compares to 2.7% on the current Davemount facility and 3.72% on the GGP1 facility.

(iv) Lease signed at Euston House

In May 2016, a new six year lease was signed at Euston House for 11,787 square feet, representing one floor and 11% of the space. The new tenant will pay an annual rent of just under £0.7 million equating to £58.50 per square foot per annum from August 2017 onwards. Prior to that the tenant will pay half rent of £0.345 million per annum. The previous tenant paid £27.50 per square foot per annum on unrefurbished space. Stenprop spent approximately £1.4 million on the refurbishment of the space. The building is now fully let.

Property summary

	Asset value (€ million)	Asset value as % of portfolio (%)	Gross lettable area (m ²)	Occupancy (by area) (%)	Annual gross rental income (€ million)	WAULT (by revenue) (years)
United Kingdom						
Office	354.8	39.8	44,519	97.5	19.4	6.7
Retail	9.7	1.1	7,678	100.0	1.2	4.0
Industrial	8.7	1.0	14,313	100.0	0.7	4.4
Total	373.2	41.9	66,510	98.3	21.3	6.5
Germany						
Retail	222.3	24.9	103,063	97.4	15.1	7.4
Office	53.1	6.0	15,120	94.2	2.6	4.4
Nursing Homes	34.2	3.8	19,330	100.0	2.8	14.7
Other	52.5	5.9	1,251	94.2	2.5	4.4
Total	362.1	40.6	138,764	97.4	23.0	7.6
Switzerland						
Office	74.6	8.4	23,042	98.1	4.7	5.5
Retail	80.3	9.0	24,548	68.1	3.8	6.5
Other	0.8	0.1	1,209	87.6	0.0	4.9
Total	155.7	17.5	48,799	82.7	8.5	5.9
Total						
Office	482.5	54.2	82,681	97.0	26.7	6.3
Retail	312.3	35.0	135,289	92.3	20.1	7.0
Industrial	8.7	1.0	14,313	100.0	0.7	4.4
Nursing Homes	34.2	3.8	19,330	100.0	2.8	14.7
Other	53.3	6.0	2,460	91.0	2.5	4.4
Total	891.0	100.0	254,073	94.8	52.8	6.9

Portfolio analysis

Combined portfolio	Portfolio by market value (%)	Market value 31 March 2016 (€ million)	Properties	Area (m ²)	Annualised gross rental income (€ million)	Net initial yield (weighted average) (%)	WAULT (by rental)	Voids (by area) (%)
United Kingdom	36.1	321.5	13	63,506	19.0	5.32	6.8	1.8
Germany	28.3	252.6	23	92,041	14.5	5.18	6.9	2.8
Switzerland	17.5	155.7	13	48,799	8.5	4.51	5.9	17.3
Total	81.9	729.8	49	204,346	42.0	5.10	6.7	5.9
Share of joint ventures and associates	18.1	161.2	6	49,727	10.8	5.65	7.7	2.0
Total	100.0	891.0	55	254,073	52.8	5.20	6.9	5.2

Consolidated portfolio

Company	Property/ portfolio	Ownership interest (%)	Market value 31 March 2016 (€ million)	Properties	Area (m ²)	Annualised gross rental income (€ million)	Net initial yield 31 March 2016 (%)	WAULT (by rental)	Voids (by area) (%)
United Kingdom									
Davemount Properties (BVI)	Davemount	100.00	9.7	3	7,678	1.2	11.04	4.0	0.0
Laxton Properties Ltd (BVI)	Euston	100.00	96.8	1	10,103	4.1	3.41	5.9	10.8
GGP1 Limited (Guernsey)	GGP1	100.00	31.5	7	25,454	2.9	8.55	4.8	0.0
Normanton Properties (BVI)	Pilgrim	100.00	104.4	1	9,706	5.5	4.70	5.1	0.0
LPE Limited (Guernsey)	Trafalgar	100.00	79.1	1	10,565	5.3	6.50	11.1	0.3
Total United Kingdom			321.5	13	63,506	19.0	5.32	6.8	1.8
Germany									
Stenham Gemstone Limited	Aldi	100.00	32.5	14	18,843	2.2	5.77	10.9	0.0
Anarosa Holdings N.V. (Curacao)	BikeMax	100.00	25.1	5	18,007	2.0	6.98	5.5	0.0
KG Bleichenhof GmbH	Bleichenhof	94.90	123.7	1	20,067	6.0	4.18	4.4	5.8
Isabel Properties B.V.	Isabel	100.00	17.2	1	13,365	1.3	6.93	6.5	3.0
	Hermann	100.00	22.9	1	8,250	1.3	7.00	4.8	11.0
	Victoria	100.00	31.2	1	13,509	1.7	4.75	14.4	0.9
Total Germany			252.6	23	92,041	14.5	5.18	6.9	2.8
Switzerland									
Credit Suisse									
David Properties S.a.r.l. (Lux)	Cham	100.00	13.4	1	5,330	0.8	4.46	5.0	14.9
Bruce Properties S.a.r.l. (Lux)	Chiasso	100.00	8.8	1	4,182	0.6	4.65	2.3	0.0
Clint Properties S.a.r.l. (Lux)	Interlaken	100.00	6.2	1	1,966	0.4	4.29	12.2	7.8
Algy Properties S.a.r.l. (Lux)	Sissach	100.00	4.3	1	1,966	0.2	4.93	4.9	58.3
Total Credit Suisse			32.7	4	13,444	2.0	4.54	5.6	15.6
Polo									
Polo Property GmbH (Swiss)	Altendorf	100.00	26.7	1	8,199	1.4	4.29	11.4	0.0
Polo Property GmbH (Swiss)	Arlenheim	100.00	13.1	1	4,834	1.0	5.08	7.5	0.0
Total Polo			39.8	2	13,033	2.4	4.55	9.8	0.0
Kantone									
Kantone Holdings Limited (Guernsey)	Baar	100.00	21.8	1	4,114	1.3	4.56	2.5	4.2
Kantone Holdings Limited (Guernsey)	Granges	100.00	18.0	3	5,261	1.1	4.59	4.3	0.0
Kantone Holdings Limited (Guernsey)	Lugano	100.00	16.9	1	7,036	0.2	4.74	2.8	87.2
Kantone Holdings Limited (Guernsey)	Montreux	100.00	21.2	1	4,362	1.1	4.28	4.6	0.5
Kantone Holdings Limited (Guernsey)	Vevey	100.00	5.3	1	1,549	0.4	3.83	4.6	0.0
Total Kantone			83.2	7	22,322	4.1	4.49	3.8	28.4
Total Switzerland			155.7	13	48,799	8.5	4.51	5.9	17.3
Total wholly-owned portfolio			729.8	49	204,346	42.0	5.10	6.7	5.9

Jointly controlled entities

Company	Property/ portfolio	Ownership interest (%)	Market value 31 March 2016 (€ million)	Properties	Area (m ²)	Annualised gross rental income (€ million)	Net initial yield 31 March 2016 (%)	WAULT (by rental)	Voids (by area) (%)
United Kingdom									
	Argyll	50.0	103.4	1	6,008	4.6	4.15	3.7	0.0
Germany									
ElySION S.a.r.l.	Carehomes	100.00	34.2	4	19,330	2.8	6.55	14.7	0.0
SESCF Ltd. (Guernsey)	Nova	28.42	265.0	1	96,387	19.9	6.27	5.8	3.6
Total Germany			299.2	5	115,717	22.7	6.36	6.9	2.1
Total of jointly-owned interests			402.6	6	121,725	27.3	5.75	6.4	4.9
Total of jointly-owned interests (SP share)			161.2	6	49,727	10.8	5.65	7.7	2.0

Analysis of shareholders

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1,000 shares	282	8.85	140,975	0.05
1,001 – 10,000 shares	1,370	43.01	5,366,263	1.90
10,001 – 100,000 shares	1,013	31.81	38,152,782	13.48
100,001 – 1,000,000 shares	474	14.88	126,849,553	44.83
1,000,001 shares and over	46	1.44	112,475,053	39.75
Total	3,185	100.00	282,984,626	100.00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Banks/Brokers	76	2.39	29,478,946	10.42
Close Corporations	27	0.85	884,282	0.31
Control Account	4	0.13	969,080	0.34
Endowment Funds	14	0.44	480,546	0.17
Individuals	1,980	62.17	50,648,856	17.90
Insurance Companies	15	0.47	5,076,849	1.79
Investment Companies	2	0.06	55,563	0.02
Mutual Funds	130	4.08	28,841,063	10.19
Other Corporations	5	0.16	314,281	0.11
Private Companies	232	7.28	67,131,347	23.72
Public Companies	33	1.04	30,898,260	10.92
Retirement Funds	44	1.38	2,752,183	0.97
Trusts	623	19.56	65,453,370	23.13
Total	3,185	100.00	282,984,626	100.00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	12	0.38	12,042,846	4.26
Directors and Associates of the Company holdings	12	0.38	12,042,846	4.26
Public shareholders	3,173	99.62	270,941,780	95.74
Total	3,185	100.00	282,984,626	100.00

Major shareholders

As at the financial year end there were 3,185 shareholders in the Company. In terms of the Companies Act 1981 of Bermuda, there is no requirement for registered shareholders to disclose their beneficial shareholdings and accordingly, the Company provides disclosure on the shareholdings where this information is provided to the Company. As at 31 March 2016 Peregrine Holdings Limited held a direct and indirect interest of 6.41% in the issued share capital of the Company. The Company does not know of any other shareholder which has a beneficial interest of greater than 5% of the Company's issued share capital as at 31 March 2016.

Shareholder diary

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

Announcement of results

First quarter	September
Interim	December
Second quarter	March
Annual	June

Dividends	Declared	Paid
Interim	December	January
Final	June	July

Corporate information

STENPROP LIMITED

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

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