

STENPROP



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS for the nine months ended 31 December 2015

STENPROP LIMITED

(Incorporated in Bermuda)

(Registration number 47031)

BSX share code: STPBH JSE share code: STP ISIN: BMG8465Y1093

("Stenprop" or "the Company" or "the Group")

Stenprop Limited, a Bermuda company which has dual primary listings on the Bermuda Stock Exchange ("BSX") and the Johannesburg Stock Exchange ("JSE"), today announces its results for the nine months ended 31 December 2015.

The company is required to publish financial results for the nine months ended 31 December 2015 in terms of the rules of the BSX. Accordingly, this announcement presents the unaudited condensed consolidated financial results of the Group in respect of the financial period from 1 April 2015 to 31 December 2015 in a form compliant with the requirements of the BSX.

FINANCIAL REVIEW

Earnings

The basic earnings attributable to ordinary shareholders for the nine-month period to 31 December 2015 were €33.5 million (2014 *pro forma*¹: €18.6 million). This equates to a diluted IFRS EPS of 12.06 cents (2014 *pro forma*: 7.46 cents). The headline earnings were €22.3 million (2014 *pro forma*: €16.2 million) equating to a diluted headline EPS of 8.03 cents (2014 *pro forma*: 6.52 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 EPRA² earnings.

Adjusted EPRA earnings attributable to shareholders for the nine-month period were €21.8 million (2014 *pro forma*: €18.3 million), equating to a diluted adjusted EPRA EPS of 7.86 cents (2014 *pro forma*: 7.34 cents).

Net assets

The basic and diluted IFRS NAV per share at 31 December 2015 was €1.61 (2014: €1.45). The basic and diluted EPRA NAV per share was €1.66 (2014: €1.50).

¹ The basis of preparation of the comparative *pro forma* is explained in note 1 to the financial statements

² European Public Real Estate Association

ACQUISITIONS DURING THE QUARTER

As previously reported, the purchase of the Victoria shopping centre for €20.6 million 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.

DIVIDENDS

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.

PROSPECTS

As announced on SENS in the Forecast Financial Information announcement published on 14 August 2015, the Group expected adjusted diluted EPRA earnings per share for the year ended 31 March 2016 of 10.32 cents per share. Whilst fluctuations in exchange rates used in our forecast may impact earnings, we remain on track to achieve our forecast.

Stenprop expects to declare a final dividend in June 2016 of 4.3 cents per share which, together with the interim dividend of 4.2 cents per share, will give a total dividend relating to the current financial year of 8.5 cents per share.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited for the nine months ended 31 December 2015 €'000	Unaudited for the nine months ended 31 December 2014 €'000	*Pro forma Unaudited for the nine months ended 31 December 2014 €'000
Net rental income		29,523	10,624	25,298
Management fee income		2,057	823	890
Operating costs		(6,811)	(3,106)	(5,300)
Net operating income		24,769	8,341	20,888
Fair value movement of investment properties		10,249	4,970	16,162
Reversal of provision for selling costs		–	–	5,612
Investment in associates		137	643	1,803
Investment in joint ventures		7,530	442	1,551
Impairment of notional goodwill		–	–	(19,374)
Profit from operations		42,685	14,396	26,642
Gain on acquisition		–	9,657	–
Other gains and losses		–	12	42
Net gain/(loss) from fair value of financial liabilities		1,231	(128)	86
Net finance costs		(8,418)	(2,709)	(7,481)
Net foreign exchange gain/(loss)		2	(52)	(36)
Profit for the period before taxation		35,500	21,176	19,253
Taxation		(1,784)	(16)	(633)
Profit for the period after taxation		33,716	21,160	18,620
Profit attributable to:				
Equity holders		33,506	21,124	18,584
Non-controlling interest		210	36	36
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Fair value movement on interest rate swaps		519	(48)	(48)
Foreign currency translation reserve		(4,253)	232	2,773
Total comprehensive profit for the period		29,982	21,344	21,345
Total comprehensive profit attributable to:				
Equity holders		29,772	21,344	21,309
Non-controlling interest		210	36	36
Earnings per share				
IFRS EPS	(cents) 2	12.09	8.49	7.47
Diluted IFRS EPS	(cents) 2	12.06	8.48	7.46
EPRA EPS	(cents) 2	7.33	2.44	6.58
Diluted EPRA EPS	(cents) 2	7.31	2.44	6.57
Adjusted EPRA EPS	(cents) 2	7.88	2.70	7.35
Diluted adjusted EPRA EPS	(cents) 2	7.86	2.70	7.34

* Readers are referred to note 1 where the basis of preparation of the pro forma information is explained.

Results derive from continuing operations

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited as at 31 December 2015 €'000	Unaudited as at 31 December 2014 €'000	Audited as at 31 March 2015 €'000
ASSETS				
Investment properties		748,159	558,341	695,196
Investment in associates		39,235	35,193	39,652
Investment in joint ventures		40,545	9,390	8,506
Investments		–	332	–
Other debtors		7,449	–	–
Property, plant and equipment		3	5	2
Total non-current assets		835,391	603,261	743,356
Cash and cash equivalents		37,367	46,068	80,430
Accounts receivable		3,369	1,553	2,634
Other debtors		617	1,588	3,910
Prepayments		1,994	873	1,519
Assets held for sale		–	60,918	–
Total current assets		43,347	111,000	88,493
Total assets		878,738	714,261	831,849
Equity and liabilities				
Capital and reserves				
Share capital	4	–	–	–
Share premium	4	385,036	339,825	374,127
Equity reserve		303	–	–
Retained earnings		47,665	21,087	37,561
Foreign currency translation reserve		17,890	325	22,143
Cash flow hedge reserve		–	(136)	(519)
Total equity attributable to equity shareholders		450,894	361,101	433,312
Non-controlling interest		2,025	1,758	1,815
Total equity		452,919	362,859	435,127
Non-current liabilities				
Bank loans		272,609	283,316	296,873
Derivative financial instruments		3,448	4,732	5,108
Other loan and interest		30	369	23
Deferred tax		8,429	6,075	7,230
Total non-current liabilities		284,516	294,492	309,234
Current liabilities				
Bank loans		109,582	24,993	68,058
Derivative financial instruments		562	–	1,273
Accounts payable and accruals		31,159	14,161	18,157
Liabilities directly associated with assets classified as held for sale		–	17,756	–
Total current liabilities		141,303	56,910	87,488
Total liabilities		425,819	351,402	396,722
Total equity and liabilities		878,738	714,261	831,849
IFRS net asset value per share	3	1.61	1.45	1.59
EPRA net asset value per share	3	1.66	1.50	1.65

CONDENSED 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	-	37,561	22,143	(519)	433,312	1,815	435,127
Issue of share capital	-	10,909	(25)	-	-	-	10,884	-	10,884
Credit to equity for equity-settled share-based payments	-	-	328	-	-	-	328	-	328
Total comprehensive profit/(loss) for the period	-	-	-	33,506	(4,253)	519	29,772	210	29,982
Ordinary dividends	-	-	-	(23,402)	-	-	(23,402)	-	(23,402)
Balance at 31 December 2015	-	385,036	303	47,665	17,890	-	450,894	2,025	452,919
Balance at 1 April 2014	-	21,131	-	(37)	-	5	21,099	-	21,099
Issue of share capital	-	320,854	-	-	-	-	320,854	-	320,854
Listing costs	-	(2,160)	-	-	-	-	(2,160)	-	(2,160)
Novation of swap contract	-	-	-	-	93	(93)	-	-	-
Total comprehensive profit/(loss) for the period	-	-	-	21,124	232	(48)	21,308	36	21,344
Adjustments arising from change in non-controlling interest	-	-	-	-	-	-	-	1,722	1,722
Balance at 31 December 2014	-	339,825	-	21,087	325	(136)	361,101	1,758	362,859

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the nine months ended 31 December 2015 €'000	Unaudited for the nine months ended 31 December 2014 €'000
Operating activities		
Profit from operations	42,685	14,396
Share of loss in associates	(137)	(643)
Increase in fair value of investment property	(10,249)	(4,970)
Increase in fair value of joint venture	(7,530)	(442)
Exchange rate gains/(losses)	2	(52)
Decrease/(increase) in trade and other receivables	371	(1,313)
(Decrease)/increase in trade and other payables	(102)	641
Interest paid	(8,040)	(2,500)
Interest received	768	8
Net tax paid	(342)	(260)
Net cash from operating activities	17,426	4,865
Investing activities		
Dividends received from trading activities	–	3
Dividends received from associates	1,388	562
Dividends received from joint ventures	315	–
Purchase of investment properties	(45,797)	–
Capital expenditure on investment properties	(2,790)	(783)
Acquisition of investment in joint venture	(26,782)	–
Cash obtained on acquisition of subsidiaries	–	42,256
Net cash (used in)/from investing activities	(73,666)	42,038
Financing activities		
Repayment of borrowings	(37,796)	(2,046)
Dividends paid	(8,198)	–
Listing costs paid	–	(989)
Financing fees paid	(1,090)	(6)
Unutilised facility fee paid	–	(43)
Payments made on swap break	(571)	–
New bank loans raised	60,369	–
New other loans	–	346
Net cash from/(used in) financing activities	12,714	(2,738)
Net (decrease)/increase in cash and cash equivalents	(43,526)	44,165
Effect of foreign exchange rate changes	463	232
Cash and cash equivalents at beginning of the period	80,430	1,671
Cash and cash equivalents at end of the period	37,367	46,068

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial results (the "IFRS Statements") for the nine months ended 31 December 2015 have been prepared in accordance with the recognition and measurements principles of the International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"), and the listings requirements of the Bermuda Stock Exchange and the Johannesburg Stock Exchange as applicable.

The accounting policies and methods of computation are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2015 which were audited and reported on by the Group's external auditors, except for the new standards adopted during the period.

These financial results have not been audited or reviewed by the Company's external auditors. They have been prepared by, and are the responsibility of the directors of Stenprop.

Comparative *pro forma*

In the interests of consistency in those areas of reporting that are seen to be of most relevance to investors, and of providing a meaningful basis of comparison for users of the financial information, the Group has presented for the comparative period an unaudited *pro forma* statement of comprehensive income for the nine months ended 31 December 2014. The comparative *pro forma* statement, which is denominated in EUR, is for illustration purposes only and may not fairly represent the Group's results of operations.

The main difference between the comparative *pro forma* statement and the comparative IFRS statement is that the comparative *pro forma* statement of comprehensive income has been prepared as if completion of the acquisition of the property owning companies had taken place on 1 April 2014, which was the effective date on which risk and reward passed to Stenprop in the purchase of the various property companies, while the comparative IFRS statement use the completion date of the acquisition (date that control passes), being 2 October 2014, to account for these investments.

The comparative *pro forma* statement of comprehensive income therefore separately shows trading profits, property revaluations and other adjustments for the nine months ended 31 December 2014. In addition, the comparative *pro forma* statement of comprehensive income discloses the notional goodwill arising on the purchase of the management companies, the gain arising on the purchase of the property companies (which under IFRS is treated as one linked transaction), and the recognition of the amount of the deferred consideration which is reasonably expected to become payable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. EARNINGS PER ORDINARY SHARE

Reconciliation of profit for the period to adjusted EPRA earnings

	Unaudited for the nine months ended 31 December 2015 €'000	Unaudited for the nine months ended 31 December 2014 €'000	<i>*Pro forma</i> Unaudited for the nine months ended 31 December 2014 €'000
Earnings per IFRS income statement attributable to shareholders	33,506	21,124	18,584
<i>Adjustments to calculate EPRA earnings, exclude:</i>			–
Changes in fair value of investment properties	(10,249)	(4,970)	(16,162)
Reversal of provision for selling costs	–	–	(5,612)
Reversal of gain on acquisition	–	(9,657)	–
Reversal of impairment of goodwill	–	–	19,374
Changes in fair value of financial instruments	(1,231)	128	(86)
Deferred tax in respect of EPRA adjustments	1,347	(468)	106
<i>Adjustments above in respect of joint ventures and associates:</i>			
Changes in fair value	(3,004)	(90)	207
Deferred tax in respect of EPRA adjustments	(66)	13	(32)
EPRA earnings attributable to shareholders	20,303	6,080	16,379
<i>Further adjustments to arrive at adjusted EPRA earnings</i>			
Straight-line unwind of purchased swaps	1,536	636	1,909
Adjusted EPRA earnings attributable to shareholders	21,839	6,716	18,288
Weighted average number of shares in issue	277,112,787	248,902,812	248,902,812
Share-based payment award	652,799	291,563	291,563
Diluted weighted average number of shares in issue	277,765,586	249,194,375	249,194,375
Earnings per share			
IFRS EPS (cents)	12.09	8.49	7.47
Diluted IFRS EPS (cents)	12.06	8.48	7.46
EPRA EPS (cents)	7.33	2.44	6.58
Diluted EPRA EPS (cents)	7.31	2.44	6.57
Adjusted EPRA EPS (cents)	7.88	2.70	7.35
Diluted adjusted EPRA EPS (cents)	7.86	2.70	7.34

Straight-line unwind of purchased swaps

A further adjustment was made to the EPRA earnings attributable to shareholders and relates 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.

2. EARNINGS PER ORDINARY SHARE CONTINUED

Reconciliation of profit for the period to headline earnings

	Unaudited for the nine months ended 31 December 2015 €'000	Unaudited for the nine months ended 31 December 2014 €'000	<i>*Pro forma</i> Unaudited for the nine months ended 31 December 2014 €'000
Earnings per IFRS income statement attributable to shareholders	33,506	21,124	18,584
<i>Adjustments to calculate headline earnings, exclude:</i>			
Changes in fair value of investment properties	(10,249)	(4,970)	(16,162)
Reversal of provision for selling costs	–	–	(5,612)
Reversal of gain on acquisition	–	(9,657)	–
Reversal of impairment of goodwill	–	–	19,374
Changes in fair value of financial instruments	519	(48)	(48)
Deferred tax in respect of headline earnings adjustments	1,347	(468)	106
<i>Adjustments above in respect of joint ventures and associates</i>			
Changes in value of investment properties	(2,431)	–	–
Deferred tax	(399)	–	–
Headline earnings attributable to shareholders	22,293	5,981	16,242
Earnings per share			
Headline EPS (cents)	8.04	2.40	6.53
Diluted headline EPS (cents)	8.03	2.40	6.52

* Readers are referred to note 1 where the basis of preparation of the pro forma information is explained.

3. NET ASSET VALUE PER ORDINARY SHARE

Net asset value per share

	Unaudited as at 31 December 2015 €'000	Unaudited as at 31 December 2014 €'000	Audited as at 31 March 2015 €'000
Net assets attributable to equity shareholders	450,894	361,101	433,312
<i>Adjustments to arrive at EPRA net asset value:</i>			
Derivative financial instruments	4,010	4,732	6,381
Deferred tax	8,429	6,075	7,230
Adjustments above in respect of non-controlling interests	2,291	2,559	2,504
EPRA net assets attributable to shareholders	465,624	374,467	449,427
Number of shares in issue	279,720,942	248,902,812	272,236,146
Share-based payment awards	652,799	291,563	291,563
Diluted number of shares in issue	280,373,741	249,194,375	272,527,709
Net asset value per share			
IFRS net asset value per share (cents)	1.61	1.45	1.59
Diluted IFRS net asset value per share (cents)	1.61	1.45	1.59
EPRA net asset value per share (cents)	1.66	1.50	1.65
Diluted EPRA net asset value per share (cents)	1.66	1.50	1.65

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	Unaudited as at 31 December 2015 €	Unaudited as at 31 December 2014 €	Audited as at 31 March 2015 €
4. SHARE CAPITAL			
Authorised			
1,000,000,000 ordinary shares with a par value of €0.000001258 each	1,258	1,258	1,258
Unaudited for the nine months ended 31 December 2015			
Issued share capital			
<i>Opening balance</i>	272,236,146	15,986,003	15,986,003
Issue of new shares	7,484,796	232,916,809	256,250,143
Closing number of shares issued	279,720,942	248,902,812	272,236,146
Share capital			
Share premium (€000)	387,895	341,985	376,985
Less: Acquisition/transaction costs (€000)	(2,859)	(2,160)	(2,858)
Total share premium (€000)	385,036	339,825	374,127

There were no changes made to the number of authorised shares of the Company during the period 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 Stenprop'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 279,720,942 (March 2015: 272,236,146) ordinary shares in issue at the reporting date which are dual listed on the BSX and the JSE.

5. EVENTS AFTER THE REPORTING PERIOD

On 26 November 2015, the Company announced an interim distribution of 4.2 cents per share in respect of the six months to 30 September 2015 and offered shareholders the option to receive in respect of all or a part of their Stenprop shareholding either a scrip dividend by way of an issue of new Stenprop shares (of the same class as existing shares) credited as fully paid up or a cash dividend. On 25 January 2016, the Company announced a 41.5% take up of the scrip dividend, for which 3,253,857 new Stenprop shares have been issued at a price of €1.49854 per share, resulting in the number of shares in issue, at the date of this announcement, being 282,974,799.

There were no changes to the board of directors during the period.

Stenprop has dual primary listings on the BSX and the JSE.

Date: 10 March 2016

South African corporate advisor and JSE sponsor



BSX sponsor

Appleby Securities (Bermuda) Limited

