Providing space for business

Sirius Real Estate Limited
Annual Report and Accounts 2016

We are the largest branded provider of mixed-use flexible workspace in Germany

Sirius Real Estate Limited is a real estate company with a portfolio of 39 business parks across Germany, providing a combination of conventional and modern, flexible workspace.

“It has been another strong and busy year for Sirius, highlighted by the successful equity raise, several financing deals and eight acquisitions. Equally as important was the pleasing level of organic growth we have seen.”

Andrew Coombs and Alistair Marks
Chief Executive Officer and Chief Financial Officer

2016 highlights

€53.0m
↑ 6.0%

GROSS ANNUALISED RENT ROLL (LIKE FOR LIKE)

16	53.0
15	50.0

2.22c per share
↑ 37.9%

TOTAL DIVIDEND FOR THE YEAR

16	2.22
15	1.61

€22.9m
↑ 81.7%

RECURRING PROFIT BEFORE TAX[1]

16	22.9
15	12.6

€25.0m
↑ 74.8%

FUNDS FROM OPERATIONS[2]

16	25.0
15	14.3

53.35c
↑ 12.3%

ADJUSTED NET ASSET VALUE[3]

16	53.35
15	47.51

€4.99psm
↑ 5.1%

AVERAGE RATE PER SQM (LIKE FOR LIKE)

16	4.99
15	4.75

42.8%
↓ 8.5%

LOAN TO VALUE[4]

16	42.8
15	46.8

€610.2m
↑ 10.9%

PRE-ACQUISITIONS PORTFOLIO VALUE

16	610.2
15	550.0

150,864sqm
↑ 25.7%

NEW LETTINGS

16	150,864
15	119,992

€5.33psm
↑ 6.2%

NEW LETTINGS RATE PER SQM

16	5.33
15	5.02

Capex investment programme

Since January 2014 Sirius has identified approximately 200,000sqm of space for conversion, in to which it has invested €9.8 million. 109,076sqm has been completed for a total increase in the annualised rent roll of €6.5 million as at 31 March 2016.

Equity raise

In June 2015, Sirius successfully completed a private placement raising €50 million of new equity capital.

Financing

Cost of debt has reduced significantly with the Company refinancing its two major debt facilities with existing and new lenders as well as securing favourable terms on new facilities used to part finance the acquisitions. Overall the average weighted cost of debt reduced from 4.3% to 3.0% in the period and down to 2.2% post year end. The weighted debt expiry has improved from 4.4 years to 5.5 years.

Acquisitions

The Company acquired six new business parks for a total cost of €82.7 million within the period and a further two business parks for a total cost of €22.2 million since the year end.

1 Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments and non-recurring items including expenses relating to the Long Term Incentive Plan.

2 Recurring profit before tax adjusted for depreciation, amortisation of financing fees and current tax receivable/incurred.

3 Excluding provisions for deferred tax and financial derivatives.

4 Following the refinancing and acquisitions which completed after the year end, the Loan to Value ("LTV") was 45.8%.

> For more information, please visit **www.siriusrealestate.com**

> To listen to our audiocasts, please visit **www.siriusrealestate.com/investor-relations/audiocasts**

Our business at a glance
Our portfolio

We invest in large mixed-use commercial real estate assets in Germany which can be sub-divided into flexible workspaces.

- Sirius owned and managed properties
- Sirius managed properties
- Sirius owned and managed properties acquired in period
- Sirius owned and managed properties acquired post period

39	80%	€5.06psm*
TOTAL NUMBER OF PROPERTIES	OCCUPANCY	RATE PER SQM

* Including all completed acquisitions in the period.

Acquisitions

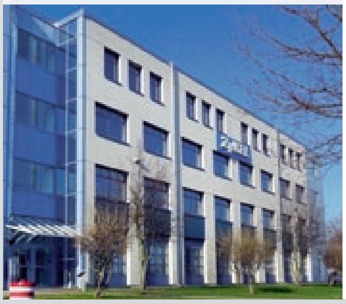
MARKGRÖNINGEN*

Tenants
2
Lettable space
56,615sqm
Occupancy
68.5%
Annual income
€1,321,964
Vacant space
17,845sqm
Rate per sqm
€2.84

LUDWIGSBURG

Tenants
28
Lettable space
26,917sqm
Occupancy
75.7%
Annual income
€969,305
Vacant space
6,542sqm
Rate per sqm
€3.79

AACHEN WÜRSELEN



Tenants
4
Lettable space
9,679sqm
Occupancy
96.7%
Annual income
€532,424
Vacant space
317sqm
Rate per sqm
€4.65

STUTTGART – WEILIMDORF

Tenants
1
Lettable space
5,838sqm
Occupancy
100.0%
Annual income
€510,835
Vacant space
0sqm
Rate per sqm
€7.09

HEIDENHEIM

Tenants
10
Lettable space
47,535sqm
Occupancy
81.7%
Annual income
€1,845,715
Vacant space
8,715sqm
Rate per sqm
€3.96

KÖLN – CÖLLNPARC

Tenants
13
Lettable space
13,640sqm
Occupancy
89.7%
Annual income
€1,468,505
Vacant space
1,400sqm
Rate per sqm
€9.12

MAINZ

Tenants
30
Lettable space
25,112sqm
Occupancy
82.8%
Annual income
€2,218,796
Vacant space
4,326sqm
Rate per sqm
€8.90

KREFELD*

Tenants
11
Lettable space
11,458sqm
Occupancy
93.6%
Annual income
€1,218,603
Vacant space
730sqm
Rate per sqm
€8.67

* Completed in May 2016 post the period end.

Chairman's statement

"The Company is building a good level of momentum, shown by the increases being achieved across the key metrics of our business and we are well positioned to make a strong start to the new financial year."

In summary:

- It has been another strong period for the Company, both organically and acquisitively, where annualised rent roll exceeded the €60 million mark in the period and reached €63 million with the acquisitions that were completed following the year end.
- The weighted average cost of debt was reduced to 2.2% in May 2016 from 4.3% at the start of the period.
- The value of the whole portfolio, including the assets acquired following the year end, is estimated by the Company to be €717.4 million.

Introduction

The Group is pleased to announce the full year results for the year ended 31 March 2016. It has been another strong period for the Company both organically and acquisitively, where annualised rent roll exceeded the €60 million mark in the period and has reached €63 million with the acquisitions that were completed following the year end. Like-for-like rent roll increased by 6.0% in the year to €53.0 million (31 March 2015: €50.0 million) despite the €2.8 million of rent roll that was lost from some large terminations that were highlighted in the Company's Interim Report. This has fed through to earnings performance comprising an 82% increase in recurring profit before tax* this financial year.

Sirius further strengthened its balance sheet during the year through a €50 million equity raise which completed in June 2015. This allowed the Company to refinance its major banking facilities with Macquarie and the Berlin Hyp and Deutsche Pfandbriefbank ("PBB") syndicate on significantly better terms as well as complete the acquisitions of €104.9 million of new assets within the period and after the year end. This, combined with further increases in the valuations of the assets, has led to significant increases in gross asset values and net asset value ("NAV") per share.

The Group has significantly reduced its cost of borrowings by refinancing the expensive Macquarie debt facilities in September 2015 as well as the biggest debt facility with the Berlin Hyp and PBB syndicate just after the period end in May 2016. These facilities have been replaced with new seven year facilities on more favourable terms. In addition, the Company has been able to introduce a number of new lenders whilst financing the new assets acquired in order to benefit from the competitive interest rates available to Sirius in the market currently.

As a result, the weighted average cost of debt was reduced to 2.2% in May 2016 from 4.3% at the start of the period. In addition, the average length of debt expiry term increased to 5.5 years from 4.4 years at 31 March 2015, providing the Company with greater certainty over its borrowings going forward.

The intensive capex investment programme continues to be one of the main drivers of the Group's organic growth. On the original programme to convert approximately 100,000sqm of previously unlettable or under-rented space, we have now completed the conversion of 63,789sqm of space which is either let or being marketed to let. As mentioned in our Interim Report, the capex investment initiative was extended to include the extraordinary space vacated this financial year and the vacant space that came with acquisitions. These programmes are progressing well and are described in more detail in the Chief Executive's Report.

As a result of the expansion of the portfolio and the improvements we have seen this year, the Company has increased the level of occupancy to 80% across the whole portfolio for the first time in its history. In addition, the Company has increased the average rental rate per sqm across the whole portfolio to more than €5.00, also for the first time. These are significant milestones for the Group and are indicative of the improved quality of portfolio the Company is creating through its capex investment and acquisitions programmes. There has also been a concerted and successful effort in further reducing service charge irrecoverability.

These factors have contributed to a 10.9% improvement in the valuation of the like-for-like portfolio. The value of the whole portfolio, including the assets acquired following the year end, is estimated by the Company to be €717.4 million. We are confident that there remains further potential for growth as the benefits from our asset management initiatives, especially the capex investment programme, filter through.

Financial results

The Company generated a significant increase in profitability in the period, delivering a recurring profit before tax* of €22.9 million (2015: €12.6 million). Total income from the portfolio was €55.8 million (2015: €45.4 million) and profit before tax for the period was €57.1 million (2015: €32.7 million), which includes the uplift from property revaluations net of capital expenditure of €44.2 million. As at 31 March 2016, the annualised gross rent roll of the 39 business parks owned increased to €60.5 million (31 March 2015: €50.0 million), of which €7.5 million (15%) has come from the addition of the six acquisitions completed in the period and €3.0 million (6%) has come from organic growth. In addition, the purchase of a further two sites completed after the year end for €22.2 million added a further €2.5 million to the annualised gross rent roll.

Funds from Operations ("FFO")** increased to €25.0 million (2015: €14.3 million) and FFO per share was 3.4c (2015: 2.6c). Adjusted earnings per share ("EPS") was 3.16c as at 31 March 2016 (31 March 2015: 2.10c), whilst EPS was 7.51c (31 March 2015: 4.84c).

* Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments and non-recurring items including expenses relating to the Long Term Incentive Plan.

** Recurring profit before tax adjusted for depreciation, amortisation of financing fees and current tax receivable/incurred.

Portfolio valuation and net asset value

For the fifth successive valuation we have seen an uplift in the valuation of the portfolio. As at 31 March 2016, the portfolio was independently valued at €695.2 million by Cushman & Wakefield LLP (31 March 2015: €550.0 million) which includes €61.3 million of valuation increases for the full year. For the portfolio which was owned at 31 March 2015, the valuation increase was €60.2 million in the year, which represents a 10.9% increase. In our Interim Report, we reported that valuation yields compressed 50bps for the €31.4 million increase that was achieved to 30 September 2015, whereas the €28.8 million valuation increase that was achieved in the second half of the year was purely down to increases in rental income. The translation of the valuation to the book value of €687.5 million as at 31 March 2016 is detailed as follows:

	2016 € million	2015 € million
Investment properties at market value	**695.19**	550.03
Adjustment in respect of lease incentives	**(2.43)**	(2.00)
Directors' discretionary impairment of non-core asset valuations*	**(5.31)**	(2.40)
Book value as at year end	**687.45**	545.63

* The Directors' discretionary impairment relates to three of the four non-core sites where the Directors have decided to be prudent and carry these assets at a lower value than the independent valuation due to some intangible factors that may affect their immediate sale.

The portfolio comprised 39 assets as at 31 March 2016 and had a book value of €687.5 million, which represents an average gross yield of 8.8% (31 March 2015: 9.2%) and a net yield of 7.6% (31 March 2015: 7.8%). The average capital value per sqm was €503.5 (31 March 2015: €470.6), which remains significantly below replacement cost.

The adjusted net asset value ("Adjusted NAV") per share, which excludes the provisions for deferred tax and derivative financial instruments, was 53.35c as at 31 March 2016. This reflects an increase of 12.3% over the 47.51c Adjusted NAV per share as at 31 March 2015. The total return, comprising NAV growth plus dividends paid in the period, was 16.0%. The movement in Adjusted NAV this year can be seen in the following table:

	EUR cent per share
NAV per share at 31 March 2015	47.51c
Equity raise	(0.43c)
Share awards	(0.01c)
Scrip and cash dividend paid	(1.61c)
Recurring profit before tax	3.04c
Surplus on revaluation	5.87c
Non-recurring items	(1.02c)
NAV per share at 31 March 2016	**53.35c**

Dividend

The Company's dividend policy is to pay shareholders 65% of FFO, with the dividend paid semi-annually. I am therefore pleased to confirm the Board is declaring a final dividend of 1.30c per share making a total dividend for the year of 2.22c per share (2015: 1.61c per share).

The ex-dividend date will be 10 June 2016 for shareholders on the South African register and 16 June 2016 for shareholders on the UK register. The record date will be 17 June 2016 and the dividend will be paid on 15 July 2016. A detailed dividend announcement including the dates of the dividend will be made in due course.

The Company will continue to offer shareholders the ability to receive dividends in scrip rather than cash, for which there was a 41.7% scrip take-up on the interim dividend declared in connection with the six months ended 30 September 2015.

Chairman's statement *continued*

Financing

In June 2015, the Company successfully completed a private placement raising €50 million of new equity capital. The purpose of the new capital was to fund the acquisition of five mixed-use business parks (the "Acquisitions Portfolio") and the early repayment of the existing Macquarie debt facilities. During the period and after the year end, the Company entered into four new debt facility agreements with existing and new lenders which allowed it to purchase a further three business parks on top of the Acquisitions Portfolio, details of which are as follows:

- in September 2015, a new seven year €59 million facility with SEB AG ("SEB") at an all-in fixed interest rate of 1.84% was completed to refinance the Company's two expensive Macquarie debt facilities;
- in October 2015, a new five year €25.4 million facility with Bayerische Landesbank AG ("BayernLB") at an all-in fixed interest rate of 1.66% was drawn down against four of the five new acquisitions made in the period as part of the Acquisitions Portfolio;
- in March 2016, a new five year €16.0 million facility with Deutsche Genossenschafts-Hypothekenbank AG ("DGHyp") at an all-in fixed interest rate of 1.59% was drawn down against the Mainz acquisition which completed on 30 March 2016; and
- in May 2016, following the year end, the Company refinanced its existing Berlin Hyp/PBB facility, which had €110.4 million outstanding and three years remaining, with a new seven year €137.0 million facility with the same syndicate. The interest rate on €94.5 million of this new facility has been fixed for the full term at 1.66%, while the remaining €42.5 million incurs interest at a floating rate of over three month EURIBOR plus a 1.25% margin. The further funding available under the new facility enabled the Company to make two further acquisitions (of sites in Markgröningen and Krefeld) in May 2016.

These four new facilities provided the Company with an additional €73.4 million of debt whilst reducing the annualised interest cost of the Group by approximately €3.5 million. As at 31 March 2016, the Company had total borrowings of €299 million with a weighted average cost of debt of 3.0% compared to €260 million of borrowings as at 31 March 2015 with a weighted average cost of debt of 4.3%. Following the year end the total amount of debt increased to €330.1 million and the weighted average cost of debt reduced to 2.2%. The Group's loan to value ("LTV") ratio reduced at the year end to 42.8% (31 March 2015: 46.8%). However, following the refinancing and acquisitions which completed after the year end the LTV was 45.8%. The Company continues to have a target LTV of 40% which it expects to achieve through both amortisation and organic growth.

German SME market

The SME market in Germany continues to see improvement and, after a return of confidence in the last two years, the outlook for the current year remains positive. The German SME market has seen an increase in exports throughout the period and, with the low oil price, energy costs remained comparatively cheap. All of these factors have contributed to the growth in the German SME sector, which is a key market from which Sirius attracts its tenant base, particularly for our higher end Smartspace products.

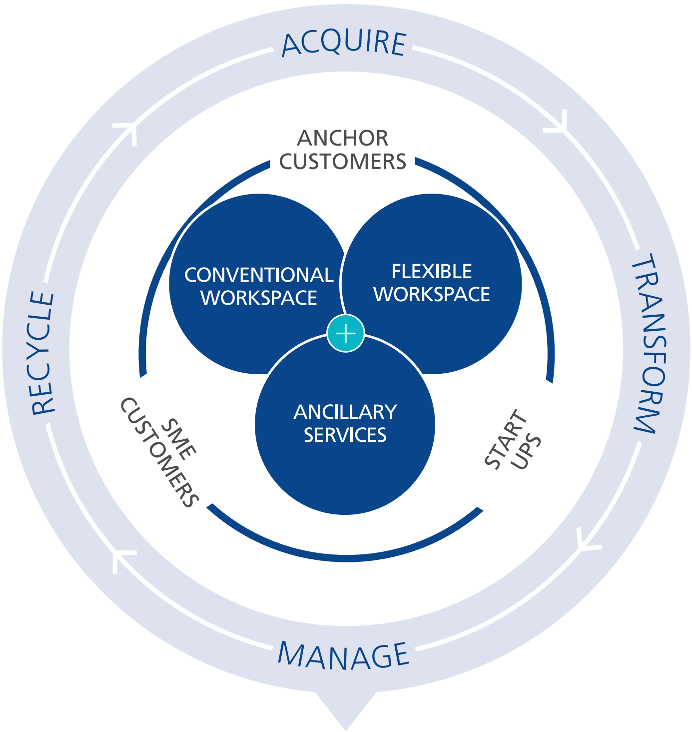
Outlook

The Company is building a good level of momentum, shown by the increases being achieved across the key metrics of our business and we are well positioned to make a strong start to the new financial year. With more favourable terms on our new debt facilities allowing the Group to make earnings enhancing acquisitions and the capex investment programme continuing to demonstrate organic growth, the Board anticipates further enhancements in the new financial year. Due to the longer-term ambitions of the Company and to appeal to a broader base of international investors, the Company is considering making applications to move to the main markets of both the London Stock Exchange ("LSE") and the Johannesburg Stock Exchange ("JSE") during the course of the year and will be consulting with its advisers and major shareholders in the coming weeks.

Robert Sinclair
Chairman

Our business model

Adding value throughout the cycle



Acquire
We seek out under-utilised multi-tenant, mixed-use properties we can transform into higher yielding workspaces.

Transform
We convert properties into improved, efficient, higher yielding, flexible workspaces. Additionally our active ongoing programme reconfigures and upgrades existing spaces.

Manage
We seek to maximise the value of our assets with an active and ongoing asset management programme with the majority of responsibilities performed internally.

Recycle
Selling off mature and non-core assets and using the proceeds to purchase core assets with good levels of future opportunity.

Our strategy

We are focused on increasing the value of our portfolio through:

1 Organic Growth

- Extensive capex programme to generate around 40% ROI
- Further conversion to Sirius high yielding Smartspace products
- Further rental growth from existing tenants and churn
- Further improvements in service charge irrecoverables
- Increasing occupancy levels
- Development of vacant land

2 Acquisitions

- Attractive initial cash on cash yields
- Further value-adding potential
- Acquisition of operating and management agreements of non-Sirius properties

3 Disposals

- Asset disposal of non-core properties
- Disposal of vacant land
- Disposal of previously developed land

Chief Executive's report

"The market remains buoyant in Germany for Sirius' offerings and we are confident that the management team has the experience and tools to capitalise on the opportunities available."

In summary:

» It has been another period of significant activity for the Company with regards to acquiring new sites and negotiating new banking facilities.

» Following the success of the original capex investment programme, this has been expanded from approximately 100,000sqm to around 200,000sqm and is on track to generate strong returns on investment for the years to come.

» In total we have achieved new lettings in the period of 150,864sqm at an average rental rate of €5.33 per sqm (31 March 2015: 119,992sqm at €5.02 per sqm), which is 12% above the average rate of the portfolio at the start of the year.

Introduction

Prevailing market conditions are favourable and the Company's management team has worked hard to use the management platform it has created to exploit a number of the opportunities available for the long-term benefit of the business and its shareholders. One of the more obvious opportunities has been to nearly halve the cost of borrowings, significantly extend the average expiry of our funding and diversify our funding sources. We now have six different lenders funding the Group compared to two in 2012. The longevity of the increased profitability that this brings is fundamental to the Group's future success.

Another major opportunity is the organic growth programme through our asset management initiatives, including the rolling out of the intensive capex investment programme, aimed at transforming previously unlettable or under-rented space. Demand is strengthening from our target German SME market and this enabled us to manage the particularly large move-outs we had during the year as well as letting up, at better than expected rates, the new space created from our capex investment initiatives. Our offering of providing attractive, flexible space, along with the usual conventional space expected on business parks such as ours, appeals to both the major blue-chip corporations and the SME sector. This is demonstrated by the increase in both occupancy levels (now at 80%) and the average rate per sqm (now at €5.06 per sqm) being achieved on our portfolio at the period end (31 March 2015: 79% occupancy and €4.75 per sqm).

The other major opportunity is to increase the scale of the business through accretive acquisitions, which our acquisitions team is constantly identifying. During the year under review, the portfolio increased from 33 business parks to 39, with a further two assets being acquired after the period end. The eight acquisitions that completed during and after the year end have all been earnings enhancing and, between them, provide a good balance of stable high-quality income and value-added opportunity.

With a relatively fixed cost base capable of supporting a larger portfolio and an experienced management team, the Board is confident that the Company is well positioned to continue to increase the scale and profitability of the business as and when opportunities arise.

Acquisitions and financing

It has been another period of significant activity for the Company with regards to acquiring new sites and negotiating new banking facilities. On top of the €70.9 million of assets purchased in the year to 31 March 2015, we completed another €104.9 million of acquisitions in and following the year ended 31 March 2016. Current acquisitions are not only significantly earnings accretive from day one, but they also provide us with significant value-added opportunities to fuel future growth. This is evidenced by the following table, which shows the improvements made to date on the assets acquired in the year ended 31 March 2015:

Site	Total acquisition cost	Acquisition rental income	March 2016 rental income (annualised)	Improvement rental income	Improvement rental income (%)	March 2016 capex since acquisition
Mahlsdorf	19,573,781	1,786,063	1,833,445	47,382	2.7%	365,088
Potsdam	29,352,527	2,346,622	2,559,940	213,318	9.1%	218,709
Bonn	3,316,230	530,601	365,884*	(164,717)	(31.0)%	51,857
Aachen I	18,692,656	1,751,112	2,045,683	294,571	16.8%	230,881
Total	**70,935,194**	**6,414,398**	**6,804,952**	**390,554**	**6.1%**	**866,535**

* The new lease signed with the government at this site, which commenced on 1 May 2016 with an annual rent of €488,658, is not included within this number.

The €104.9 million of acquisitions completed since 31 March 2015 are detailed as follows:

Site	Total investment	Cost per sqm	Rental income[1]	Net operating income	NOI yield (%)
Cölln Parc	18,585,679	1,362	1,468,505	1,355,195	7.3%
Heidenheim	18,475,873	385	1,845,715	1,511,121	8.2%
Krefeld[2]	13,475,000	1,176	1,218,603	1,138,290	8.4%
Ludwigsburg	7,532,752	277	969,305	767,257	10.2%
Mainz	25,074,012	1,001	2,218,796	2,003,323	8.0%
Markgröningen[2]	8,720,000	162	1,321,964	904,872	10.4%
Weilimdorf	5,707,837	976	510,835	493,900	8.7%
Würselen II	7,339,673	753	532,424	508,451	7.0%
Total	**104,910,826**	**540**	**10,086,147**	**8,682,409**	**8.3%**

1 At time of purchase.

2 Completed in May 2016 post the period end.

» In September 2015, the Company refinanced its two Macquarie facilities with a new seven year €59.0 million facility from SEB AG at an all-in fixed interest rate of 1.84% for the full term. This refinancing resulted in a €2.5 million reduction in annual interest costs whilst securing the low interest rate until September 2023. The early repayment of the Macquarie loan resulted in all of the interest due on the loan (January 2017 expiry) and swap breakage costs becoming immediately payable. These costs amounted to €7.6 million and were funded by the June equity raise.

» In September and October 2015, the Company completed the acquisition of the five mixed-use business parks which were part of an acquisitions portfolio announced on 4 June 2015. These five assets were acquired for a total consideration of €57.2 million (including acquisition costs) and contributed €5.33 million to the gross annualised rent roll and €4.64 million of net operating income. The purchase was funded by proceeds from the June equity raise along with a new €25.4 million five year facility with Bayerische Landesbank AG ("BayernLB") at an all-in fixed interest rate of 1.66%. This facility was drawn down against four of the five new acquisitions.

» On 30 March 2016, the Company completed the acquisition of a business park in Mainz for €25.1 million (including acquisition costs) which added a further €2.2 million to the gross annualised rent roll and €2.0 million to annualised net operating income. This acquisition was partly funded by a new five year €16 million facility from Deutsche Genossenschafts-Hypothekenbank AG at an all-in fixed interest rate of 1.59%.

» In May 2016, following the year end, the Company completed the acquisition of two business parks in Markgröningen and Krefeld for a combined total consideration of €22.2 million. These two assets have added €2.5 million to the gross annualised rent roll and €2.0 million to annualised net operating income and have significant opportunities for growth in the future. These acquisitions were funded through the refinancing of the existing Berlin Hyp/PBB syndicate facility of €110.4 million with a new seven year €137.0 million facility with the same lenders. €94.5 million of this facility has a fixed interest rate of 1.66% for the full term and €42.5 million has a floating rate of over three month EURIBOR with a margin of 1.25%. As such, in addition to the NOI generated from the assets acquired, the deal will also provide the Company with an interest expense saving of €1.8 million per annum despite the higher loan amount.

The new banking arrangements described above have reduced the Company's cost of debt from 4.3% at 31 March 2015 to 2.2% in May 2016 and the new acquisitions have been significantly earnings and FFO enhancing. The weighted debt expiry has also been extended from 4.4 years to 5.5 years. The arrangements underline the confidence our existing and new bankers have in the Sirius business model and the platform that we have created to manage our assets. This bodes well for the future and we have commenced further initiatives to continue lowering the cost of debt and extending the weighted debt expiry.

Rental income

The German economy and the SME market in particular continue to see growth, meaning demand for both our flexible and conventional workspace continues to be high. The new sites have enhanced our offering to prospective tenants in terms of adding new locations, different tenant mixes and new space combinations. Our capex investment programme has provided us with significantly more space to let and, generally, at a premium to the rest of the portfolio. As such we have been able to significantly and organically increase our rent roll, occupancy and rate per sqm in the financial year. These increases were despite the €2.8 million of particularly large lease terminations we experienced during the period.

In total we have achieved new lettings in the period of 150,864sqm at an average rental rate of €5.33 per sqm (31 March 2015: 119,992sqm at €5.02 per sqm), which is 12% above the average rate of the portfolio at the start of the year. On top of the 63,626sqm of large move-outs at a rate of €3.70 per sqm detailed above, we had a further 91,078sqm of move-outs in the year at a rate of €5.09 per sqm (31 March 2015: 93,087sqm of move-outs at €4.18 per sqm).

Increased occupancy and higher rate per sqm have been the main drivers of the like-for-like annualised rent roll increase of €3.0 million to €53.0 million in the period and the total rent roll including the completed new acquisitions reaching €60.5 million as at 31 March 2016. Adding in the two acquisitions completed after the period end takes the annualised rent roll to €63.0 million.

We are mindful of the need to retain the optimum mix of tenants across the whole portfolio such that we have the optimal combination of steady, strong covenanted, long-term income alongside higher margin, flexible, shorter-term income. Our tenant mix split between these categories as at 31 March 2016 can be seen in the following table:

	Number of tenants	Occupied sqm	Annual rent	Percentage of total	Rate per sqm
Top 50 tenants	50	493,190	29,591,393	48.9%	5.00
Smartspace tenants	1,643	49,331	3,749,680	6.2%	6.33
Other tenants	1,903	452,533	27,116,652	44.9%	4.99
Total (including acquisitions)	**3,596**	**995,054**	**60,457,725**	**100.0%**	**5.06**

Capex investment programme

One of the major contributors to the organic rental growth in the period has been the capex investment programme which we introduced in January 2014. The original programme initially targeted the transformation of approximately 100,000sqm of previously unlettable or under-rented space over a three year period. This initiative has since been expanded to around 200,000sqm and includes the vacant space that we have gained through acquisitions, as well as space from the particularly large terminations in the current period. In total, €9.8 million has been invested in these initiatives to date for a total increase in the annualised rent roll of €6.5 million as at 31 March 2016.

Original major capex investment programme

As at 31 March 2016, €7.1 million of the total €13.1 million budget had been invested, transforming 63,789sqm of space which is now either let or in the process of being let. A further 27,406sqm is in the process of being transformed and will be ready to let soon and 8,896sqm will be submitted for approval shortly. Together, this space is already generating €4.1 million of annualised rental income with occupancy of 84%. We are very pleased with the results achieved so far as the investment being made is coming in below the original budget and the rental rates we are achieving are better than originally expected. The progress of the original programme can be seen in the table below:

	Budget					Achieved to date			
	Sqm	Investment	Investment per sqm	Rent improvement	Occupancy	Investment	Investment per sqm	Rent improvement	Occupancy
Completed	63,789	7,205,900	112.96	3,857,015	84%	6,029,419	94.52	3,924,526	84%
In progress	27,406	4,323,960	157.77	1,100,696	81%	1,072,897	39.15	197,716	
Awaiting approval	8,896	1,620,000	182.10	349,956	80%	20,000	2.25	—	
Total	**100,091**	**13,149,860**	**131.38**	**5,307,667**	**83%**	**7,122,316**	**71.16**	**4,122,242**	

Other major capex investment programmes

As mentioned above, further major capex investment initiatives have been identified on the space acquired through the recent acquisitions and the space received back this financial year. Included within this initiative is 30,787sqm of mainly tobacco halls received back in Bremen from the termination of BAT and associated companies and 14,059sqm of space received back from Siemens at two sites. It is the size and nature of this space, together with the fact that the majority of these move-outs have been driven by changes in legislation relating, in the case of BAT, to the production of tobacco in Germany, which is why we have included these large spaces in the specific programme.

Progress on developing and letting this space is promising and, to date, of the 100,840sqm identified in these two categories, Sirius has completely transformed 45,287sqm. As at 31 March 2016 leases on this space with an annualised rent roll of €2.4 million were included in the rent roll. The detailed results of these programmes can be seen in the tables below:

	Budget					Achieved to date			
Large vacated space	Sqm	Investment	Investment per sqm	Rent improvement	Occupancy	Investment	Investment per sqm	Rent improvement	Occupancy
Completed	34,284	1,859,500	54.24	1,628,871	88%	1,330,207	38.80	1,439,187	78%
In progress	17,584	1,912,000	108.74	927,255	87%	537,144	30.55	236,267	—
Awaiting approval	13,417	733,000	54.63	591,941	74%	—	—	—	—
Total	**65,285**	**4,504,500**	**69.00**	**3,148,067**	**85%**	**1,867,351**	**28.60**	**1,675,454**	**—**

	Budget					Achieved to date			
Acquisitions	Sqm	Investment	Investment per sqm	Rent improvement	Occupancy	Investment	Investment per sqm	Rent improvement	Occupancy
Completed	11,003	1,060,860	96.42	797,194	86%	717,385	65.20	715,532	71%
In progress	3,433	712,100	207.43	228,730	80%	84,748	24.69	—	—
Awaiting approval	21,119	3,360,506	159.12	1,086,225	80%	16,650	0.79	—	—
Total	**35,555**	**5,133,466**	**144.38**	**2,112,149**	**82%**	**818,783**	**23.03**	**715,532**	**—**

Whilst the results of the programme to date have been encouraging, there remains significant further potential from the complete capex programme as follows:

» 91,855sqm of space is still to be developed;

» 48,423sqm of this space is underway and the rest is expected to be approved and commence soon;

» €10.9 million more is expected to be invested over the next 1.5 years;

» €4.1 million of additional rent roll is expected to be gained from this initiative;

» most of the space was previously unlettable or under-rented and with a very low valuation; and

» the space is incurring significant irrecoverable service charge costs.

Upon completion of the transformation of this space, not only do we get the benefit of increased rent roll, but we should also see a commensurate uplift in valuations and improvement in the irrecoverable service charge costs. This programme is therefore a particularly accretive initiative on many fronts and fully utilises Sirius' asset management capabilities.

Smartspace

A significant portion of the space transformed to date has either been converted into new Smartspace products or involved the conversion of the lower end Smartspace Flexilager product into other, more valuable, products. Across the portfolio, Smartspace now represents 79,324sqm or 6% of the total lettable space including completed acquisitions (31 March 2015: 75,663sqm of Smartspace).

Despite there being a lot of newly created Smartspace at the period end, we have still been able to increase the occupancy of this space from 54% to 62% in the period. Further opportunities have been identified across both our existing sites and the new acquisitions for Smartspace conversion and we anticipate that Smartspace will be increased to around 8% of our portfolio when the capex investment programme is completed. Flexilager remains a significant part of the Smartspace portfolio and, due to the nature of this product, it brings down the average occupancy of the Smartspace range. However, whilst it does not contribute greatly to the valuation of the portfolio, as it only requires a modest investment it is useful for testing demand and generating income quickly and cheaply on otherwise dead space. The progress of Smartspace can be seen in the table below:

	Total SMSP sqm	Occupied SMSP sqm	Occupancy	Annual rent (excluding service charge)	% of total annual rent	Rate (Ex S-Charge)
SMSP Office	28,519	22,107	77.5%	1,991,067	53.1%	7.51
SMSP Workbox	3,518	3,012	85.6%	220,137	5.9%	6.09
SMSP Storage	19,336	15,045	77.8%	950,969	25.4%	5.27
SMSP total (Exc Flexilager)	**51,373**	**40,164**	**78.2%**	**3,162,173**	**84.3%**	**6.56**
SMSP Flexilager	27,951	9,168	32.8%	587,505	15.7%	5.34
SMSP total	**79,324**	**49,332**	**62.2%**	**3,749,678**	**100.0%**	**6.33**

Portfolio analysis

We have again seen significant increases in the valuation of the portfolio since we last reported our interim accounts. On the like-for-like portfolio, the €28.8 million valuation uplift in the six months to 31 March 2016 was mainly due to the significant increases in rent roll experienced in the second half of the year, whereas the €31.4 million valuation increase reported in our interim accounts at 30 September 2015 was predominantly due to 50bps of valuation yield compression. The total valuation increase for the full portfolio including acquisitions for the year was €61.3 million.

On top of the valuation increases, we completed €104.9 million of acquisitions since 31 March 2015, of which €82.7 million was included in the balance sheet at 31 March 2016 and €22.3 million completed after the year end. These are the main drivers behind our book value of €545.6 million at the start of the period growing to a book value of €687.5 million at 31 March 2016. The table below shows the key details of the portfolio of 39 assets owned at 31 March 2016:

	Book value € million	Rent roll € million	Net operating income € million	Gross yield	Net yield	Total sqm	Capital value €/sqm	Occupancy	Rate per sqm
Core assets	652.6	55.3	50.6	8.5%	7.8%	1.1m	573.3	85.9%	5.21
Non-core assets for disposal*	34.9	5.2	3.4	14.9%	9.7%	0.2m	153.4	52.1%	3.89
Other	—	—	(1.5)	—	—	—	—	—	—
Total	**687.5**	**60.5**	**52.5**	**8.8%**	**7.6%**	**1.3m**	**503.5**	**80.0%**	**5.06**

* Included in investment properties on the balance sheet, as the assets do not yet meet the accounting criteria for classification as “held for sale”.

The gross and net valuation yields of the core portfolio at 31 March 2016 were 8.5% and 7.8% respectively (31 March 2015: 8.9% gross yield and 8.2% net yield) and the capital value per sqm has increased to €573.3 (31 March 2015: €547.1), which remains significantly below replacement cost. We are confident that through our asset management initiatives and particularly our capex programmes there remains significant scope for valuation increases in the future.

Outlook and the years ahead

It has been another strong and busy year for Sirius, highlighted by the successful equity raise in June, several refinancings, new financings and eight acquisitions made within or just after the period end. Equally as important was the pleasing level of organic growth we have seen through our capex investment programmes and other asset management initiatives.

The market remains buoyant in Germany for Sirius’ offerings and we are confident that the management team has the experience and tools to capitalise on the opportunities available. We will continue to explore opportunities to increase the value of the existing portfolio and to grow the business organically and acquisitively in the foreseeable future.

Following the success of the original capex investment programme, this has been expanded from approximately 100,000sqm to around 200,000sqm and is on track to generate strong returns on investment for the years to come.

The Board is confident that all this activity will translate into further increases in our rent roll and occupancy levels and, consequently, the valuation of the property portfolio. Based on the work we have done and the plans we have in place, we look forward with optimism to completing the current year and seeing further significant growth in the business in the future.

Andrew Coombs
Chief Executive Officer

Smartspace

Smartspace products currently represent 6% of total lettable space with plans to get to 8% on completion of the capex investment programme.

Over 79,000sqm

CONVERTED TO SMSP

WUPPERTAL

€3.7m

RENT ROLL

BERLIN GARTENFELD

€6.56

RATE PER SQM*

BONN

78%

OCCUPANCY*

KÖLN

* Excluding SMSP Flexilager.

	Total SMSP sqm	Occupied SMSP sqm	Occupancy	Annual rent (excluding service charge)	% of total annual rent	Rate (Ex S-Charge)
SMSP Office	28,519	22,107	77.5%	1,991,067	53.1%	7.51
SMSP Workbox	3,518	3,012	85.6%	220,137	5.9%	6.09
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SMSP total (Exc Flexilager)	**51,373**	**40,164**	**78.2%**	**3,162,173**	**84.3%**	**6.56**
SMSP Flexilager	27,951	9,168	32.8%	587,505	15.7%	5.34
SMSP total	**79,324**	**49,332**	**62.2%**	**3,749,678**	**100.0%**	**6.33**

Our capex investment programme

The Company has continued to implement its original capex investment programme, which commenced in January 2014, and has since expanded it. Since January 2014, Sirius has identified approximately 200,000sqm of space for conversion, into which it has invested €9.8 million to 31 March 2016. The intensive capex investment programme continues to be one of the main drivers of the Group's organic growth. Aimed at transforming previously unlettable or under-rented space, the investment programme has provided us with significantly more space to let, generally at a premium to the rest of the portfolio.

54%
OF SPACE COMPLETED

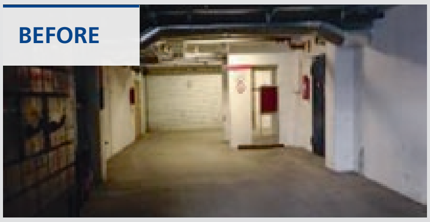
€6.5m
INCREASE IN ANNUALISED RENT ROLL TO 31 MARCH 2016

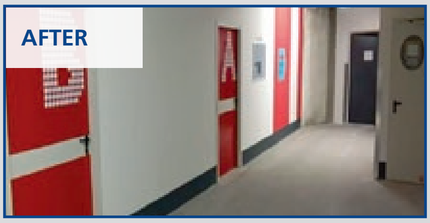
€9.8m
CAPEX INVESTED TO 31 MARCH 2016

€10.9m
FURTHER INVESTMENT EXPECTED

Case studies

Sirius Business Park München Neuaubing – Smartspace storage





Conversion of unlettable low value basement space to Smartspace storage achieving rent in excess of €7 per sqm and 91% occupancy.

2,038
TOTAL SQM

€262,068
CAPEX

€129
CAPEX PER SQM

91%
OCCUPANCY

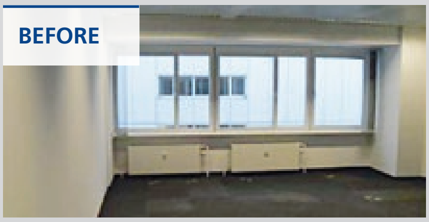
€156,968
RENTAL INCOME P.A.

€78,277
SC IRREC IMPROVEMENT P.A.

€235,245
TOTAL CONTRIBUTION P.A.

90%
ROI

Sirius Business Park München – Smartspace office



Conversion of excess office space received back from Siemens to Smartspace office achieving rent in excess of €9 per sqm and 97% occupancy.

1,561
TOTAL SQM

€100,861
CAPEX

€65
CAPEX PER SQM

97%
OCCUPANCY

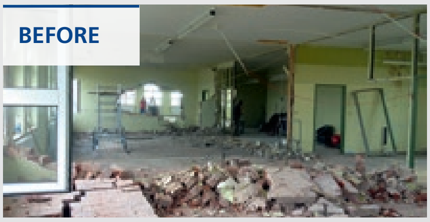
€166,169
RENTAL INCOME P.A.

€72,667
SC IRREC IMPROVEMENT P.A.

€238,836
TOTAL CONTRIBUTION P.A.

237%
ROI

Sirius Business Park Nürnberg – single tenant



Office modernisation securing five year lease contract with Deutsche Bahn.

444 TOTAL SQM	€65,915 CAPEX
€148 CAPEX PER SQM	100% OCCUPANCY
€27,144 RENTAL INCOME P.A.	€18,846 SC IRREC IMPROVEMENT P.A.
€45,990 TOTAL CONTRIBUTION P.A.	70% ROI

Financing

- New seven year €59 million debt facility with SEB with a fixed interest rate of 1.84% to refinance two Macquarie facilities.

SEB — NEW BANKING FACILITY **1.84%**

- New five year €25.4 million debt facility with Bayern LB with a fixed interest rate of 1.66% to finance four acquisitions.

Bayern LB — NEW BANKING FACILITY **1.66%**

- New five year €16 million debt facility with DG HYP with a fixed interest rate of 1.59% to finance one acquisition.

DG HYP — NEW BANKING FACILITY **1.59%**

- New seven year €137 million debt facility with Berlin Hyp/ PBB syndicate to refinance the €110.4m facility and finance two acquisitions*.

Berlin Hyp pbb — REFINANCED (MAY 2016) **1.66%**

- Average weighted cost of debt reduced from 4.3% to 3.0% (post period reduced to 2.2%).

* Completed in May 2016: €94.5 million of this facility has a fixed interest rate of 1.66% for the full term and €42.5 million has a floating rate over three month EURIBOR with a margin of 1.25%.

Board of Directors

Introduction to the Board

The Company has an experienced Board of two Executive Directors and three Non-executive Directors, chaired by Robert Sinclair.

1. Andrew Coombs

Chief Executive Officer (51) N

Andrew Coombs joined the Sirius Facilities Group in January 2010. Prior to joining Sirius, Andrew worked for the Regus Group as UK sales director and before that as director and general manager for MWB Business Exchange Plc. Prior to working in the property sector, Andrew held a number of general management roles. Andrew's responsibilities to Sirius Real Estate include formulating and agreeing the strategy for delivering shareholder value. He is, with Alistair Marks, responsible for running Sirius including the group of operating companies owned by Sirius in Germany and it is through these operating companies that the strategy is ultimately executed.

2. Alistair Marks

Chief Financial Officer (47)

Alistair Marks is a Chartered Accountant who qualified with BDO in Australia in 1997. Alistair joined Sirius in early 2007 from MWB Business Exchange Plc, where he spent almost three years as group financial controller. Prior to that he spent three years within the BBA Group Plc. Alistair is responsible for the Company's banking relationships and led the recent successful debt restructuring as well as all of the new refinancing deals. He continues to oversee the further improvements in the Group's service charge recovery as well as the Company's major capex programmes. Alistair is also responsible for the financial management and control across the Group.

3. Robert Sinclair

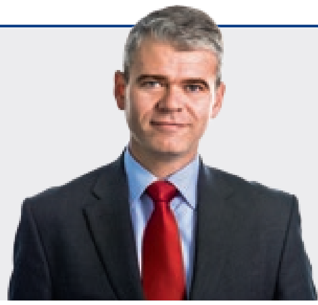
Non-executive Chairman (66) A R N

Robert Sinclair is managing director of the Guernsey-based Artemis Group and a director of a number of investment fund management companies and investment funds associated with clients of that group. He is chairman of Schroder Oriental Income Fund Limited and is a director of Picton Property Income Limited. Robert is a Fellow of the Institute of Chartered Accountants in England and Wales.

4. Wessel Hamman

Non-executive Director (43) A R N

Wessel Hamman was appointed a Director of the Company on 17 May 2011. Wessel is co-founder and chief executive of Clearance Capital Limited, a specialist European real estate securities investor and adviser to the Karoo Investment Fund S.C.A. SICAV-SIF. Wessel is a Chartered Accountant by training and spent eleven years in the investment banking industry before co-founding Clearance Capital in 2008.



5. James Peggie

Non-executive Director (45) A R N

James Peggie is a director in the Principle Capital Group. He is a qualified solicitor and, before working at the Active Value Group, James worked in the corporate finance division of an international law firm. James graduated from Oxford University in 1992 and in 1994 from The College of Law. James has a wealth of experience as a director of various companies, including Liberty plc from 2006 to 2010.

A Audit Committee R Remuneration Committee N Nomination Committee ■ Chairman of Committee

Directors’ remuneration report

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors’ remuneration report (the “Report”) for the year ended 31 March 2016.

The Remuneration Committee (the “Committee”) agreed a remuneration package including the original Long Term Incentive Plan (“LTIP”) for the Executive Directors and the Senior Management Team in January 2012 when the Group’s management team within Sirius Facilities GmbH was internalised through a purchase agreement with the original founders of the business. The original LTIP expired at the end of March 2015 and certain awards were made pursuant to this which were satisfied by the issue of shares to the participants in June 2015. A new LTIP was agreed in October 2015 for the Executive Directors and the Senior Management Team for the three year period ending 31 March 2018.

The Committee does not propose that the Report should be subject to a shareholder vote as this is not required given the Company’s status as an AIM-listed company and it does not believe that this is appropriate at this stage given the Company’s current size and structure. As always, however, we greatly appreciate any shareholder feedback on the Remuneration Policy.

The Report is divided into two sections:

» the Policy report, which sets out the current Remuneration Policy; and

» the Annual Report on Remuneration, which sets out the details of the operation of the Remuneration Committee and details of the Directors’ remuneration packages for the year ended 31 March 2016.

The Committee aims to ensure that remuneration is linked to the performance of the Company and believes that the new LTIP, which is based on the Company’s total shareholder return (“TSR”) and takes into account dividends and growth in adjusted net asset value (“Adjusted NAV”) per share, ensures that the interests of management are aligned with shareholders. The Committee is satisfied that the incentives and remuneration paid during the financial year under review are appropriate.

Apart from the new LTIP introduced in the year, the Committee does not propose any other changes to the Remuneration Policy which is laid out on the following pages. The Committee will ensure that the Company’s Remuneration Policy and practices are kept under review to ensure that they remain appropriate for the Company at its stage of development and that they incentivise management to generate a balance of attractive total returns to shareholders while not encouraging any unnecessary risk taking by the Executive Directors and the Senior Management Team.

Yours sincerely

Wessel Hamman
Chairman of the Remuneration Committee

Remuneration Policy

This part of the Report sets out the Remuneration Policy for the Company. The policies for the Executive Directors and the Non-executive Directors are determined by the Committee (members detailed on page 11) and the Committee approves any adjustments to Director fees, salary and bonus and scheme awards. The Committee also sets the parameters for the remuneration packages of the Senior Management Team of the Company, which reports to the Executive Directors. Authority is delegated to the Chief Executive Officer and the Chief Financial Officer to implement all other salary adjustments and scheme and bonus awards for staff within agreed parameters. The Committee determines all awards under the Company’s LTIP and approves the operation of the Company’s Share Matching Plan (“SMP”).

The aim of the Committee is to ensure that the remuneration packages are sufficiently competitive to attract, retain and motivate individuals of the quality required to achieve the objectives of the Group and thereby enhance shareholder value. The Committee also aims to ensure that all employees receive rewards that fairly reflect their seniority, level of work and contribution to the Group.

Executive Director and senior management policy

The summary of the remuneration policy for the Company’s two Executive Directors and seven member Senior Management Team is set out below:

Salary

Purpose and link to strategy

To provide an appropriate salary level to support retention and recruitment of staff and ensure that staff are appropriately rewarded in relation to their role and responsibilities.

Operation

Reviewed annually on 1 April. Salary increases are defined in the Executives’ service contracts and are linked to the average German inflation rate in the period subject to periodic independent review to ensure that base salary levels are competitive given the size and nature of the business.

Executive Director and senior management policy *continued*

Benefits

Purpose and link to strategy

To provide a competitive and comprehensive range of benefits to assist in attracting and retaining the calibre of staff required for the delivery of corporate and strategic objectives.

Operation

The benefits package for the Executive Directors includes private medical insurance, death in service insurance and travel accommodation. These are reviewed every year to ensure that the level of rates and cover remains competitive.

Pension

Purpose and link to strategy

To provide an appropriate level of pension contribution for Executives whilst minimising the administrative burden for the Company.

Operation

An annual contribution equal to 10% of adjusted basic salary for Executive Directors is made to a private or Group pension plan.

Annual bonus

Purpose and link to strategy

To reward the achievement of annual targets as set by the Committee.

Operation

Objectives are set at the start of the financial year.

The Executive Directors and the Senior Management Team are normally treated as one team in respect of target setting.

Where applicable bonuses are paid in cash after the financial year end audit has been completed and are subject to retention (for the financial year ending 31 March 2016 the retention was 35% for Executive Directors and 15% for the members of the Senior Management Team) for twelve months. Performance hurdles are agreed for the subsequent year in order for the retention to be released.

Annual bonus caps linked to percentage of total salary are applied that limit the annual bonuses of the Executive Directors and the Senior Management Team.

Long Term Incentive Plan

Purpose and link to strategy

To support alignment with shareholders, awards are based on the Company's TSR which takes into account dividends and growth in Adjusted NAV per share.

If the Company's share price total return, taking account of dividends paid during the period outperforms the TSR a multiplier of up to 25% applies. If the Company's share price, including dividends, underperforms against its peer group average share price movement, including dividends, by 20% or more over the measurement period, a negative adjustment is applied by reducing the awards by the peer group underperformance. The peer group consists of ten UK listed companies predetermined by the Remuneration Committee.

Operation

Awards for the LTIP for the three year period ended 31 March 2015 granted by the Committee in 2012 were paid out with shares in the Company at zero cost to the participant in June 2015, of which the value earned by the Executive Directors was detailed in last year's Directors' remuneration report.

The terms of the new scheme were agreed by the Committee in October 2015 for the Executive Directors and December 2015 for the Senior Management Team. The scheme will be paid out with shares in the Company at zero cost to the participant at the end of a three year cycle ending 31 March 2018, although the Company may pay out part of the awards in cash to the extent that is required by the participating individual in order to meet their tax liability arising from the vesting of the awards. The new scheme will award a number of shares based purely on the Company's TSR at various levels between 5% and greater than 15% p.a. with the award then being adjusted for the following two parameters:

a) the Sirius share price movement relative to Adjusted NAV per share movement, with the share award increasing if total share price return exceeds total Adjusted NAV return subject to a cap of 25%; and

b) the Sirius share price movement relative to the share price movement of the Company's peers, with the share award reduced if the Sirius share price has underperformed relative to a specific peer group by a certain percentage.

The shares awarded under this scheme, if any, will vest after the completion of the audit of the Company's 31 March 2018 statutory accounts and a minimum holding period post vesting will apply, as well as a clawback in the event of the Executive Directors committing certain significant breaches of their service contracts.

Share Matching Plan

Purpose and link to strategy

To encourage share ownership in the Company.

Operation

The Executive Directors and the Senior Management Team are offered the opportunity to participate in the SMP whereby the Company will issue the participant a share at no cost for every share that the participant acquires in the Company during the year. This includes shares received through election to receive shares by way of scrip dividend, but excludes shares acquired pursuant to the LTIP.

The value of shares that can be issued is subject to an annual cap equal to 50% of the participant's basic salary. Each participant is liable for any personal income tax that becomes payable as a result of any shares issued from this scheme and minimum holding periods apply.

Non-executive Director policy

The Company's Articles of Association provide that the Committee can determine the level of fees to be paid to the Non-executive Directors within limits set by the shareholders. The policy for the Chairman and the Non-executive Directors is as follows:

Fees

Purpose and link to strategy

To provide a competitive level of fees that will attract and retain high calibre Directors with the range of skills and experience required to support the Executive Directors and assist the Company in delivering its objectives.

Operation

The fees for the Chairman and the Non-executive Directors are determined by the Committee as a whole with Directors absenting themselves from discussions regarding their own remuneration.

The Board has regard to the level of fees paid to the non-executive directors of other similar sized companies and the time commitment and responsibilities of the role and reviews these annually.

Neither the Chairman nor the Non-executive Directors participate in any of the Company's share schemes.

Terms of appointment

The Non-executive Directors have letters of appointment which are structured as follows:

1) an initial term from a commencement date to the Company's next Annual General Meeting; and
2) thereafter the appointment can be terminated at any time by either party giving six months' notice to the other and subject to the rotation rules detailed opposite.

Details of appointment of all Directors are set out below:

Director	Original appointment date
Robert Sinclair	11 April 2007
Wessel Hamman	17 May 2011
Rolf Elgeti*	26 July 2011
James Peggie	28 November 2012
Andrew Coombs	1 May 2014
Alistair Marks	1 May 2014

* Rolf Elgeti stepped down as Director on 31 March 2016.

In accordance with the Articles of Association of the Company, at each general meeting (a) any Director who was elected or last re-elected as a Director at or before the AGM held in the third calendar year before the current year shall retire by rotation, and (b) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at that date.

Annual Report on Remuneration

Remuneration Committee membership and meetings

As at 31 March 2016, the Committee comprised three Non-executive Directors. The Committee met three times during the year. The members of the Committee during the year and as at the year end and their attendance are summarised below:

Committee member	Meeting attendance
Wessel Hamman (Chairman)	3/3
Robert Sinclair	3/3
James Peggie	3/3

During the financial year, the Committee's main responsibilities included:

- » confirming the bonus awards for the year ended 31 March 2015;
- » setting the hurdle and performance criteria for the bonus awards for the year ended 31 March 2016;
- » considering the annual remuneration of the Executive Directors and the Senior Management Team; and
- » approval of the new LTIP and SMP schemes covering the three year period ending 31 March 2018.

The Board considers that the membership of the Committee is compliant with the UK Corporate Governance Code recommendations. No individual is involved in determining their own remuneration.

Remuneration

The amounts of salary, bonus, benefits and fees paid or payable to all Directors of the Company in respect of the year ended 31 March 2016 are set out in the following table:

	Basic salary	Bonus	Benefits	Pension	Fees	Total
Executive Directors						
Andrew Coombs	€388,421	€310,538	€44,401	€42,713	—	€786,073
Alistair Marks	€272,203	€280,529	€16,568	€29,335	—	€598,635
Non-executive Directors						
Robert Sinclair	—	—	—	—	€80,000	€80,000
Wessel Hamman	—	—	—	—	€30,000	€30,000
James Peggie	—	—	—	—	€30,000	€30,000
Rolf Elgeti	—	—	—	—	€30,000	€30,000

No fees were paid to Non-executive Directors for membership of a Committee or for attending Committee meetings.

The values of shares that were issued to Executive Directors under the Company share award schemes during the year were as follows:

	LTIP	SMP	Total
Executive Directors			
Andrew Coombs	€427,405*	€219,928	€647,333
Alistair Marks	€427,405*	€33,257	€460,662

* The amounts stated represent an accrual relating to the Company's new LTIP which is detailed in note 8 of the notes to the financial statements.

Governance

Directors' remuneration report *continued*

Statement of Directors' shareholdings

The table below summarises the interests in shares, including those held in the SMP of the Directors in office at the time of this report:

	As at 31 March 2016 ordinary shares	As at 31 March 2015 ordinary shares
Executive Directors		
Andrew Coombs	**3,981,400**	2,171,579
Alistair Marks	**2,187,490**	1,895,977
Non-executive Directors		
Robert Sinclair	**345,108**	333,333
Wessel Hamman	**100,000**[1]	100,000
James Peggie	**1,402,678**[2]	1,402,678
Rolf Elgeti	**—**	—

Both Executive Directors have minimum shareholding requirements. Andrew Coombs has a minimum shareholding requirement of 1,200,000 shares. Alistair Marks has a minimum shareholding requirement of 800,000 shares.

1 Wessel Hamman represents the interests of the Karoo Investment Fund and associated companies, which currently hold 206,795,174 ordinary shares and a convertible loan that can be converted to 22,261,925 shares.

2 James Peggie is a director in the Principle Capital Group, which, together with its clients, currently holds 9,140,021 ordinary shares.

By order of the Board

Wessel Hamman
Chairman of the Remuneration Committee

Directors' report

The Directors submit their report with the audited financial statements for the year ended 31 March 2016. A review of the Group's business and results for the year is contained in the Chairman's statement and the Chief Executive's report, which should be read in conjunction with this report.

The Directors have adopted the provisions of the Companies (Guernsey) Law, 2008 in preparing the financial statements.

The Directors submit their report together with the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flow and related notes for the financial year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and in accordance with any relevant enactment for the time being in force and are in agreement with accounting records, which have been properly kept in accordance with Section 238 of the Companies (Guernsey) Law, 2008.

Business of the Group

Sirius Real Estate Limited is the Group's holding company. The principal activity of its operating subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany.

Results for the year

These results are set out in the consolidated statement of comprehensive income on page 24.

The Group's profit after tax attributable to the equity holders of the Company for the year was €54.7 million (2015: €27.0 million). The Group has continued its policy to pay out 65% of its Funds from Operations* ("FFO") and has paid a final dividend of 0.84c per share for the year ended 31 March 2015 on 10 July 2015 and an interim dividend of 0.92c per share for the six months ended 30 September 2015 on 20 January 2016. The Board has declared a final dividend of €1.30 per share for the second half of the year ended 31 March 2016. The final dividend will be paid on 15 July 2016, with the ex-dividend dates being 10 June 2016 for shareholders on the South African register and 16 June 2016 for shareholders on the UK register. It is intended that dividends will continue to be paid on a semi-annual basis and offered to shareholders in cash or scrip form.

* Recurring earnings after tax and before property revaluation, change in fair value of derivative financial instruments, depreciation, amortisation of debt arrangement fees, non-recurring costs and other non-cash items.

Going concern

Having reviewed the Group's current trading and forecasts, together with sensitivities and mitigating factors and the available facilities, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the Group's net current liabilities of €4,239,000 (2015: €495,000). Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP (2015: Cushman & Wakefield LLP) valued the Group's investment properties at €695.2 million as at 31 March 2016 (2015: €550.0 million). After adjusting investment properties for lease incentive accounting and Directors' write-downs on non-core assets, the value of investment properties is shown as €687.5 million (2015: €545.6 million) in the consolidated statement of financial position.

(ii) Net assets

The investment property valuation has been incorporated into the financial statements for the year ended 31 March 2016 and the net assets of the Group at that date amounted to €387.1 million (2015: €288.3 million).

Governance

Directors

	Date appointed	Date resigned
Robert Sinclair	11 April 2007	
Wessel Hamman	17 May 2011	
Rolf Elgeti	26 July 2011	31 March 2016
James Peggie	28 November 2012	
Andrew Coombs	1 May 2014	
Alistair Marks	1 May 2014	

Robert Sinclair was appointed as Chairman on 15 July 2011.

Wessel Hamman is the Chairman of the Audit Committee and the Remuneration Committee.

James Peggie is the Chairman of the Nomination Committee.

Rolf Elgeti stepped down as Director on 31 March 2016.

Directors' report *continued*

Substantial shareholders %

At 31 March 2016, the following shareholders had substantial interests in the issued share capital of the Company:

Shareholder	Number of ordinary shares in which interested	% of issued share capital of the Company
MAS (IOM) Holdings Limited	97,072,610	12.91
Clearance Capital	89,323,976	11.88
Premier Fund Management	36,308,281	4.83
Old Mutual Investment Group	33,025,332	4.39
THS Partners	26,742,020	3.56

Treasury operations and financial instruments

The Group's policy in relation to financial risk management and use of financial instruments is set out in notes 20 and 21 to the financial statements.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as issued by the IASB and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Corporate governance

The Board of Directors

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Audit Committee

The Chairman of the Audit Committee is Wessel Hamman. The Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits. This includes reviews of the interim and annual financial statements and announcements. The Audit Committee is also responsible for the appointment, independence, terms of reference and fees of external auditors.

The membership of the Audit Committee comprises three Directors, Wessel Hamman, Robert Sinclair and James Peggie. The external auditors have direct access to members of the Committee for independent discussions.

Remuneration Committee

The Chairman of the Remuneration Committee is Wessel Hamman. The Committee comprises three Directors, Wessel Hamman, Robert Sinclair and James Peggie. It determines the terms and conditions of the employment and annual remuneration of the Non-executive Directors, the Executive Directors and the Senior Management Team. To do this, it consults with the Executive Directors, takes into consideration external data and has access to external professional advice.

The key policy objectives of the Remuneration Committee in respect of the Company's Executive Directors and Senior Management Team are:

» to ensure that individuals are fairly rewarded for their personal contribution to the Group's overall performance; and

» to act as the independent Committee ensuring that due regard is given to the interests of the Company's shareholders and to the financial health of the Group.

Nomination Committee

The Chairman of the Nomination Committee is James Peggie. The Committee comprises four Directors, James Peggie, Wessel Hamman, Robert Sinclair and Andrew Coombs. It is responsible for evaluating the workings and performance of the existing Board and nominating new Directors to become part of the Board, as appropriate.

Auditors and disclosure of information to auditors

The Directors who held office at the date of approval of the financial statements confirm that, so far as they are each 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 to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

KPMG Channel Islands Limited have indicated their willingness to continue in office as auditors and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

Company website

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Intertrust Fund Services (Guernsey) Limited
Secretary

Independent auditors' report
to the members of Sirius Real Estate Limited

We have audited the consolidated financial statements (the "financial statements") of Sirius Real Estate Limited (the "Company", and together with its subsidiaries, the "Group") for the year ended 31 March 2016 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 21 and 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

» give a true and fair view of the state of the Group's affairs as at 31 March 2016 and of its profit for the year then ended;

» are in accordance with International Financial Reporting Standards as adopted by the EU; and

» comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

» the Company has not kept proper accounting records; or

» the financial statements are not in agreement with the accounting records; or

» we have not received all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.

KPMG Channel Islands Limited
Chartered Accountants
Guernsey
20 May 2016

Consolidated statement of comprehensive income
for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Rental income	5	**55,790**	45,394
Direct costs	6	**(15,832)**	(15,082)
Net rental income		**39,958**	30,312
Surplus on revaluation of investment properties	13	**44,168**	25,425
Gain on disposal of properties		**—**	1,270
Administrative expenses	6	**(5,603)**	(6,526)
Other operating expenses	6	**(2,199)**	(2,413)
Operating profit		**76,324**	48,068
Finance income	9	**45**	42
Finance expense	9	**(18,817)**	(12,704)
Change in fair value of derivative financial instruments		**(476)**	(2,753)
Profit before tax		**57,076**	32,653
Taxation	10	**(2,388)**	(5,651)
Profit for the year		**54,688**	27,002
Profit attributable to:			
Owners of the Company		**54,671**	26,985
Non-controlling interests		**17**	17
Total comprehensive income for the year		**54,688**	27,002
Earnings per share			
Basic comprehensive income for the year attributable to ordinary equity holders of the Company	11	**7.51c**	4.84c
Diluted comprehensive income for the year attributable to ordinary equity holders of the Company	11	**7.13c**	4.71c

The notes on pages 28 to 52 form an integral part of these financial statements.

Consolidated statement of financial position
as at 31 March 2016

	Notes	2016 €000	2015 €000
Non-current assets			
Investment properties	13	**687,453**	545,626
Plant and equipment	14	**1,943**	1,678
Goodwill	15	**3,738**	3,738
Deferred tax assets	10	**183**	—
Total non-current assets		**693,317**	551,042
Current assets			
Trade and other receivables	16	**11,936**	9,448
Derivative financial instruments		**19**	73
Cash and cash equivalents	17	**19,874**	20,137
Total current assets		**31,829**	29,658
Total assets		**725,146**	580,700
Current liabilities			
Trade and other payables	18	**(29,541)**	(25,862)
Interest-bearing loans and borrowings	19	**(5,642)**	(3,302)
Current tax liabilities		**(170)**	(451)
Derivative financial instruments		**(715)**	(538)
Total current liabilities		**(36,068)**	(30,153)
Non-current liabilities			
Interest-bearing loans and borrowings	19	**(288,348)**	(251,480)
Derivative financial instruments		**(1,875)**	(1,784)
Deferred tax liabilities	10	**(11,747)**	(9,020)
Total non-current liabilities		**(301,970)**	(262,284)
Total liabilities		**(338,038)**	(292,437)
Net assets		**387,108**	288,263
Equity			
Issued share capital	22	**—**	—
Other distributable reserve	23	**429,094**	384,937
Retained earnings		**(42,042)**	(96,713)
Total equity attributable to the equity holders of the Company		**387,052**	288,224
Non-controlling interests		**56**	39
Total equity		**387,108**	288,263

The notes on pages 28 to 52 form an integral part of these financial statements.

The financial statements on pages 24 to 27 were approved by the Board of Directors on 20 May 2016 and were signed on its behalf by:

Robert Sinclair
Chairman

Consolidated statement of changes in equity

for the year ended 31 March 2016

	Issued share capital €000	Other distributable reserve €000	Retained earnings €000	Total equity attributable to the equity holders of the Company €000	Non-controlling interests €000	Total equity €000
As at 31 March 2014	—	349,978	(123,698)	226,280	22	226,302
Shares issued, net of costs	—	38,324	—	38,324	—	38,324
Share-based payment transactions	—	506	—	506	—	506
Dividends paid	—	(3,871)	—	(3,871)	—	(3,871)
Total comprehensive income for the year	—	—	26,985	26,985	17	27,002
As at 31 March 2015	—	384,937	(96,713)	288,224	39	288,263
Shares issued, net of costs	—	48,375	—	48,375	—	48,375
Share-based payment transactions	—	3,127	—	3,127	—	3,127
Dividends paid	—	(7,345)	—	(7,345)	—	(7,345)
Total comprehensive income for the year	—	—	54,671	54,671	17	54,688
As at 31 March 2016	**—**	**429,094**	**(42,042)**	**387,052**	**56**	**387,108**

The notes on pages 28 to 52 form an integral part of these financial statements.

Consolidated statement of cash flow
for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Operating activities			
Profit before tax		**57,076**	32,653
Gain on sale of properties		**—**	(1,270)
Share-based payments		**1,538**	506
Surplus on revaluation of investment properties	13	**(44,168)**	(25,425)
Change in fair value of derivative financial instruments		**476**	2,753
Depreciation	6	**634**	893
Finance income	9	**(45)**	(42)
Finance expense	9	**12,888**	12,704
Exit fees/prepayment penalties		**5,929**	—
Cash flows from operations before changes in working capital		**34,328**	22,772
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(356)**	1,592
Increase in trade and other payables		**3,707**	5,601
Taxation received/(paid)		**168**	(552)
Cash flows from operating activities		**37,847**	29,413
Investing activities			
Purchase of investment properties		**(82,716)**	(70,975)
Prepayments relating to new acquisitions		**(2,147)**	—
Development expenditure		**(14,391)**	(8,433)
Purchase of plant and equipment		**(821)**	(736)
Net proceeds on disposal of properties		**—**	4,403
Interest received		**45**	42
Cash flows used in investing activities		**(100,030)**	(75,699)
Financing activities			
Issue of shares		**48,873**	38,324
Dividends paid		**(7,345)**	(3,871)
Proceeds from loans		**99,088**	36,000
Repayment of loans		**(60,383)**	(6,717)
Exit fees/prepayment penalties		**(5,929)**	—
Finance charges paid		**(12,384)**	(11,060)
Cash flows from financing activities		**61,920**	52,676
(Decrease)/increase in cash and cash equivalents		**(263)**	6,390
Cash and cash equivalents at the beginning of the year		**20,137**	13,747
Cash and cash equivalents at the end of the year	17	**19,874**	20,137

The notes on pages 28 to 52 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 March 2016

1. General information
Sirius Real Estate Limited (the "Company") is a company incorporated in Guernsey and resident in the United Kingdom, whose shares are publicly traded on AIM of the London Stock Exchange (primary listing) and the Alternative Exchange ("AltX") of the Johannesburg Stock Exchange (secondary listing).

The consolidated financial statements of Sirius Real Estate Limited comprise that of the Company and its subsidiaries (together referred to as the "Group"). The Group financial statements have been prepared for the year ended 31 March 2016.

The principal activity of the Group is the investment in and operation and development of commercial property to provide conventional and flexible workspace in Germany.

2. Significant accounting policies
(a) Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, investment properties held for sale and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated.

(b) Statement of compliance
The consolidated financial statements have been prepared in accordance with IFRSs adopted for use in the EU ("Adopted IFRSs") and the Companies (Guernsey) Law, 2008. The consolidated financial statements give a true and fair view and are in compliance with the Companies (Guernsey) Law, 2008.

The consolidated financial statements were authorised for issue by the Board of Directors on 20 May 2016.

(c) Going concern
Having reviewed the Group's current trading and cash flow forecasts, together with sensitivities and mitigating factors and the available facilities, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the Group's net current liabilities of €4,239,000 (2015: €495,000). Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

(d) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group as at 31 March 2016. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

(e) Acquisitions
Property acquisitions that are not accounted for as business combinations under IFRS 3 are dealt with as acquisitions of property assets.

(f) Foreign currency translation
The consolidated financial statements are presented in euros, which is the functional and presentational currency of all members of the Group.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

(g) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In particular:

Rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

Fixed or determinable rental increases, which can take the form of actual amounts or agreed percentages, are recognised on a straight-line basis over the term of the lease. If the increases are related to a price index to cover inflationary cost increases then the policy is not to spread the amount but to recognise them when the increase takes place.

2. Significant accounting policies *continued*

(g) Revenue recognition *continued*

Rental income *continued*

The value of rent-free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease. Where there is a reasonable expectation that the tenant will exercise break options, the value of rent-free periods and all similar lease incentives is booked up to the break date.

Interest income

Interest income is recognised as it accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument).

Service charges

Service charge income receivable is not treated as revenue; rather, it is set off against the direct costs to which such income relates.

(h) Leases

Group as lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

(i) Income tax

Current income tax

Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Certain subsidiaries may be subject to foreign taxes in respect of foreign sources of income. Sirius Real Estate Limited ("SRE") is UK resident for tax purposes.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the following exceptions:

» where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

» in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

» deferred tax assets are only recognised to the extent that it is foreseeable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the related asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(j) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

» where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

» receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(k) Investment properties

Investment properties are properties owned by the Group which are held either for long-term rental income or for capital appreciation or both.

Investment properties are initially recognised at cost, including transaction costs when ownership of the property is transferred. Where recognition criteria are met the carrying amount includes subsequent costs to add to or replace part of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Investment properties are derecognised when the risks and rewards of ownership of the asset are transferred to a third party.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the period in which they arise.

2. Significant accounting policies *continued*

(k) Investment properties *continued*

The fair value of the Group's investment properties at 31 March 2016 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2015: Cushman & Wakefield LLP), an independent valuer. The valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been settled by the International Valuation Standards Committee ("IVSC").

The fair value of the Group's investment properties is €695.2 million (2015: €550.0 million). After adjusting investment properties for lease incentive accounting and Directors' write-downs on non-core assets, the book value of investment properties is shown as €687.5 million (2015: €545.6 million). The valuation is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount rate. The properties are valued on the basis of a ten year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten year period. After ten years a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to present value.

(l) Disposals of investment property

Investment property disposals are recognised in the financial statements on the date of completion. Profit or losses arising on disposal of investment properties are calculated by reference to the most recent carrying value of the asset adjusted for subsequent capital expenditure.

(m) Plant and equipment

Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Depreciation is charged in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of the fixed assets. The estimated useful lives are as follows:

Plant and equipment	four to ten years
Fixtures and fittings	four years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(n) Goodwill

Goodwill arising on consolidation represents the excess of the cost of the purchase consideration over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or more frequently when there is an indication that the unit may be impaired.

(o) Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(p) Treasury Shares

Own equity instruments which are reacquired ("Treasury Shares") are deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's equity instruments.

(q) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(s) Bank borrowings

Interest-bearing bank loans and borrowings are initially recorded at fair value, net of direct issue costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies *continued*

(t) Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(u) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's Board.

(w) Impairment excluding investment properties

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- excessive or persistent debtor ageing;
- a breach of contract, such as a default or delinquency in interest or principal payments; and
- it becomes probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(x) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its risks associated with interest rate fluctuations. The interest rate swaps and caps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on the reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group does not apply hedge accounting to its interest rate swaps and caps. Any change in the fair value of such derivatives is recognised immediately in the statement of comprehensive income as a finance expense or as finance income as appropriate.

(y) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in euros that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2. Significant accounting policies *continued*

(y) Compound financial instruments *continued*

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(z) Standards effective in the year

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have been adopted in the current year:

- Annual Improvements to IFRSs 2010–2012 Cycle; and
- Annual Improvements to IFRSs 2011–2013 Cycle.

The adoption of these has not had any significant impact on the amounts reported in the Group financial statements.

(aa) Standards and interpretations in issue and not yet effective

IFRS 9 'Financial Instruments' – In November 2009 and October 2010, the IASB issued IFRS 9 'Financial Instruments', which represents part of a project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. A final standard in relation to hedge accounting is now in issue. IFRS 9 will not be effective before 1 January 2018, with the final effective date being determined by the IASB when other parts of the IFRS are finalised, but may be applied earlier subject to EU endorsement. The Group has yet to assess IFRS 9's full impact and will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 15 'Revenue from Contracts with Customers' – In 2016, the IASB amended the standard to clarify application issues identified by stakeholders. The clarifications relate principally to identifying performance obligations, accounting for licences of intellectual property and agent vs principal considerations. A five step model will be applied to determine when to recognise revenue, and at what amount. Depending on whether certain criteria are met, revenue is recognised either over time, in a manner that best reflects the Company's performance, or at a point in time when control of the goods or services is transferred to the customer. The new standard requires both qualitative and quantitative disclosures detailing: contracts with customers, significant judgements and assets recognised from the costs to obtain or fulfil a contract with a customer. IFRS 15 will not be effective before 1 January 2018; however, early adoption is permitted. The Group may choose to adopt the new standard either retrospectively or through a cumulative effect adjustment as of the start of the first period for which it applies the new standard. The Group has yet to assess IFRS 15's full impact.

IFRS 16 'Leases' – In 2016, the IASB introduced a new leases standard, with the accounting treatment of leases by lessees fundamentally changing. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. As a result of the amendments, lessees will appear to become more asset rich but also more heavily indebted. Impacts are not limited to the balance sheet. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay annual rents. Lessor accounting will remain similar to current practice, with lessors classifying leases as finance and operating leases. IFRS 16 will not be effective before 1 January 2019. The Group has yet to assess IFRS 16's full impact.

3. Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, which are described in note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for them as operating leases.

3. Significant accounting judgements, estimates and assumptions *continued*

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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.

Valuation of investment properties

The fair value of the Group's investment properties of €695.2 million (2015: €550.0 million) was determined by Cushman & Wakefield LLP (2015: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting and Directors' write-downs on non-core assets, the value of investment properties is shown as €687.5 million (2015: €545.6 million).

Directors' write-downs represent the discretionary impairment of specific assets resulting from the existence of exceptional leases, geographical distinctions and particular encumbrances that management believes materially impact the amounts which may ultimately be realised in respect of the concerned properties.

The valuation is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount rate. The properties are valued on the basis of a ten year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten year period. After ten years a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to a present value.

As a result of the level of judgement used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown on the statement of financial position.

Fair value of derivatives and other financial instruments

The Group's interest rate swaps and caps are shown in these financial statements (note 21) at fair value based on valuations prepared by relevant banks. Such valuations are based on market prices, estimated future cash flows and forward rates as appropriate.

Deferred tax

Deferred tax is measured at rates prevailing at the balance sheet date. Such rates are subject to governmental changes that are outside the control of the entity.

Additionally, management has to assess the recoverability of deferred tax assets and certain assets are not recognised due to uncertainties over the timing and nature of future events that will lead to their realisation. Accordingly, these unrecognised assets may have an impact on future corporate tax changes in certain circumstances.

Impairment of goodwill

The Group is required to test on an annual basis whether goodwill has suffered any impairment. The assessment and quantification of any such impairment charges is determined by key management judgements in terms of:

» detailed short-term budgeting on which the recoverable amounts calculated are based;

» determining the medium and long-term growth rates that are used in extrapolating these budgets over the goodwill's indefinite useful economic life; and

» the discount rate applied to these extrapolated forecasts to calculate the present value of the cash flows.

Long Term Incentive Plan ("LTIP")

A new LTIP scheme for the benefit of the Executive Directors and the Senior Management Team was approved in October 2015. The fair value of the LTIP as determined at the grant date is expensed on a straight-line basis over the vesting and holding period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Assumptions considered in the valuation of the LTIP include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the historic period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as percentage of share price at the date of grant; expected life of the awards; risk-free rates; and correlation between comparators.

4. Operating segments

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, Germany. There is no one tenant that represents more than 10% of Group revenues. The chief operating decision maker is considered to be the Board of Directors, which is provided with consolidated IFRS information on a quarterly basis.

5. Revenue

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Rental and other income from investment properties	**55,790**	45,394

Other income relates primarily to income associated with conferencing and catering.

Financial statements

6. Operating profit

The following items have been (credited)/charged in arriving at operating profit:

Direct costs

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Service charge income	**(36,729)**	(33,995)
Property and overhead costs	**52,561**	49,077
Irrecoverable property costs and overheads	**15,832**	15,082

Administrative expenses

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Audit fee	**535**	409
Legal and professional fees	**1,661**	1,379
Other administration costs	**1,491**	907
LTIP	**1,452**	3,537
Non-recurring items	**464**	294
Administrative expenses	**5,603**	6,526

During the year fees of €20,000 (2015: €93,000) were paid to auditors and their associates in respect of other non-audit services.

Non-recurring items relate primarily to costs associated with the provision of scrip dividends and aborted acquisition costs.

Other operating expenses

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Directors' fees	**170**	171
Depreciation	**634**	893
Bank fees	**113**	88
Marketing and other expenses	**1,282**	1,261
Other operating expenses	**2,199**	2,413

7. Employee costs and numbers

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Wages and salaries	**11,301**	11,450
Social security costs	**2,146**	2,159
Other employment costs	**58**	49
	13,505	13,658

The costs for the year ended 31 March 2016 include those relating to Executive Directors and an accrual of €1,452,000 for the granting of shares under the LTIP (see note 8).

All employees are employed directly by one of the following Group subsidiary companies: Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG NOVA GmbH and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 182 (2015: 169), expressed in full-time equivalents. In addition, the Board of Directors consists of three Non-executive Directors (2015: four) and two Executive Directors (2015: two) as at 31 March 2016.

8. Equity-settled share-based payments

The original LTIP for the benefit of the Executive Directors and the Senior Management Team expired at the end of March 2015. As a result, a total of 3,471,200 shares were issued during the year (31 March 2015: 666,668).

During the year, a further 134,918 shares were issued to the Company's management through its Share Matching Plan ("SMP") and shares taken in lieu of bonus (31 March 2015: 870,279).

8. Equity-settled share-based payments *continued*

A new LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in October 2015. The fair value determined at the grant date is expensed on a straight-line basis over the vesting and holding period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Under the LTIP, the awards are granted in the form of whole shares at no cost to the participants. Shares vest after the three year performance period followed by a holding period. The performance conditions used to determine the vesting of the award are based on net asset value and total shareholder return allowing vesting of 0% to a maximum of 125%. As a result, a maximum of 25,150,000 shares were granted, subject to performance criteria, under the scheme in December 2015 and an expense of €1,452,000 was recognised in the consolidated statement of comprehensive income to 31 March 2016. The weighted average fair value of shares granted in the year was 0.44c.

Movements in the number of shares outstanding and their weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price €000
Outstanding as at 1 April 2015	—	—
Maximum granted during the year	25,150,000	—
Forfeited during the year	—	—
Exercised during the year	—	—
Outstanding as at 31 March 2016 (nil exercisable)	**25,150,000**	**—**

The fair value per share was determined using the Monte-Carlo model, with the following assumptions used in the calculation:

	Year ended 31 March 2016
Weighted average share price – €	**0.52**
Weighted average exercise price – €	**—**
Expected volatility – %	**20**
Expected life – years	**2.48**
Risk-free rate based on European treasury bonds' rate of return – %	**(0.11)**
Expected dividend yield – %	**3.41**

Assumptions considered in the model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the historic period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as a percentage of share price at the date of grant; expected life of the awards; risk-free rates; and correlation between comparators.

A reconciliation of share-based payments and their impact on the consolidated statement of changes in equity is as follows:

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Charge relating to original LTIP	**1,625**	226
Charge relating to share matching	**50**	280
Charge relating to new LTIP	**1,452**	—
Share-based payment transactions as per consolidated statement of changes in equity	**3,127**	506

9. Finance income and expense

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Bank interest income	**45**	42
Finance income	**45**	42
Bank loan interest expense	**(9,945)**	(11,060)
Amortisation of capitalised finance costs	**(1,277)**	(1,644)
Refinancing costs	**(7,595)**	—
Finance expense	**(18,817)**	(12,704)
Net finance expense	**(18,772)**	(12,662)

The refinancing costs for the year ended 31 March 2016 relate to the costs associated with the refinancing of the Macquarie loan facilities with the new €59 million SEB AG loan facility.

10. Taxation

Consolidated statement of comprehensive income

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Current income tax		
Current income tax credit/(charge)	**156**	(564)
Adjustment in respect of prior periods	**—**	(267)
	156	(831)
Deferred tax		
Relating to origination and reversal of temporary differences	**(2,727)**	(4,820)
Relating to LTIP charge for the year	**183**	—
Income tax charge reported in the statement of comprehensive income	**(2,388)**	(5,651)

The current income tax credit of €156,000 (2015: tax charge of €831,000) is due to the expected refund of income tax prepayments as a result of the Company being allowed to convert non-deductible interest expenses from prior years into tax losses that can be offset against future profits. The effective income tax rate for the period differs from the standard rate of corporation tax in Germany of 15.825% (2015: 15.825%). The differences are explained below:

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Profit before tax	**57,076**	32,653
Profit before tax multiplied by the rate of corporation tax in Germany of 15.825% (2015: 15.825%)	**9,032**	5,167
Effects of:		
Income exempt from tax	**(5,392)**	(3,140)
Expenses deductible for tax purposes	**(1,922)**	(1,649)
Non-taxable items including revaluation movements	**(6,085)**	(3,742)
Tax losses utilised	**(304)**	(400)
Tax losses not utilised	**7,281**	4,328
Relating to origination and reversal of temporary differences	**2,727**	4,820
Relating to LTIP charge for the year	**(183)**	—
Adjustments in respect of prior periods	**—**	267
Tax credits from restructuring of financing	**(2,839)**	—
Other	**73**	—
Total income tax charge in the statement of comprehensive income	**2,388**	5,651

Deferred income tax liability

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Opening balance	**9,020**	4,200
Taxes on the revaluation of investment properties and derivative financial instruments*	**2,727**	4,820
Balance as at year end	**11,747**	9,020

Deferred income tax asset

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Opening balance	**—**	—
Relating to LTIP charge for the year	**(183)**	—
Balance as at year end	**(183)**	—

* Movement refers to the revaluation of investment properties to fair value, the recognition of derivatives and adjustments for lease incentives (e.g. rent-free periods).

10. Taxation *continued*

Deferred income tax asset *continued*

The Group has tax losses of €235,682,000 (2015: €181,815,000) that are available for offset against future profits of its subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of the revaluation losses on investment properties and interest rate swaps as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured. Deferred tax assets have been recognised in respect of the valuation of the Company LTIP.

11. Earnings per share

The calculation of the basic, diluted, headline and adjusted earnings per share is based on the following data:

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Earnings		
Basic earnings	54,671	26,985
Diluted earnings	54,921	27,235
Headline earnings	13,230	5,110
Diluted headline earnings	13,480	5,360
Adjusted		
Basic earnings after tax	54,671	26,985
Deduct revaluation surplus, net of related tax	(41,441)	(20,605)
Deduct gain on sale of properties	—	(1,270)
Headline earnings after tax	13,230	5,110
Add back change in fair value of derivative financial instruments	476	2,753
Add back non-recurring items, net of related tax*	9,329	3,831
Adjusted earnings after tax	23,035	11,694
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and headline earnings per share	728,152,740	557,221,586
Weighted average number of ordinary shares for the purpose of diluted earnings and diluted headline earnings per share	770,534,539	578,054,919
Weighted average number of ordinary shares for the purpose of adjusted earnings per share	728,152,740	557,221,586
Basic earnings per share	7.51c	4.84c
Diluted earnings per share	7.13c	4.71c
Headline earnings per share	1.82c	0.92c
Diluted headline earnings per share	1.75c	0.93c
Adjusted earnings per share	3.16c	2.10c
Adjusted diluted earnings per share	2.99c	2.02c

* Includes the net effect of Macquarie refinancing costs, management LTIP rewards, aborted acquisition costs and non-recurring foreign currency gains.

The number of shares has been reduced by 1,375,666 shares (2015: 4,981,784 shares) that are held by the Company as Treasury Shares at 31 March 2016, for the calculation of basic, headline, adjusted and diluted earnings per share.

The weighted average number of shares for the purpose of adjusted earnings per share is calculated as follows:

	2016 €000	2015 €000
Weighted average number of ordinary shares for the purpose of basic and headline earnings per share	728,152,740	557,221,586
Effect of conversion of convertible shareholder loan	22,261,799	20,833,333
Effect of grant of LTIP shares	20,120,000	—
Weighted average number of ordinary shares for the purpose of diluted earnings and diluted headline earnings per share	770,534,539	578,054,919

The Directors have chosen to disclose adjusted earnings per share in order to provide a better indication of the Group's underlying business performance; accordingly, it excludes the effect of non-recurring items, gains/losses on sale of properties, deferred tax and the revaluation deficits/surpluses on the investment properties and derivative financial instruments.

12. Net assets per share

	Year ended 31 March 2016 €000	Year ended 31 March 2015 €000
Net assets		
Net assets for the purpose of assets per share (assets attributable to the equity holders of the Company)	**387,052**	288,224
Deferred tax arising on revaluation of properties and LTIP valuation	**11,564**	9,020
Derivative financial instruments	**2,571**	2,249
Adjusted net assets attributable to equity holders of the Company	**401,187**	299,493
Number of shares		
Number of ordinary shares for the purpose of net assets per share	**751,984,887**	630,338,749
Net assets per share	**51.47c**	45.73c
Adjusted net assets per share	**53.35c**	47.51c

The number of shares has been reduced by 1,375,666 shares (2015: 4,981,784 shares) that are held by the Company as Treasury Shares at 31 March 2016, for the calculation of net assets and adjusted net assets per share.

13. Investment properties

Most of the Group's properties are pledged as security for loans obtained by the Group. See note 19 for details.

A reconciliation of the valuation carried out by the external valuer to the carrying values shown in the statement of financial position is as follows:

	2016 €000	2015 €000
Investment properties at market value	**695,190**	550,030
Adjustment in respect of lease incentives	**(2,427)**	(2,004)
Directors' discretionary impairment of non-core assets	**(5,310)**	(2,400)
Balance as at year end	**687,453**	545,626

The fair value (market value) of the Group's investment properties at 31 March 2016 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2015: Cushman & Wakefield LLP), an independent valuer. Further details on the impact of lease incentives and the Directors' discretionary impairment are given in note 3.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. Market value was primarily derived using a ten year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten year period. After ten years, a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to a present value.

The weighted average lease expiry remaining across the whole portfolio at 31 March 2016 was 2.6 years (2015: 2.4 years).

As a result of the level of judgement used in arriving at the market valuations, the amounts that may ultimately be realised in respect of any given property may differ from the valuations shown in the statement of financial position.

The movement on the valuation of the investment properties at market value as set out in the valuer's report is as follows:

	2016 €000	2015 €000
Total investment properties at market value as per valuer's report as at 1 April	**550,030**	448,653
Additions	**82,716**	70,975
Subsequent expenditure	**15,789**	8,591
Adjustment in respect of lease incentives	**(423)**	102
Disposals	**—**	(3,132)
Surplus on revaluation above capex	**47,078**	24,952
Reclassified as other fixed assets	**—**	(111)
Total investment properties at market value as per valuer's report as at 31 March	**695,190**	550,030

13. Investment properties *continued*

The reconciliation of surplus on revaluation above capex as per the statement of comprehensive income is as follows:

	2016 €000	2015 €000
Surplus on revaluation above capex	**47,078**	24,952
Changes in Directors' discretionary impairment of non-core asset valuations	**(2,910)**	473
Surplus on revaluation of investment properties reported in the statement of comprehensive income	**44,168**	25,425

Other than the capital commitments disclosed in note 26, the Group is under no contractual obligation to purchase, construct or develop any investment property. The Group is responsible for routine maintenance to the investment properties.

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between levels during the year. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property is disclosed below:

As at 31 March 2016

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	674,860,000	Discounted cash flow	Current rental income	€324k–€5,309k
			Market rental income	€424k–€6,034k
			Gross initial yield	4.6%–15.7%
			Discount factor	5.5%–12.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€67–€1,318
Other	20,330,000	Discounted cash flow	Current rental income	€422k–€740k
			Market rental income	€466k–€884k
			Gross initial yield	7.4%–8.7%
			Discount factor	6.5%–7.8%
			Void period (months)	12–24
			Estimated capital value per sqm	€537–€806

As at 31 March 2015

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	530,530,000	Discounted cash flow	Current rental income	€150k–€5,201k
			Market rental income	€399k–€6,039k
			Gross initial yield	3.5%–11.9%
			Discount factor	6.0%–12.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€61–€900
Other	19,500,000	Discounted cash flow	Current rental income	€381k–€780k
			Market rental income	€470k–€884k
			Gross initial yield	7.8%–10.3%
			Discount factor	7.1%–7.9%
			Void period (months)	12–24
			Estimated capital value per sqm	€518–€778

The valuation is performed on a lease-by-lease basis due to the mixed-use nature of the sites. This gives rise to large ranges in the inputs.

As a result of the level of judgement used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown in the statement of financial position.

For example, an increase in market rental values of 5% would lead to an increase in the fair value of the investment properties of €35,980,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €35,570,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €13,290,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €14,790,000.

The highest and best use of properties do not differ from their current use.

14. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
Cost			
As at 31 March 2015	4,501	2,021	6,522
Additions in year	378	522	900
Disposals in year	—	(1)	(1)
As at 31 March 2016	**4,879**	**2,542**	**7,421**
Depreciation			
As at 31 March 2015	(3,505)	(1,339)	(4,844)
Charge for year	(429)	(205)	(634)
Disposals in year	—	—	—
As at 31 March 2016	**(3,934)**	**(1,544)**	**(5,478)**
Net book value as at 31 March 2016	**945**	**998**	**1,943**
Cost			
As at 31 March 2014	4,193	1,622	5,815
Additions in year	332	416	748
Disposals in year	(24)	(17)	(41)
As at 31 March 2015	4,501	2,021	6,522
Depreciation			
As at 31 March 2014	(2,862)	(1,119)	(3,981)
Charge for year	(667)	(226)	(893)
Disposals in year	24	6	30
As at 31 March 2015	(3,505)	(1,339)	(4,844)
Net book value as at 31 March 2015	996	682	1,678

15. Goodwill

	2016 €000	2015 €000
Opening balance	**3,738**	3,738
Additions	**—**	—
Impairment	**—**	—
Closing balance	**3,738**	3,738

On 30 January 2012 a transaction was completed to internalise the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3,738,000 was recognised. Current business plans indicate that the balance is unimpaired.

Goodwill is tested at least annually for impairment and whenever there are indications that goodwill might be impaired. The recoverable amount of a cash-generating unit is based on its value in use. Value in use is the present value of the projected cash flows of the cash-generating unit. The key assumptions regarding the value-in-use calculations were budgeted growth in revenue and the discount rate applied. Budgeted profit margins were estimated based on actual performance over the past two financial years and expected market changes. The discount rate used is a pre-tax rate and reflects the risks specific to the real estate industry. The Group prepares cash flow forecasts based on the most recent financial budget approved by management, which covers a one year period. Cash flows beyond this period are extrapolated to a period of five years using a revenue growth rate of 2%, which is consistent with the long-term average growth rate for the real estate sector. The discount rate applied was 6.8%. A discount rate of 8.7% would be required for the carrying value of goodwill to be greater than the fair value. A revenue growth rate of 0.1% would be required for the carrying value of goodwill to be greater than the fair value.

16. Trade and other receivables

	2016 €000	2015 €000
Trade receivables	**3,069**	3,591
Other receivables	**6,368**	5,532
Prepayments	**2,499**	325
Balance as at year end	**11,936**	9,448

Other receivables include lease incentives of €2,757,000 (2015: €2,015,000).

Prepayments include costs totalling €2,147,000 relating to the acquisition of two new sites that have completed post period end (see note 29).

17. Cash and cash equivalents

	2016 €000	2015 €000
Cash at bank and in hand	**19,874**	20,137
Balance as at year end	**19,874**	20,137

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 31 March 2016 is €19,874,000 (2015: €20,137,000).

As at 31 March 2016 €10,858,000 (2015: €10,073,000) of cash is held in blocked accounts. Of this, €5,408,000 (2015: €3,880,000) relates to deposits received from tenants. An amount of €16,000 (2015: €16,000) is cash held in escrow as requested by a supplier and €131,000 (2015: €116,000) is held in restricted accounts for office rent deposits. An amount of €3,003,000 (2015: €6,061,000) relates to amounts reserved for future bank loan interest and amortisation payments, pursuant to certain of the Group's banking facilities, and an amount of €2,300,000 (2015: €nil) relates to amounts reserved for future capital expenditure.

18. Trade and other payables

	2016 €000	2015 €000
Trade payables	**6,960**	5,001
Accrued expenses	**9,305**	9,712
Accrued interest	**530**	692
Other payables	**12,746**	10,457
Balance as at year end	**29,541**	25,862

Notes to the financial statements *continued*

for the year ended 31 March 2016

19. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2016 €000	2015 €000
Current				
Deutsche Genossenschafts-Hypothekenbank AG				
– fixed rate facility	1.59	31 March 2021	**320**	—
Bayerische Landesbank				
– hedged floating rate facility	Hedged[1]	19 October 2020	**508**	—
SEB AG				
– fixed rate facility	1.84	1 September 2022	**1,180**	—
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG				
– capped floating rate facility	Capped floating[2]	31 March 2019	**1,437**	1,150
– hedged floating rate facility	Hedged[2]	31 March 2019	**1,437**	1,150
Berlin-Hannoversche Hypothekenbank AG				
– fixed rate facility	2.85	31 December 2019	**756**	720
Macquarie Bank Limited				
– hedged floating rate facility	Hedged[3]	17 January 2017	**—**	555
– floating rate facility	Floating[3]	17 January 2017	**—**	158
– floating rate facility	Floating[4]	17 January 2017	**—**	325
K-Bonds I				
– fixed rate facility	6.00	31 July 2020	**1,000**	1,000
Capitalised finance charges on all loans			**(996)**	(1,756)
			5,642	3,302
Non-current				
Deutsche Genossenschafts-Hypothekenbank AG				
– fixed rate facility	1.59	31 March 2021	**14,680**	—
Bayerische Landesbank				
– hedged floating rate facility	Hedged[1]	19 October 2020	**24,621**	—
SEB AG				
– fixed rate facility	1.84	1 September 2022	**57,230**	—
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG				
– capped floating rate facility	Capped floating[2]	31 March 2019	**53,763**	55,200
– hedged floating rate facility	Hedged[2]	31 March 2019	**53,763**	55,200
Berlin-Hannoversche Hypothekenbank AG				
– fixed rate facility	2.85	31 December 2019	**34,344**	35,100
Macquarie Bank Limited				
– hedged floating rate facility	Hedged[3]	17 January 2017	**—**	19,445
– floating rate facility	Floating[3]	17 January 2017	**—**	5,538
– floating rate facility	Floating[4]	17 January 2017	**—**	29,793
K-Bonds I				
– fixed rate facility	4.00	31 July 2023	**45,000**	45,000
– fixed rate facility	6.00	31 July 2020	**4,000**	5,000
Convertible fixed rate facility	5.00	21 March 2018	**5,000**	5,000
Capitalised finance charges on all loans			**(4,053)**	(3,796)
			288,348	251,480
Total			**293,990**	254,782

1 This facility is hedged with a swap charged at a rate of 1.66%.

2 Half this facility is floating with interest charged at 300bps plus EURIBOR with a cap at 4.50% and half hedged with a swap charged at a rate of 4.265%. The facility was subject to refinancing post period end (see note 29).

3 €20.0 million of this facility was charged interest at 6.0% plus 0.629% by means of an interest rate swap. The remainder of the facility was charged interest at 6.0% plus EURIBOR. This facility was paid in full through refinancing with the SEB AG loan on 15 September 2015.

4 This facility was charged interest at 6.0% plus EURIBOR. This facility was paid in full through refinancing with the SEB AG loan on 15 September 2015.

19. Interest-bearing loans and borrowings *continued*

The borrowings are repayable as follows:

	2016 €000	2015 €000
On demand or within one year	**6,639**	5,058
In the second year	**12,358**	59,407
In the third to tenth years inclusive	**280,042**	195,869
Total	**299,039**	260,334

The Group has pledged 33 (2015: 29) investment properties to secure related interest-bearing debt facilities granted to the Group. The 33 (2015: 29) properties had a combined valuation of €635,413,000 as at 31 March 2016 (2015: €527,075,000).

Deutsche Genossenschafts-Hypothekenbank AG

On 24 March 2016, the Group agreed to a facility agreement with Deutsche Genossenschafts-Hypothekenbank AG for €16 million. As at 31 March 2016 tranche 1 had been drawn down in full totalling €15 million. The loan terminates on 31 March 2021. Amortisation is 2% p.a. with the remainder of the loan due in the fifth year. The facility is charged a fixed interest rate of 1.59%. The facility is secured over one property asset and is subject to various covenants with which the Group has complied.

Bayerische Landesbank

On 20 October 2015, the Group agreed to a facility agreement with Bayerische Landesbank for €25.4 million. The loan terminates on 19 October 2020. Amortisation is 2% p.a. with the remainder due in the fourth year. The full facility has been hedged at a rate of 1.66% until 19 October 2020 by way of an interest rate swap. The facility is secured over four property assets and is subject to various covenants with which the Group has complied.

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59 million to refinance the two existing Macquarie facilities. The loan terminates on 1 September 2022. Amortisation is 2% p.a. with the remainder due in the seventh year. The facility is charged a fixed interest rate of 1.84%. This facility is secured over twelve of the 14 property assets previously financed through the Macquarie facilities, thereby two non-core assets were unencumbered in the refinancing process. The facility is subject to various covenants with which the Group has complied.

Berlin-Hannoversche Hypothekenbank AG/Deutsche Pfandbriefbank AG

On 31 March 2014, the Group agreed to a facility agreement with Berlin-Hannoversche Hypothekenbank AG and Deutsche Pfandbriefbank AG for €115 million. The loan terminates on 31 March 2019. Amortisation is 2% p.a. for the first two years, 2.5% for the third year and 3% thereafter, with the remainder due in the fifth year. Half of the facility (€55.2 million) is charged interest at 3% plus three months' EURIBOR and is capped at 4.5%, and the other half (€55.2 million) has been hedged at a rate of 4.265% until 31 March 2019. This facility is secured over nine property assets and is subject to various covenants with which the Group has complied. The facility was subject to refinancing post period end (see note 29).

Berlin-Hannoversche Hypothekenbank AG

On 15 December 2014, the Group agreed to a facility agreement with Berlin-Hannoversche Hypothekenbank AG for €36 million. The loan terminates on 31 December 2019. Amortisation is 2% p.a. for the first two years, 2.4% for the third year and 2.8% thereafter, with the remainder due in the fifth year. The facility is charged a fixed interest rate of 2.85%. This facility is secured over three property assets and is subject to various covenants with which the Group has complied.

Macquarie Bank Limited

On 17 January 2013, the Group agreed to a facility agreement with Macquarie Bank Limited for €28.5 million. The loan was to terminate on 17 January 2017. Amortisation was set at 2.5% p.a. for the first three years, with the remainder due in the fourth year. The facility was subject to a cash sweep each quarter whereby Macquarie swept the rent collection accounts of the facilities' borrowers applying any excess towards the loan balance with immediate effect and without penalty. €20 million of the facility was hedged at a rate of 6.629% until 23 July 2016 by way of an interest rate swap. The remainder of the facility was charged interest at 6% plus three months' EURIBOR. This facility was secured over five property assets and was subject to various covenants with which the Group complied. The facility was paid back in full through refinancing with the SEB loan on 15 September 2015.

On 13 December 2013, the Group agreed to a second facility agreement with Macquarie Bank Limited for €32.5 million. The loan was to terminate on 17 January 2017. Amortisation was set at 1% p.a. for the first three years, subject to meeting an agreed business plan, with the remainder due in the fourth year. The business plan was tested quarterly in arrears and if the business plan numbers were not achieved, Macquarie had the option to sweep the facilities' borrowers' rent collection accounts applying any excess towards the loan balance with immediate effect and without penalty. The facility was charged interest at 6% plus three months' EURIBOR. This facility was secured over nine property assets and was subject to various covenants with which the Group has complied. The facility was paid back in full through refinancing with the SEB loan on 15 September 2015.

19. Interest-bearing loans and borrowings *continued*

K-Bonds

On 1 August 2013, the Group agreed to a facility agreement with K-Bonds for €52 million. The loan consists of a senior tranche of €45 million and a junior tranche of €7 million. The senior tranche has a fixed interest rate of 4% p.a. and is due in one sum on 31 July 2023. The junior tranche has a fixed interest rate of 6% and terminates on 31 July 2020. The junior tranche is amortised at €1 million p.a. over a seven year period. This facility is secured over four properties and is subject to various covenants with which the Group has complied.

Convertible shareholder loan

On 22 March 2013, the Company issued €5.0 million convertible loan notes due in 2018 (the "Loan Notes"). The entire issue of €5.0 million has been taken up by the Karoo Investment Fund S.C.A. SICAV-SIF and Karoo Investment Fund II S.C.A. SICAV-SIF. The Loan Notes were issued at par and carry a coupon rate of 5% p.a. The Loan Notes are convertible into ordinary shares of Sirius at an original conversion price of 0.24c and can now be converted at any time. The conversion price is subject to dividend protection and, when considering the dividends that the Group has paid to date, the current conversion price is 0.225c as at 31 March 2016. The majority of the proceeds from the issue of the Loan Notes were used to reduce debt levels.

A summary of the Group's debt covenants is set out below:

	Outstanding at 31 March 2016 €000	Property values at 31 March 2016 €000	Loan to value ratio at 31 March 2016	Loan to value covenant at 31 March 2016	Interest cover ratio at 31 March 2016	Debt service cover ratio at 31 March 2016	Cover ratio covenant at 31 March 2016
Deutsche Genossenschafts-Hypothekenbank AG	**15,000**	**25,000**	**60.0%**	**68.0%**	**n/a**	**1.63**	**1.25**
Bayerische Landesbank	**25,129**	**53,369**	**47.1%**	**65.0%**	**n/a**	**4.25**	**2.50**
SEB AG	**58,410**	**120,447**	**48.5%**	**60.0%**	**6.62**	**n/a**	**5.20**
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG	**110,400**	**269,894**	**40.9%**	**60.0%**	**n/a**	**2.00**	**1.40**
Berlin-Hannoversche Hypothekenbank AG	**35,100**	**75,760**	**46.3%**	**60.0%**	**n/a**	**2.71**	**1.40**
K-Bonds I	**50,000**	**90,943**	**55.0%**	**n/a**	**3.70**	**n/a**	**2.50**
Unencumbered properties	**—**	**52,040**	**n/a**				
Sub-total	**294,039**	**687,453**	**42.8%**				
Convertible fixed rate facility	**5,000**	**—**	**n/a**				
Total	**299,039**	**687,453**	**n/a**				

20. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans, derivative financial instruments and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The risk management policies employed by the Group to manage these risks are discussed below. In the event of a default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including expenses incurred to try and recover the defaulted amounts and legal expenses in maintaining, insuring and marketing the property until it is re-let. During the year, the Group monitored the tenants in order to anticipate and minimise the impact of defaults by occupational tenants, as well as to ensure that the Group has a diversified tenant base.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 €000	2015 €000
Trade receivables	**3,069**	3,591
Other receivables	**6,368**	5,532
Derivative financial instruments	**19**	73
Cash and cash equivalents	**19,874**	20,137
	29,330	29,333

20. Financial risk management objectives and policies *continued*

Credit risk *continued*

The ageing of trade receivables at the statement of financial position date was:

Group	Gross 2016 €000	Impairment 2016 €000	Gross 2015 €000	Impairment 2015 €000
Past due 0–30 days	**3,613**	**(1,422)**	3,684	(1,214)
Past due 31–120 days	**485**	**(334)**	1,736	(892)
More than 120 days	**3,303**	**(2,576)**	1,914	(1,637)
	7,401	**(4,332)**	7,334	(3,743)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 €000	2015 €000
Balance at 31 March	**(3,743)**	(3,760)
Impairment loss (recognised)/released	**(589)**	17
Balance at 31 March	**(4,332)**	(3,743)

The allowance account for trade receivables is used to record impairment losses unless the Group believes that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Most trade receivables are generally due one month in advance. The exception is service charge balancing billing, which is due ten days after it has been invoiced. Included in the Group's trade receivables are debtors with carrying amounts of €3,069,000 (2015: €3,591,000) that are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Group prepares cash flow forecasts and continually monitors its ongoing commitments compared to available cash. Cash and cash equivalents are placed with financial institutions on a short-term basis which allows immediate access. This reflects the Group's desire to maintain a high level of liquidity in order to meet any unexpected liabilities that may arise due to the current financial position. Similarly, accounts receivable are due either in advance (e.g. rents and recharges) or within ten days (e.g. service charge reconciliations), further bolstering the Group's liquidity level.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2016, based on contractual undiscounted payments:

Year ended 31 March 2016	Bank and shareholder loans €000	Derivative financial instruments €000	Trade and other payables €000	Total €000
Undiscounted amounts payable in:				
Six months or less	**(8,357)**	**(435)**	**(29,541)**	**(38,333)**
Six months to one year	**(7,318)**	**(428)**	**—**	**(7,746)**
One to two years	**(21,153)**	**(840)**	**—**	**(21,993)**
Two to five years	**(198,257)**	**(1,015)**	**—**	**(199,272)**
Five to ten years	**(103,064)**	**—**	**—**	**(103,064)**
	(338,149)	**(2,718)**	**(29,541)**	**(370,408)**
Interest	**39,110**	**2,718**	**—**	**41,828**
	(299,039)	**—**	**(29,541)**	**(328,580)**

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20. Financial risk management objectives and policies *continued*

Liquidity risk *continued*

Year ended 31 March 2015	Bank and shareholder loans €000	Derivative financial instruments €000	Trade and other payables €000	Total €000
Undiscounted amounts payable in:				
Six months or less	(8,652)	(361)	(25,862)	(34,875)
Six months to one year	(7,590)	(358)	—	(7,948)
One to two years	(69,646)	(641)	—	(70,287)
Two to five years	(166,035)	(1,108)	—	(167,143)
Five to ten years	(52,020)	—	—	(52,020)
	(303,943)	(2,468)	(25,862)	(332,273)
Interest	43,609	2,468	—	46,077
	(260,334)	—	(25,862)	(286,196)

Currency risk

There is no significant foreign currency risk as most of the assets and liabilities of the Group are maintained in euros. Small amounts of UK sterling and South African rand are held to ensure payments made in UK sterling and South African rand can be achieved at an effective rate.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's long-term floating rate debt obligations. The Group's policy is to mitigate interest rate risk by ensuring that a minimum of 80% of its total borrowing is at fixed or capped interest rates by taking out fixed rate loans or derivative financial instruments to hedge interest rate exposure, or interest rate caps.

A change in interest will only have an impact on the floating loans capped due to the fact that the other loans have a general fixed interest or they are effectively fixed by a swap. An increase in 100 basis points in interest rate would result in a decreased post tax profit in the consolidated statement of comprehensive income of €554,000 (excluding the movement on derivative financial instruments) and a decrease in 100 basis points in interest yield would result in an increased post tax profit in the consolidated statement of comprehensive income of €554,000 (excluding the movement on derivative financial instruments).

Market risk

The Group's activities are within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service and capital expenditure, the Group's revenue will be adversely affected.

Revenues from properties may be adversely affected by the general economic climate; local conditions, such as oversupply of properties or a reduction in demand for properties in the market in which the Group operates; the attractiveness of the properties to the tenants; the quality of the management; competition from other available properties; and increased operating costs.

In addition, the Group's revenue would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditures associated with each equity investment in real estate (such as external financing costs, real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from properties. By diversifying in product, risk categories and tenants, the Group expects to lower the risk profile of the portfolio.

Capital management

The Group seeks to enhance shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue shares or undertake transactions such as those that occurred with the internalisation of the Asset Management Agreement.

The Company holds 1,375,666 of its own shares which continue to be held as Treasury Shares. During the year 3,606,118 shares were issued from treasury and no shares were bought back.

The Group monitors capital using a gross debt to property assets ratio, which was 42.8% as at 31 March 2016 (2015: 46.8%).

The Group is not subject to externally imposed capital requirements other than those related to the covenants of the bank loan facilities.

21. Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	2016		2015	
	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets				
Cash	**19,874**	**19,874**	20,137	20,137
Trade receivables	**3,069**	**3,069**	3,591	3,591
Derivative financial instruments	**19**	**19**	73	73
Financial liabilities				
Trade payables	**6,960**	**6,960**	5,001	5,001
Derivative financial instruments	**2,590**	**2,590**	2,322	2,322
Interest-bearing loans and borrowings:				
Floating rate borrowings	**—**	**—**	35,814	35,814
Floating rate borrowings – hedged*	**80,329**	**80,329**	76,350	76,350
Floating rate borrowings – capped*	**55,200**	**55,200**	56,350	56,350
Fixed rate borrowings	**163,510**	**166,570**	91,820	91,094

* The Group holds interest rate swap contracts and cap contracts designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Berlin-Hannoversche Hypothekenbank AG/Deutsche Pfandbriefbank AG and Bayerische Landesbank. Please refer to note 19 for details of swap and cap contracts.

Fair value hierarchy

The table below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine fair value:

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); and

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

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
2016				
Derivative financial instruments	**—**	**(2,571)**	**—**	**(2,571)**
Fixed rate borrowings	**—**	**(166,570)**	**—**	**(166,570)**
Floating rate borrowings	**—**	**(135,529)**	**—**	**(135,529)**
2015				
Derivative financial instruments	—	(2,249)	—	(2,249)
Fixed rate borrowings	—	(91,094)	—	(91,094)

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2016	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4–5 years €000	**Total €000**
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG	(1,438)	(1,725)	(52,038)	—	—	**(55,200)**
Macquarie Bank Limited	—	—	—	—	—	**—**
Cash assets	19,874	—	—	—	—	**19,874**

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21. Financial instruments *continued*

Interest rate risk *continued*

2015	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4–5 years €000	Total €000
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG	(1,150)	(1,437)	(1,725)	(52,038)	—	(56,350)
Macquarie Bank Limited	(483)	(35,331)	—	—	—	(35,814)
Cash assets	20,137	—	—	—	—	20,137

The other financial instruments of the Group that are not included in the above tables are non-interest bearing or have fixed interest rates and are therefore not subject to interest rate risk.

22. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	—
As at 31 March 2016	**Unlimited**	**—**

Issued and fully paid	Number of shares	Share capital €
Ordinary shares of no par value		
As at 31 March 2014	518,900,307	—
Issued ordinary shares	109,901,495	—
Issued Treasury Shares	1,536,947	—
As at 31 March 2015	630,338,749	—
Issued ordinary shares	118,040,020	—
Issued Treasury Shares	3,606,118	—
As at 31 March 2016	**751,984,887**	**—**

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

On 15 June 2015, the Company conducted a private placement equity raising through the issue of 108,695,652 ordinary shares of no par value, representing approximately 17% of Sirius Real Estate Limited's issued ordinary share capital prior to the private placement. These shares were issued at a price of 46.0 (euro) per share to UK investors and 646.3c (rand) to South African investors. The private placement shares were not eligible to receive the final dividend of 0.84c declared in respect of the twelve months ended 31 March 2015, nor to participate in the Scrip Dividend Alternative in relation to that dividend. The private placement shares ranked pari passu in all respects with existing issued shares of the Company including the right to receive all dividends and other distributions declared after admission.

On 10 July 2015, the Company paid out a dividend of 0.84c per share, giving shareholders the option of cash or scrip dividend. Accordingly, the Company allotted and issued 758,036 ordinary shares at a reference price of 48.7c (euro) to UK shareholders, and 3,108,320 ordinary shares at a reference price of 647.6c (rand) to South African shareholders who elected to receive ordinary shares under the Scrip Dividend Alternative as an alternative to the dividend.

On 20 January 2016, the Company paid out a dividend of 0.92c per share, giving shareholders the option of cash or scrip dividend. Accordingly, the Company allotted and issued 600,989 ordinary shares at a reference price of 51.8c (euro) to UK shareholders, and 4,877,023 ordinary shares at a reference price of 794.2c (rand) to South African shareholders who elected to receive ordinary shares under the Scrip Dividend Alternative as an alternative to the dividend.

The new shares under the Scrip Dividend Alternative rank pari passu in all respects with previously existing issued shares of the Company including the right to receive all dividends and other distributions declared after admission and the right to vote at any general meeting.

The Company holds 1,375,666 of its own shares, which are held in treasury (2015: 4,981,784). During the year 3,606,118 shares were issued from treasury.

No shares were bought back in the year.

23. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends and for the buyback of shares and is €429,094,000 in total at 31 March 2016 (2015: €384,937,000).

24. Dividends

In May 2015, the Company announced a dividend of 0.84c per share with a record date of 12 June 2015 and payable on 10 July 2015. On the record date, 635,320,533 shares were in issue, of which 1,471,875 were held in treasury and 633,848,658 were entitled to participate in the dividend. Holders of 223,849,004 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €1,899,000, while holders of 409,999,654 shares opted for a cash dividend with a value of €3,425,000. The total dividend was €5,324,000.

In November 2015, the Company announced a dividend of 0.92c per share with a record date of 18 December 2015 and payable on 20 January 2016. On the record date, 747,882,541 shares were in issue, of which 1,375,666 were held in treasury and 746,506,875 were entitled to participate in the dividend. Holders of 311,075,606 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €2,862,000, while holders of 435,431,269 shares opted for a cash dividend with a value of €3,920,000. The total dividend was €6,782,000.

The dividend paid per the statement of changes in equity includes the cash dividend, the scrip dividend and the value of the scrip shares issued.

The Group's profit attributable to the equity holders of the Company for the year was €54.7 million (2015: €27.0 million). The Board has declared a final dividend of €1.30 per share for the remainder of the year ended 31 March 2016. The final dividend will be paid on 15 July 2016 with the ex-dividend dates being 10 June 2016 for shareholders on the South African register and 16 June 2016 for shareholders on the UK register. As has been reported previously both the interim and final dividends represent 65% of the Funds from Operations* for the first and second halves of the year ended 31 March 2016, respectively. It is intended that dividends will continue to be paid on a semi-annual basis and offered to shareholders in cash or scrip form.

* Recurring earnings after tax and before property revaluation, change in fair value of derivative financial instruments, depreciation, amortisation of debt arrangement fees, non-recurring costs and other non-cash items.

The dividend per share was calculated as follows:

	31 March 2016 € million	31 March 2015 € million
Reported profit before tax	**57.1**	32.7
Adjustments for:		
Surplus on revaluation	**(44.2)**	(25.4)
Gain of disposals	**—**	(1.3)
Non-recurring items[1]	**9.5**	3.8
Change in fair value of financial derivatives	**0.5**	2.8
Recurring profit before tax	**22.9**	12.6
Adjustments for:		
Depreciation	**0.6**	0.9
Amortisation of financing fees	**1.3**	1.6
Current taxes receivable/(incurred) (see note 10)	**0.2**	(0.8)
Funds from Operations, year ended 31 March	**25.0**	14.3
Funds from Operations, six months ended 30 September	**9.9**	6.2
Funds from Operations, six months ended 31 March	**15.0**	8.1
Dividend pool, six months ended 30 September	**6.9[2]**	4.0[3]
Dividend pool, six months ended 31 March	**9.8[2]**	5.3[3]
DPS, six months ended 30 September	**0.92c**	0.77c
DPS, six months ended 31 March	**1.30c**	0.84c

1 Includes the net effect of Macquarie refinancing costs, management LTIP rewards, aborted acquisition costs and non-recurring foreign currency gains.

2 Calculated as 65% of FFO of €2.01 per share (30 September 2015: €1.41 per share) based on average number of shares outstanding of 749,229,846 (30 September 2015: 707,075,634).

3 Calculated as 65% of FFO.

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25. Related parties

On 22 March 2013, the Company issued €5.0 million convertible loan notes due in 2018 (the "Loan Notes"). The entire issue of €5.0 million was taken up by the Karoo Investment Fund S.C.A. SICAV-SIF and Karoo Investment Fund II S.C.A. SICAV-SIF. The Loan Notes were issued at par and carry a coupon rate of 5% p.a. The Loan Notes are convertible by the holder, into ordinary shares of Sirius at an original conversion price of 0.24c and can now be converted at any time. The conversion price is subject to dividend protection and when considering the dividends that the Group has paid to date, the current conversion price is 0.225c as at 31 March 2016. The majority of the proceeds from the issue of the Loan Notes were used to reduce debt levels. Interest on the Loan Notes was €250,000 in the year ended 31 March 2016 (2015: €250,000). The Directors consider that the terms of this transaction are fair and reasonable insofar as its shareholders are concerned.

Key management personnel compensation

Fees paid to people or entities considered to be key management personnel of the Group during the year include:

	2016 €000	2015 €000
Directors' fees	**170**	171
Salary and employee benefits	**2,003**	1,897
Share-based payments	**1,359**	2,966
Total	**3,532**	5,034

The share-based payments relating to key management personnel for the year ended 31 March 2016 include an accrual of €1,034,000 for the granting of shares under the LTIP (see note 8).

Information on Directors' emoluments is given in the remuneration report on pages 17 to 20.

A number of key management personnel, or their related parties, hold positions in subsidiaries of the Group that result in them having control or significant influence over the financial or operating policies of the Group.

26. Capital and other commitments

The Group's commitments derived from office rental contracts are as follows:

	2016 €000	2015 €000
Less than one year	**497**	388
Between one and five years	**1,938**	356
More than five years	**727**	—
	3,162	744

As at 31 March 2016, the Group had contracted capital expenditure on existing properties of €4,636,000 (2015: €4,389,000).

These were committed but not yet provided for in the financial statements.

27. Operating lease arrangements

Group as lessor

All properties leased by the Group are under operating leases and the future minimum lease payments receivable under non-cancellable leases are as follows:

	2016 €000	2015 €000
Less than one year	**51,669**	42,302
Between one and five years	**81,813**	66,789
More than five years	**24,467**	12,674
	157,949	121,765

The Group leases out its investment properties under operating leases. Most operating leases are for terms of one to ten years.

28. List of subsidiary undertakings

The Group consists of 70 subsidiary companies. All subsidiaries are consolidated in full in accordance with International Financial Reporting Standards.

Company name	Country of incorporation	Ownership %
Curris Facilities & Utilities Management GmbH	Germany	100.00
DDS Aspen B.V.	Netherlands	100.00
DDS Bagnut B.V.	Netherlands	100.00
DDS Bramble B.V.	Netherlands	100.00
DDS Business Centers B.V.	Netherlands	100.00
DDS Conferencing & Catering GmbH	Germany	100.00
DDS Edelweiss B.V.	Netherlands	100.00
DDS Elm B.V.	Netherlands	100.00
DDS Fir B.V.	Netherlands	100.00
DDS Hawthorn B.V.	Netherlands	100.00
DDS Hazel B.V.	Netherlands	100.00
DDS Hyacinth B.V.	Netherlands	100.00
DDS Lark B.V.	Netherlands	100.00
DDS Lime B.V.	Netherlands	100.00
DDS Maple B.V.	Netherlands	100.00
DDS Mulberry B.V.	Netherlands	100.00
DDS Rose B.V.	Netherlands	100.00
DDS Walnut B.V.	Netherlands	100.00
DDS Yew B.V.	Netherlands	100.00
LB² Catering and Services GmbH	Germany	100.00
Marba HAG B.V.	Netherlands	100.00
Marba Holland B.V.	Netherlands	100.00
Marba Troisdorf B.V.	Netherlands	100.00
Marba Willstätt B.V.	Netherlands	100.00
SFG NOVA Construction and Services GmbH	Germany	100.00
Sirius Alder B.V.	Netherlands	100.00
Sirius Ash B.V.	Netherlands	100.00
Sirius Beech B.V.	Netherlands	100.00
Sirius Coöperatief U.A.	Netherlands	100.00
Sirius Facilities (UK) Limited	UK	100.00
Sirius Facilities GmbH	Germany	100.00
Sirius Finance (Guernsey) Ltd.	Guernsey	100.00
Sirius Four B.V.	Netherlands	100.00
Sirius Gum B.V.	Netherlands	100.00
Sirius Ivy B.V.	Netherlands	100.00
Sirius Juniper B.V.	Netherlands	100.00
Sirius Laburnum B.V.	Netherlands	100.00
Sirius Lily B.V.	Netherlands	100.00
Sirius Management One GmbH	Germany	100.00
Sirius Management Two GmbH	Germany	100.00
Sirius Mannheim B.V.	Netherlands	100.00
Sirius Oak B.V.	Netherlands	100.00
Sirius One B.V.	Netherlands	100.00
Sirius Orchid B.V.	Netherlands	100.00
Sirius Pine B.V.	Netherlands	100.00
Sirius Tamarack B.V.	Netherlands	100.00
Sirius Three B.V.	Netherlands	100.00
Sirius Two B.V.	Netherlands	100.00
Sirius Willow B.V.	Netherlands	100.00
Marba Bonn B.V.	Netherlands	99.73
Marba Bremen B.V.	Netherlands	99.73
Marba Brinkmann B.V.	Netherlands	99.73

Notes to the financial statements *continued*

for the year ended 31 March 2016

28. List of subsidiary undertakings *continued*

Company name	Country of incorporation	Ownership %
Marba Catalpa B.V.	Netherlands	99.73
Marba Cedarwood B.V.	Netherlands	99.73
Marba Chestnut B.V.	Netherlands	99.73
Marba Dandelion B.V.	Netherlands	99.73
Marba Dutch Holdings B.V.	Netherlands	99.73
Marba Foxglove B.V.	Netherlands	99.73
Marba Hornbeam B.V.	Netherlands	99.73
Marba Königswinter B.V.	Netherlands	99.73
Marba Maintal B.V.	Netherlands	99.73
Marba Marigold B.V.	Netherlands	99.73
Marba Merseburg B.V.	Netherlands	99.73
Marba Mimosa B.V.	Netherlands	99.73
Marba Regensburg B.V.	Netherlands	99.73
Marba Saffron B.V.	Netherlands	99.73
Sirius Administration One GmbH & Co KG	Germany	94.80
Sirius Administration Two GmbH & Co KG	Germany	94.80
Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH	Germany	94.15

29. Post balance sheet events

On 28 April 2016, the Group concluded an agreement with Berlin-Hannoversche Hypothekenbank AG to add an additional tranche to the existing loan, which had an outstanding balance of €35.1 million at 31 March 2016. The additional tranche of €4.5 million brings the total loan to €39.6 million. The maturity of the additional loan tranche is coterminous with the existing loan at 31 December 2019. Amortisation is 2.5% p.a. with the remainder due at maturity. The additional loan tranche is charged with a fixed interest rate of 1.32% for the full term of the loan. The original facility agreement has been amended to include one previously unencumbered property asset located in Würselen. The terms of the original loan are unchanged and the loan continues to be subject to various covenants with which the Group has complied.

On 28 April 2016, the Group concluded a facility agreement with Berlin-Hannoversche Hypothekenbank AG/Deutsche Pfandbriefbank AG to refinance its existing loan, which had an outstanding balance of €110.4 million at 31 March 2016. The new facility is split in two tranches totalling €137 million and terminates on 27 April 2023. Tranche 1, totalling €94.5 million, is charged at a fixed interest rate of 1.66% for the full term of the loan. Tranche 2, totalling €42.5 million, is charged with a floating rate of 1.25% over three month EURIBOR (not less than 0%) for the full term of the loan. Amortisation is set at 2.5% across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over eleven property assets, including those located in Krefeld and Markgröningen acquired after the year end. Non-recurring costs associated with this refinancing, including early redemption fees and swap breakage costs on the existing facility, are expected to be around €5.6 million. Of this amount €3.6 million is expected to impact upon net asset value immediately, while the remainder, representing arrangement fees on the new facility, will be amortised over the seven year term.

With effect from 19 May 2016 the Group acquired a business park asset located in Krefeld. This property is a mixed-use business park comprising multi-let offices and service space totalling 11,457sqm. The property is 93.6% occupied and let to eleven tenants, producing an annual income of €1.2 million and having a weighted average remaining lease term of 3.4 years.

With effect from 4 May 2016 the Group acquired a business park asset located in Markgröningen. This property is a mixed-use business park comprising production, office and warehouse space totalling 56,615sqm. The property is 68.5% occupied and let to two tenants, producing an annual income of €1.3 million and having a weighted average remaining lease term of 4.1 years.

Corporate directory

Registered office
PO Box 119
Martello Court
Admiral Park
St. Peter Port
Guernsey GY1 3HB
Channel Islands

Registered number
Incorporated in Guernsey under the Companies (Guernsey) Law, 2008, as amended, under number 46442

Company Secretary and administrator
Intertrust Fund Services (Guernsey) Limited
PO Box 119
Martello Court
Admiral Park
St. Peter Port
Guernsey GY1 3HB
Channel Islands

UK solicitors
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Financial PR
Novella Communications
1a Garrick House
Carrington Street
London W1J 7AF

JSE sponsor
PSG Capital Proprietary Limited
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch
7600
South Africa

Nominated adviser and joint brokers
Peel Hunt LLP
120 London Wall
London EC2Y 5ET

Joint brokers
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Property valuer
Cushman & Wakefield LLP
Rathenauplatz 1
60313 Frankfurt am Main
Germany

Independent auditors
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 1WR
Channel Islands

Guernsey solicitors
Carey Olsen
PO Box 98
7 New Street
St. Peter Port
Guernsey GY1 4BZ
Channel Islands

consultancy, design and production by
designportfolio
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Sirius Real Estate Limited
PO Box 119
Martello Court
Admiral Park
St. Peter Port
Guernsey GY1 3HB
Channel Islands

www.siriusrealestate.com