



STENPROP LIMITED

(Registered in Guernsey)

(Registration number 64865)

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("Stenprop" or the "Company")

29 December 2020

DISPOSAL OF BERLIN SHOPPING CENTRE FOR €30.8 MILLION

Hermann Quartier sale will conclude €95 million of non-core disposals in the financial year to date at an average of 18% above March valuation, providing further capital to recycle into multi-let industrial

Stenprop, the UK multi-let industrial ("MLI") property company, announces that it has exchanged contracts on the sale of its freehold interest in the Hermann Quartier shopping centre in Berlin, Germany (the "disposal") to Munich based firm ILG Capital GmbH, acting on behalf of the regulated special property fund ILG Einkaufen D managed by IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH, for €30.8 million. The disposal price is in line with the 30 September book value[^] and reflects a 19% premium to the 31 March 2020 valuation.

The disposal will conclude the sale of the Company's food-led Berlin retail portfolio following the sale of Neucölln Carrée retail park earlier this year and the recent exchange of contracts on the sale of the Victoria Centre. It further progresses Stenprop's strategy to become a 100% UK MLI business by March 2022, with the Company's MLI assets expected to rise from 64% to 72% of Stenprop's total portfolio once the sale completes (assuming earlier completion of the sale of the Victoria Centre and based on asset valuations as at 30 September 2020 and subsequent purchase prices of MLI acquisitions).

Net proceeds from the sale after deduction of anticipated transaction costs, repayment of debt and property taxes are expected to be €19 million, which Stenprop intends to use to fund further acquisitions in the MLI sector.

Totalling 8,274 sqm of gross lettable space, Hermann Quartier is a covered retail centre prominently located above the Hermanstrasse S- and U-Bahn station. The weighted average rental is currently circa €15.20 per sqm.

James Wakelin, Head of Debt and Special Projects, commented: "Exiting the Berlin retail portfolio represents another significant milestone towards Stenprop's transition to become a fully focused UK multi-let industrial REIT and is the culmination of a successful year in our disposal programme. Our MLI portfolio has performed well throughout the pandemic, providing further evidence of the resilience of the asset class. We look forward to putting the proceeds of this sale to work into our strong pipeline of opportunities as we remain on target to be 100% MLI by the end of the next financial year."

Completion of the disposal is expected to occur upon satisfaction of the last conditions precedent described below and by no later than six months from the date of exchange, following which the disposal price will be paid to the seller. Failure to complete due to a default by the purchaser will result in the seller retaining the deposit amount of €3.08 million which was paid by the purchaser into an escrow account on 28 December 2020. Either party may terminate the disposal agreement should the property suffer significant structural damage resulting in damages or rent losses exceeding 10% of the purchase price or rent losses of more than 20% over a period of six months.

The disposal agreement contains market standard representations and warranties for a deal of this size and nature. A limited 13-month guarantee capped at €1.3 million was provided by a company of the Stenprop group to the purchaser in respect of claims against and for certain tax liabilities of the seller under the disposal agreement.

Completion of the disposal is subject to the following conditions precedent:

- Confirmation that the municipality has not exercised its pre-emption right;
- Registration of a priority notice in favour of the purchaser in the land registry; and
- Deletion of existing encumbrances.

^ The property was valued at 30 September 2020 at the sales price of €30.8 million by the directors of the Company. The directors of the Company are not independent external valuers and are not registered as professional valuers in terms of the Property Valuers Professions Act, No.47 of 2000 or with the Royal Institution of Chartered Surveyors. The net operating profit attributable to the property for the six months ended 30 September 2020 was €0.67m. This information has been extracted from Stenprop's interim results for the six months ended 30 September 2020 which were prepared under International Financial Reporting Standards.

Stenprop has a primary listing on the Main Board of the Johannesburg Stock Exchange and a listing on the Specialist Fund Segment of the Main Market of the London Stock Exchange. This disposal is classified as a category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to approval by shareholders.

For further information:

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About Stenprop:

Stenprop is a UK REIT listed on the LSE and the JSE. The objective of the Company is to deliver sustainable growing income to its investors. Stenprop's investment policy is to invest in a diversified portfolio of UK multi-let industrial (MLI) properties with the strategic goal of becoming the leading MLI business in the UK. For further information, go to www.stenprop.com.