


Providing space for business

Sirius Real Estate Limited
Interim Report 2017

Sirius
real estate

Moving forward

Providing flexible and conventional workspace to companies across Germany

We are one of the largest branded providers of mixed-use flexible workspace in Germany. Sirius Real Estate Limited is a real estate company with a portfolio of 48 business parks across Germany, providing a combination of conventional and flexible workspace.

Read more about our business on **Pages 2 to 10**

For more information, please visit **www.sirius-real-estate.com**

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A strong set of half-year results

€35.3m ↑ 8.3%

Total income

17	€35.3m
16	€32.6m

€65.2m ↑ 2.0%

Like-for-like annualised rental income

17	€65.2m
16	€64.5m

1.56c ↑ 12.2%

Interim dividend declared

17	1.56c
16	1.39c

€54.7m ↑ 44.5%

Profit before tax

17	€54.7m
16	€37.5m

€18.5m ↑ 8.2%

Funds from operations ("FFO")

17	€18.5m
16	€17.1m

63.40c ↑ 7.8%

Adjusted net asset value per share**

17	63.40c
16	58.82c

Asset acquisitions and recycling progressing well

- €103.0 million of disposals with average occupancy of 90% completed in the period
- €25.0 million equity raise completed in August 2017
- €166.7 million of acquisitions with average occupancy of 58% completed, notarised or in exclusivity

Continuing to deliver rental growth

- Despite the impact of disposals, total income increased by 8.3% to €35.3 million (2016: €32.6 million)
- Increases in like-for-like annualised rental income and average rental rate
- Original capex investment programme continues to deliver above target returns
- New acquisition capex investment programme commenced

Dividend

- Temporary increase in dividend pay-out ratio to 75% to compensate for loss of income from disposals

Valuation growth

- Significant valuation uplift driven by organic growth and yield compression
- €53.5 million valuation uplift* excluding assets sold in the period
- Total portfolio book value of €857.4 million (31 March 2017: €823.3 million)

* Compared to the 31 March 2017 book valuation for assets held at the start of the period or total acquisition costs for assets acquired in the period.

** Excludes the provisions for deferred tax and derivative financial instruments.

Business update
Another good trading period

In summary:

- Excellent progress on asset recycling with €103.0 million of disposals completed in the period and €166.7 million of acquisitions completed, notarised or in exclusivity
- Organic growth continues despite low inflationary environment
- Significant valuation uplift driven by rental growth and yield comparison

Introduction

The six month period to 30 September 2017 has been another good trading period for the Company, which has seen further organic rental growth, significant valuation increases, excellent progress on asset recycling and further acquisition activity on the back of another successful equity raise. The organic improvements seen in the period have mainly come from the Group's asset management activities, including capex investment programmes, but have also been aided by the strong German industrial, logistics and office market conditions that currently exist.

Sirius has taken advantage of these market conditions through the disposal of three mature assets and the notarisation for sale of a non-income producing piece of land in the period. The proceeds from the completed disposals, along with the equity raises which completed in March 2017 and August 2017, have been applied to date to complete the acquisition of seven assets and the notarisation for purchase of four further assets since the start of the financial year. The recycling programme has focused on selling mature assets with limited income and valuation increase potential and replacing them with assets with significantly greater opportunity. The details of the disposals and acquisitions are presented in the Asset Recycling section of this update.

Over the last few years, the Company has been able to achieve organic rental growth each year despite the low inflationary environment in Germany. This has continued into the period under review, where an increase in like-for-like annualised rental income of 2.0% to €65.2 million* was achieved despite a large move-out in a non-core site in Bremen. The continued growth of the portfolio's rental income highlights the benefits of the Company's asset management and investment methods.

During the period, the total portfolio, excluding assets that were sold, increased in book value** by €53.5 million to €857.4 million as at 30 September 2017 (31 March 2017: €823.3 million). The valuation uplift is attributable to both increases in income and occupancy as well as reflecting approximately 40 bps of yield compression on the core portfolio. Considering the potential to improve income through our intensive asset management initiatives in both existing and new acquisition assets, the Company is confident of continuing to drive value going forward.

* Excludes assets acquired or sold in the period.

** Compared to the 31 March 2017 valuation for assets held at the start of the period or total acquisition costs for assets acquired in the period including assets held for sale.

Trading performance

The positive trading for the period under review has been driven by organic growth from the portfolio owned throughout the period, offsetting in part the loss of income from assets sold in the period totalling €103.0 million and a small contribution from the acquisitions that completed in the period. As indicated in the Annual Report for the year ended 31 March 2017, the net effect of the asset recycling programme was expected to be an initial reduction in earnings whilst disposal and fundraising proceeds were being invested.

For the half year under review total rental income was €35.3 million (2016: €32.6 million) with profit before tax increasing to €54.7 million (2016: €37.5 million), including €41.6 million (2016: €25.4 million) of gains from property revaluations. Funds from Operations*** ("FFO") for the six months were €18.5 million (2.07c per share) compared to €17.1 million (2.13c per share) for the same period in the prior year. Basic EPRA earnings**** of €14.1 million (1.57c per share) were recorded, compared to €12.4 million (1.54c per share) in the six months to September 2016. We expect FFO per share and earnings per share in the second half of the financial year to be at similar levels

"The high number of new lettings achieved by the Company in the period reflects not only strong occupier demand from our core German SME customers but also emphasises the capability of the operating platform.

whilst the proceeds of asset disposals and the equity raises continue to be deployed. The Company has, however, decided to temporarily increase its normal dividend pay-out ratio during this period of reinvestment, the details of which are set out in the Dividend section of this update.

*** See note 22 of the Interim Report.

**** See note 10 of the Interim Report.

Organic growth was seen mostly through rental improvements, where like-for-like annualised rental income increased by €1.2 million to €65.2 million in the six month period, representing an increase of 2.0% from the position at March 2017, whilst the average like-for-like rental rate per sqm increased from €5.11 to €5.17. Total annualised rental income, including acquisitions, at 30 September 2017 was €69.7 million compared to €71.0 million at the beginning of the period, despite the loss of €6.9 million of annualised rental income relating to the assets that were sold in the period. Total annualised rental income including those assets notarised in the period which are expected to complete after the period end amounts to €72.7 million.

Lettings and rental growth

As mentioned above, significant organic rental growth has been achieved in the period, despite some large expected move-outs, with like-for-like rental income increasing by 2.0% in six months. Move-outs, excluding disposals, in the first half of this financial year of 73,083 sqm were offset by new lettings of 72,509 sqm. Average rental rates for the like-for-like portfolio were driven up from €5.11 to €5.17 per sqm. The rate increase was partly driven by new leases being signed at an average rate of €6.39 per sqm compared to move-outs of €6.03 per sqm, along with some contracted rental uplifts and increases upon renewal. The high number of new lettings achieved by the Company in the period reflects not only strong occupier demand from our core German SME customers but also emphasises the capability of the operating platform which, during the period, delivered an average of 1,208 leads per month and a conversion rate into new deals of 14.4%. Unlike other property companies, Sirius does not depend on external brokers for attracting new tenants, with the vast majority coming from leads generated in house, allowing us to be more flexible in the space we offer tenants. Furthermore, by investing into the vacant areas and offering a range of innovative Smartspace products in the suboptimal space, Sirius can optimise a lot of the space that our competitors would be unable to fill.

Despite the impact of some large move-outs in the period as referenced above, like-for-like occupancy increased in the period. However, at a total portfolio level the decrease in occupancy from 81% to 79% is reflective of the vacancy within the assets the Company has acquired as well as the impact of disposing mature, high-occupancy assets.

Portfolio valuations

The strong demand for assets in Germany has seen properties trading across all asset classes at significantly lower yields in 2017 than in the prior year. Additionally, foreign investors are increasingly seeking to build up portfolios in Germany, as evidenced by a number of large transactions being reported over the last year. This has, to some degree, fed into the valuation of the Group's portfolio as at the period end; however, the continued organic rental growth has also had a very positive impact.

The portfolio, including acquisitions completed in the period, was independently valued at €860.3 million by Cushman & Wakefield LLP (31 March 2017: €829.7 million), which converts to a book value of €857.4 million including assets held for sale and after allowing for the provision for tenant incentives. The uplift for the period including capex totalling €11.9 million was €53.5 million.

Business update continued

Portfolio valuations *continued*

The three assets sold in the period were done so at significant premiums to the most recent valuation; however, these were written up to the expected disposal value in the last period. As such, the impact from disposals recognised in the consolidated statement of comprehensive income in the period represents additional costs that were associated with these sales.

The portfolio as at 30 September 2017 comprised 48 assets and the book value can be reconciled to the Cushman & Wakefield LLP valuation as follows:

Table 1: Valuation reconciliation to book value*

	30 Sep 2017 €000	31 Mar 2017 €000
Investment properties at market value	**860,300**	829,700
Uplift in respect of assets held for sale	**300**	1,600
Adjustment in respect of lease incentives	**(3,200)**	(3,000)
Directors' impairment of non-core asset valuations	**—**	(5,000)
Balance as at period end*	**857,400**	823,300

* Includes assets held for sale.

Calculations contained in this table are subject to rounding differences.

The valuation increases on the existing core portfolio are derived approximately one-third from organic rental growth and the rest from yield compression of 40 bps in the period. A significant proportion of the organic growth derives from the Company's capex investment programme, which involves the transformation and lease-up of space that carries little or no book value. The assets that were acquired in the period were valued at €82.1 million compared to the €83.7 million total acquisition costs. The movement of the portfolio's value in the period is detailed as follows:

Table 2: Movement in book value in the period

	€000
Book value at 31 March 2017*	823,300
Acquisitions	83,700
Disposals	(103,100)
Uplift	53,500
Book value at 30 September 2017*	**857,400**

* Includes assets held for sale.

Calculations contained in this table are subject to rounding differences.

In order to analyse the key metrics of the portfolio, we have split the portfolio into core assets that still have value-add potential, core mature assets which have realised most of the value-add potential and non-core assets as follows:

Table 3: Book value valuation metrics

	Book value €000	Annualised rental income €000	Annualised NOI €000	Gross yield %	Net yield %	Capital value per sqm €	Occupancy %	Rate per sqm €	Vacant space sqm 000
Core value-add	499,800	39,800	34,000	8.0	6.8	626	76.5	5.62	181.3
Core mature	338,700	27,200	25,900	8.0	7.6	725	93.9	5.36	27.7
Non-core	18,900	2,700	1,100	14.4	5.7	104	49.3	2.73	85.6
Other	—	—	(1,600)	—	—	—	—	—	—
Total	**857,400**	**69,700**	**59,400**	**8.1**	**6.9**	**593**	**78.8**	**5.30**	**294.6**

Calculations contained in this table are subject to rounding differences.

There still remains a significant gap between the gross and net yields of these assets which we expect to close when they approach maturity. Additionally, most of the capex investment programme is focused on the 94,628 sqm of vacant space within the value-add assets and we should see further rental income growth as this programme continues. In spite of the yield compression experienced in the period, the average gross yields of 8.0% (core value-add) and 8.0% (core mature) (31 March 2017: 8.8% and 8.5%) remain high compared to the transactional evidence in the market place for the asset class. As such, we expect there may be more yield compression to come.

Net asset value

The valuation uplift seen this period has contributed towards an increase of 7.0% in EPRA net asset value ("NAV") per share to 61.87c from 57.84c as at 31 March 2017. Adjusted NAV per share increased by 7.8% to 63.40c from 58.82c as at 31 March 2017. The movement of adjusted NAV per share and reconciliation to EPRA NAV per share in the period can be seen in note 11.

Total shareholder return based on adjusted NAV, including the 1.53c per share final dividend paid in August, was 10.4% for the six month period (30 September 2016: 6.7%).

Asset recycling, acquisitions and disposals

The asset acquisitions and recycling programme is expected to be accretive to shareholder value over time, despite the initial reduction to earnings in the current year whilst the sales proceeds of three mature high-income producing assets are being reinvested. The Company's strategy is currently focused on replacing these assets which had limited further valuation and income improvement potential with assets with substantial value-add potential. The objective of the programme is to create future shareholder value and the results are generally achieved by acquiring assets at the right price with significant vacancy suited for development and value-add.

The asset acquisition and recycling plan for the current financial year can be summarised as follows:

» the completion in the first half of the financial year of the sale of three assets, with proceeds totalling €103.0 million; and

» the recycling of the equity from these assets and proceeds from the two equity raises that completed in March and August 2017 as well as two new banking facilities into approximately €167 million of acquisitions.

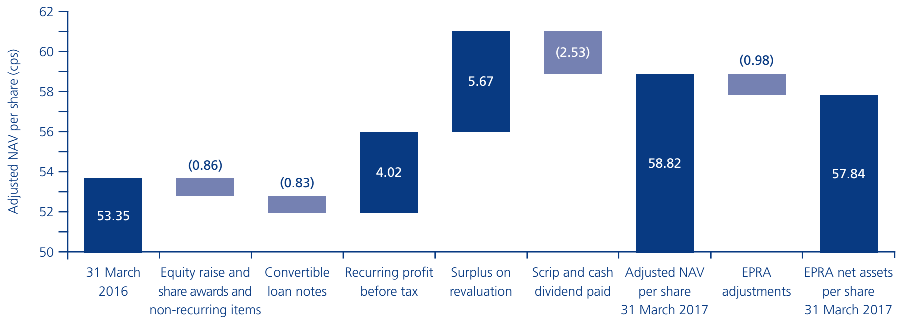

Table 4: Asset recycling and acquisitions activity in the period

Disposals	Proceeds €000	Total sqm	Occupancy %	Vacant sqm	Annualised rental income €000	Non-recoverable service charge costs €000	Maintenance costs €000	Annualised NOI €000	EPRA net initial yield %
Munich RMS	85,000	58,585	88.0	7,027	5,420	(98)	(40)	5,282	5.9
Düsseldorf	11,000	16,607	96.0	657	884	(23)	(10)	851	7.2
Kiel	7,000	10,063	90.0	1,006	594	(22)	(10)	562	7.4
Total	**103,000**	**85,255**	**90.0**	**8,690**	**6,898**	**(143)**	**(60)**	**6,695**	**6.2**

Calculations contained in this table are subject to rounding differences.

Business update continued

Asset recycling, acquisitions and disposals *continued*

Acquisitions	Total investment (incl. acquisition costs) €000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rental income €000	Acquisition non-recoverable service charge costs €000	Acquisition maintenance costs €000	Annualised acquisition NOI €000	EPRA net initial yield %
Completed									
Cologne	22,904	20,342	100.0	105	2,038	(171)	(18)	1,849	8.1
Mahlsdorf II	6,394	12,826	62.0	4,845	531	(136)	(8)	387	6.1
Frankfurt	4,498	4,064	28.0	2,926	153	(107)	(2)	44	1.0
Frankfurt II	6,079	5,035	87.0	673	499	(49)	(5)	445	7.3
Grasbrunn	18,075	14,791	4.0	14,279	97	(319)	(17)	(239)	(1.3)
Neu-Isenburg	9,635	7,996	41.0	4,692	472	(117)	(7)	348	3.6
Neuss	16,093	18,258	38.0	11,344	670	(296)	(14)	360	2.2
Subtotal	83,678	83,312	53.0	38,864	4,460	(1,195)	(71)	3,194	3.8
Notarised									
Krefeld III	9,161	10,398	72.0	2,875	729	(106)	(9)	614	6.7
Frickenhausen	11,149	28,594	50.0	14,423	801	(323)	(26)	452	4.1
Schenefeld	15,059	42,220	71.0	12,164	1,460	(261)	(19)	1,180	7.8
Hamburg	8,412	11,223	—	11,223	—	(215)	(7)	(222)	(2.6)
Subtotal	43,781	92,435	56.0	40,685	2,990	(905)	(61)	2,024	4.6
Exclusivity									
Another	30,992	47,350	64.0	17,198	3,001	(506)	(43)	2,452	7.9
Another	8,250	8,672	80.0	1,704	626	(76)	(10)	540	6.5
Subtotal	39,242	56,022	66.0	18,902	3,627	(582)	(53)	2,992	7.6
Total	**166,701**	**231,769**	**58.0**	**98,451**	**11,077**	**(2,682)**	**(185)**	**8,210**	**4.9**

Calculations contained in this table are subject to rounding differences.

As can be seen from the table above, the net operating income lost from disposals is expected to be replaced when the acquisitions, including those in exclusivity, are completed. The yields of the acquisitions are lower (4.9%) due to the high level of vacancy (42%) within these assets compared to those being sold. This means that it may take a little longer to realise the full benefits of the recycling but the Company believes that because the potential of the acquisition assets is far greater than those realised, it will be accretive for shareholder value over time. The acquisition portfolio was sourced from multiple vendors and comprises an attractive mix of stable, high-quality income like the Cologne and Frankfurt II assets along with a number of assets with significant value-add opportunity which will also benefit from operational synergies given their location in markets where Sirius is already invested. The potential of this acquisition portfolio comes predominantly from the 42% vacancy rate. With capital investment and extensive asset management, we believe significant gains in income and valuation can be achieved.

Within the period, seven acquisitions completed with total costs of €83.7 million. The properties located in Grasbrunn, Neu-Isenburg and Neuss are financed by SEB AG, with which a new €30.0 million seven year loan facility that includes a €7.0 million capex facility was agreed shortly after the period end. The Frankfurt II asset was successfully incorporated into the existing SEB AG facility as substitute for the disposed Kiel asset and the Cologne asset is planned to be used as part of the replacement for the disposed Munich site within the Berlin Hyp and Deutsche Pfandbriefbank ("PBB") facility. In addition to the completed acquisitions, four assets have been notarised totalling €43.8 million, with two further assets totalling

€39.2 million being entered into exclusivity arrangements after the period end.

In summary, the Group has made good progress in acquiring its target acquisition portfolio of around €167 million of new properties from the combination of the €103 million of asset disposal proceeds and the two equity raises totalling around €39 million which completed in March and August 2017. Two new banking facilities as well as an agreement with Berlin Hyp and PBB to reissue the facility that was secured against the disposed Munich asset will be required to complete this but the transactions are progressing and we are confident that these will be completed before the end of the financial year.

Capex investment programmes

A significant part of the valuation increases and organic rental growth comes from unlocking income and value through the transformation of vacant and suboptimal space through the Group's capex investment programme. An innovative range of products has been developed, which means Sirius is able to develop and realise the full potential of space which other owners would consider structural vacancy. As such, our capex investment programme continues to fuel the returns that we are achieving from our assets.

The original capex investment programme relates to around 200,000 sqm of suboptimal space and has been running for almost four years. Up until the period end, a total of 173,519 sqm has been completely refurbished and is either let or being marketed for letting. A total of €17.1 million has been invested into this space and, at occupancy of 83%, is generating €9.8 million of annualised rental income, representing a return on investment of 57%. This return does not include the additional benefit of improved cost recovery from this space being occupied or the valuation increase that has been generated by the investment, which we expect to be substantial considering the space had a low book value prior to investment. There remains further potential to increase rents and values from this programme, with 30,157 sqm of space still to be converted. It is anticipated that by the end of this financial year the original capex investment programme will be substantially complete with a further €6.6 million of investment expected to deliver an additional €2.1 million of annualised rental income. Details on the progress of the original capex investment programme can be seen in the table 6 in the Business Analysis section of this document.

In addition to the original capex investment programme, Sirius has been working on the vacant space that has come with the acquisitions that the Group has made since the March 2016 financial year. The acquisitions that have completed so far this financial year, like those acquired in the previous financial year, include large amounts of suboptimal space suitable for investment. Accordingly, a new acquisition capex investment programme was initiated last year, identifying 79,251 sqm of suboptimal space suitable for investment. The total forecast spend of €19.5 million on this space is expected to generate annualised rental income of €6.7 million based on occupancy rates of around 83%. To date, €1.4 million has been invested and €1.1 million of additional annualised rental income realised, which leaves a further €18.1 million to be invested into this programme targeting a further €5.5 million increase in annualised rental income. Further details relating to the new acquisition capex investment programme are set out in table 7 in the Business Analysis section of this document.

The expected income returns from the new acquisition capex investment programme are slightly lower than from the original capex investment programme due to the condition of the vacancy of the acquisitions being of a lower standard and more investment being required. However, the valuation attributed to the vacant space of the new acquisitions is lower and, as such, we would expect the valuation increases from the new acquisitions capex investment programme to be higher than those we have seen from the original capex investment programme.

The capex investment programmes are key elements of Sirius' business model and the potential is continually being restored whenever assets with vacancy are purchased. Between the original and the new acquisition capex investment programmes detailed above, the valuation potential remaining from a further investment of €24.7 million and expected increase in annualised rental income of €7.6 million could be in the region of €70 million.

Smartspace

Smartspace products continue to provide a successful conversion option for suboptimal space and remain popular with tenants seeking flexible and fixed-cost workspaces. The investment returns on Smartspace remain high since it is usually space which would be considered a structural vacancy that is converted. As such, it continues to play an important role in the capex investment programme and in the period 2,096 sqm of Smartspace Office, 510 sqm of Smartspace Workbox and 870 sqm of Smartspace Storage were created from suboptimal space.

Business update continued

> The Company continues to be focused on a risk-adjusted approach towards its investments and is committed to achieving an LTV of 40% or below by 31 March 2018.

Smartspace *continued*

Whilst total Smartspace square metres fell in the period as a result of the disposal activity annualised rental income at 30 September 2017 increased to €4.5 million on occupancy of 71% compared to the same period in the prior year. Average rates per sqm rose from €6.65 to €6.70. The Smartspace range is still only a small part of the total portfolio but is another key differentiator of Sirius. The total returns that are achieved from assets are significantly enhanced by generating this level of income from space with little or no inherent value prior to conversion because this space would be typically left vacant or rented at very low rates by most other operators. Further details on our Smartspace products and how they contribute to the portfolio as a whole can be seen in table 8 in the Business Analysis section of this document.

Acquisitions progress

The capex investment programme is one of the main contributors to high returns that are being achieved from the acquisitions that the Company has made over the last three years. Of the 23 assets that have been acquired since the current acquisitions programme commenced in 2015, 13 of these have been owned for more than one year. The returns achieved to date on these have exceeded expectations and are detailed in table 9 in the Business Analysis section of this document.

The total acquisition costs for the 13 assets owned for more than twelve months was €204.2 million, of which €105.3 million was funded by bank debt and €98.9 million of equity was required. In addition to the initial equity approximately €6.1 million of capex has been invested into these assets to date giving a total equity investment of €105 million. This investment so far has resulted in €44.9 million of valuation gains and a €2.0 million increase in annualised rental income whereby these assets are now contributing around €17.3 million of profit before tax per year, which represents a 17.5% running annual income return on the equity investment to date. As such, it is expected that these assets will produce more than €100 million of profit before tax (including valuation increases) on the €105 million of equity invested in the first three years of ownership.

Loan to value

The Company continues to be focused on a risk-adjusted approach towards its investments and is committed to achieving a gross loan-to-value ratio ("LTV") of 40% or below by 31 March 2018. Total debt at 30 September 2017 was reduced to €298.2 million (31 March 2017: €348.6 million), resulting in the Group's gross LTV coming down to 34.8% (31 March 2017: 42.3%) whilst net LTV* reduced to 33.3% (31 March 2017: 38.0%). The extent of this reduction is likely to be only temporary as it is predominantly due to the disposal of assets in the period resulting in the repayment of debt as well as acquisitions that completed in the period being initially purchased on an ungeared basis. It is expected that in the second half of this financial year new debt will be drawn against these acquisitions as well as those that will be completed in the second half, resulting in the Company's LTV levels returning to closer to the 40% gross LTV mark, but still within the Company's target, by 31 March 2018.

* Net LTV is the ratio of principal value of gross debt less cash, excluding that which is restricted, to the aggregate value of investment property.

Dividend

Whilst it remains the Company's normal policy to pay dividends based on 65% of the Group's FFO, the Board communicated in the Annual Report for the year ended 31 March 2017 the possibility of temporarily increasing the dividend pay-out ratio in order to maintain positive dividend growth whilst the proceeds from the very

23
assets acquired since 2015

€17.1m
invested into the original capex investment programme

12.2%
dividend increase on the previous year

€9.8m
of annualised rental income generated from the original capex programme

substantial disposals of high-income producing mature assets made by the Company at the start of the financial year are reinvested. As shown in the asset recycling tables earlier in the report, the income lost from disposals is expected to be mostly recovered when the equity is recycled into the acquisitions that have been identified as replacements. The earnings drag comes from the fact that the disposals occurred at the start of the financial year whereas the acquisitions are completing more towards the middle and back end of the financial year. Thus, provided the investments that have been notarised or are under exclusivity progress to plan, we expect the pay-out ratio to return to normal for the second half of the year.

In accordance with this, the Board has declared an interim dividend of 1.56c per share for the six month period ended 30 September 2017, representing 75% of FFO, and an increase of 12.2% on the 1.39c dividend relating to the same period last year.

The ex-dividend date will be 13 December 2017 for shareholders on the South African register and 14 December 2017 for shareholders on the UK register. The record date will be 15 December 2017 for shareholders on the South African and UK registers and the dividend will be paid on 19 January 2018 for shareholders on both registers. A detailed dividend announcement will be made in due course, including details of a scrip dividend alternative.

Board

Neil Sachdev has informed the Board that he intends to step down at the end of December to take on other opportunities within his current work plans. The Board would like to thank Neil for his service with the Company, first as a Non-executive Director and then as Chairman, most notably for leading the Company onto the Main Market of the London Stock Exchange and the Main Board of the Johannesburg Stock Exchange. The Board has commenced a search to identify a replacement for Neil as Chairman.

The Company is, however, pleased to announce that Jill May has joined the Board today as an independent Non-executive Director. Jill has 24 years' experience in investment banking, 13 years' experience in M&A with SG Warburg and eleven years' experience as a managing director at UBS, where she was responsible for cross-business strategy. She is a non-executive director of JPMorgan Claverhouse Investment Trust plc and Ruffer Investment Company. She is a panel member of the Competition and Markets Authority and a non-executive director of the Institute of Chartered Accountants ("ICAEW").

At the AGM held on 22 September 2017, Robert Sinclair formally retired from the Board after more than ten years of service including five years as Chairman. The Board would like to thank Robert for his excellent contributions and stewardship over the years. On 22 September 2017, Justin Atkinson was appointed to replace Robert as Chairman of the Audit Committee.

Outlook

Sirius' focus continues to be on delivering attractive risk adjusted returns on its portfolio by growing recurring income and capital values through intensive asset management activity. When this is combined with recycling equity from mature assets into investments with greater opportunity as well as with acquiring sites with the appropriate mix of stability and opportunity using new equity and long-term fixed low interest rate bank facilities, then returns to shareholders are expected to continue to grow. Sirius has made strong progress on all fronts in the period under review.

Business update continued

Despite the increased competition and significant yield compression being seen on commercial assets, the Company has been able to source some excellent acquisitions so far this financial year.

Outlook *continued*

The market from both an occupier demand perspective as well as a transactional perspective is strong in Germany and, despite the increased competition and significant yield compression being seen on commercial assets, the Company has been able to source some excellent acquisitions so far this financial year. These assets have come with typically greater vacancy than those that have been sold, but we believe this presents an excellent opportunity for the Company to extend its highly successful capex investment programme.

The German economy in the first three-quarters of this year grew at its fastest annualised pace (3.2%) since 2011, thanks to strong domestic demand and a cyclical upswing across the markets it services such as the US and the rest of the Eurozone. German industrial production was up by 1.7% in the second quarter and 1.1% in the third, as a consequence of which businesses are expanding production capacity. We expect this to continue to benefit Sirius' customer base. The low Eurozone interest rate environment helps both the economy and Sirius, which continues to enjoy excellent terms on its new banking facilities.

Following on from the Main Market listings at the start of 2017, the Company was pleased to announce its entry into the FTSE All-Share and small-cap indices in September 2017 and that on 16 November 2017, the Company's secondary listing on the Main Board of the JSE was transferred to a primary listing on the Main Board of the JSE, meaning that Sirius will have primary listings on both the JSE and LSE. This will allow Sirius to be included in the SAPY index in the future and it is hoped that these and further indices inclusions, on both the London and Johannesburg exchanges, will benefit the Company and its shareholders going forward.

The Sirius Board is confident that the strong results will continue into the second half of the year.

Andrew Coombs
Chief Executive Officer

Alistair Marks
Chief Financial Officer

Independent review report
to Sirius Real Estate Limited

Conclusion

We have been engaged by Sirius Real Estate Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 of the Company and its subsidiaries (together the "Group"), which comprises the unaudited consolidated statement of comprehensive income, unaudited consolidated statement of financial position, unaudited consolidated statement of changes in equity, unaudited consolidated statement of cash flow and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and the Disclosure Guidance and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report or for the conclusions we have reached.

Mike Woodward
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL
24 November 2017

Unaudited consolidated statement of comprehensive income
for the six months ended 30 September 2017

	Notes	**(Unaudited) six months ended 30 September 2017 €000**	Represented* (unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Rental income	4	**35,301**	32,636	68,793
Direct costs	5	**(5,265)**	(5,308)	(8,267)
Net operating income		**30,036**	27,328	60,526
Surplus on revaluation of investment properties	12	**41,580**	25,370	49,782
(Loss)/gain on disposal of properties	5	**(807)**	—	79
Administrative expenses	5	**(10,591)**	(9,865)	(23,883)
Operating profit		**60,218**	42,833	86,504
Finance income	8	**5**	18	23
Finance expense	8	**(5,481)**	(5,217)	(10,224)
Change in fair value of derivative financial instruments		**7**	(126)	133
Net finance costs		**(5,469)**	(5,325)	(10,068)
Profit before tax		**54,749**	37,509	76,436
Taxation	9	**(3,840)**	(4,632)	(9,500)
Profit for the period		**50,909**	32,877	66,936
Profit attributable to:				
Owners of the Company		**50,885**	32,862	66,911
Non-controlling interests		**24**	15	25
Total comprehensive income for the period		**50,909**	32,877	66,936
Earnings per share				
Basic earnings per share	10	**5.69c**	4.09c	8.13c
Diluted earnings per share	10	**5.54c**	3.97c	7.90c
Basic EPRA earnings per share	10	**1.57c**	1.54c	3.18c

* See note 2(a).

Unaudited consolidated statement of financial position
as at 30 September 2017

	Notes	**(Unaudited) 30 September 2017 €000**	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Non-current assets				
Investment properties	12	**856,417**	764,990	727,295
Plant and equipment		**2,814**	1,928	2,564
Goodwill	14	**3,738**	3,738	3,738
Deferred tax assets	9	**573**	267	240
Total non-current assets		**863,542**	770,923	733,837
Current assets				
Trade and other receivables	15	**18,177**	8,576	14,290
Cash and cash equivalents	16	**33,664**	24,747	48,695
Investment properties held for sale	13	**950**	5,870	96,000
Total current assets		**52,791**	39,193	158,985
Total assets		**916,333**	810,116	892,822
Current liabilities				
Trade and other payables	17	**(33,047)**	(27,763)	(33,963)
Interest-bearing loans and borrowings	18	**(6,026)**	(6,204)	(7,068)
Current tax liabilities		**(2,725)**	(144)	(465)
Derivative financial instruments		**(7)**	(12)	(7)
Total current liabilities		**(41,805)**	(34,123)	(41,503)
Non-current liabilities				
Interest-bearing loans and borrowings	18	**(286,659)**	(308,017)	(334,724)
Derivative financial instruments		**(327)**	(587)	(334)
Deferred tax liabilities	9	**(22,882)**	(16,485)	(20,993)
Total non-current liabilities		**(309,868)**	(325,089)	(356,051)
Total liabilities		**(351,673)**	(359,212)	(397,554)
Net assets		**564,660**	450,904	495,268
Equity				
Issued share capital	20	**—**	—	—
Other distributable reserve	21	**488,801**	460,013	470,318
Retained earnings		**75,754**	(9,180)	24,869
Total equity attributable to the equity holders of the Company		**564,555**	450,833	495,187
Non-controlling interests		**105**	71	81
Total equity		**564,660**	450,904	495,268

Unaudited consolidated statement of changes in equity
for the six months ended 30 September 2017

	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 2016	—	429,094	(42,042)	387,052	56	387,108
Shares issued, net of costs	—	29,117	—	29,117	—	29,117
Share-based payment transactions	—	2,305	—	2,305	—	2,305
Conversion of shareholder loan	—	5,000	—	5,000	—	5,000
Dividends paid	—	(5,503)	—	(5,503)	—	(5,503)
Total comprehensive income for the period	—	—	32,862	32,862	15	32,877
As at 30 September 2016	—	460,013	(9,180)	450,833	71	450,904
Shares issued, net of costs	—	14,503	—	14,503	—	14,503
Share-based payment transactions	—	1,984	—	1,984	—	1,984
Dividends paid	—	(6,182)	—	(6,182)	—	(6,182)
Total comprehensive income for the year	—	—	34,049	34,049	10	34,059
As at 31 March 2017	—	470,318	24,869	495,187	81	495,268
Shares issued, net of costs	—	24,386	—	24,386	—	24,386
Share-based payment transactions	—	2,475	—	2,475	—	2,475
Dividends paid	—	(8,378)	—	(8,378)	—	(8,378)
Total comprehensive income for the period	—	—	50,885	50,885	24	50,909
As at 30 September 2017	**—**	**488,801**	**75,754**	**564,555**	**105**	**564,660**

Unaudited consolidated statement of cash flow
for the six months ended 30 September 2017

	Notes	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Operating activities				
Profit after tax		**50,885**	32,862	66,911
Taxation		**3,840**	4,632	9,500
Non-controlling interests		**24**	15	25
Loss/(gain) on sale of properties		**807**	—	(79)
Share-based payments		**2,475**	2,305	4,290
Surplus on revaluation of investment properties	12	**(41,580)**	(25,370)	(49,782)
Change in fair value of derivative financial instruments		**(7)**	126	(133)
Depreciation	5	**561**	416	868
Finance income	8	**(5)**	(18)	(23)
Finance expense		**4,950**	5,132	9,795
Exit fees/prepayment penalties		**530**	15	428
Cash flows from operations before changes in working capital		**22,480**	20,115	41,800
Changes in working capital				
Decrease in trade and other receivables		**3,547**	3,738	4,984
(Decrease)/increase in trade and other payables		**(3,970)**	(2,206)	3,168
Taxation (paid)/received		**(22)**	118	(17)
Cash flows from operating activities		**22,035**	21,765	49,935
Investing activities				
Purchase of investment properties		**(83,656)**	(50,801)	(76,265)
Prepayments relating to new acquisitions		**(395)**	(378)	(6,547)
Capital expenditure		**(8,870)**	(7,955)	(16,540)
Purchase of plant and equipment		**(809)**	(410)	(1,523)
Net proceeds on disposal of properties		**95,246**	—	7,201
Interest received		**5**	18	23
Cash flows from/(used in) investing activities		**1,521**	(59,526)	(93,651)
Financing activities				
Issue of shares		**24,378**	29,117	43,620
Dividends paid		**(8,378)**	(5,503)	(11,685)
Proceeds from loans		**—**	141,500	211,500
Repayment of loans		**(50,379)**	(116,426)	(159,077)
Exit fees/prepayment penalties		**(530)**	(15)	(428)
Finance charges paid		**(3,677)**	(6,039)	(11,393)
Cash flows (used in)/from financing activities		**(38,586)**	42,634	72,537
(Decrease)/increase in cash and cash equivalents		**(15,031)**	4,873	28,821
Cash and cash equivalents at the beginning of the period		**48,695**	19,874	19,874
Cash and cash equivalents at the end of the period	16	**33,664**	24,747	48,695

Notes forming part of the financial statements
for the six months ended 30 September 2017

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 the Main Markets of the London Stock Exchange ("LSE") and the Johannesburg Stock Exchange ("JSE").

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the six month period to 30 September 2017.

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

2. Significant accounting policies
(a) Basis of preparation

The unaudited interim condensed set of 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 unaudited interim condensed set of consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except where otherwise indicated.

The comparative figures for the financial year ended 30 September 2016 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 263 (2) or (3) of the Companies (Guernsey) Law, 2008.

As at 31 March 2017, the Company elected to present consolidated financial statements in a manner which makes them more comparable with similar businesses that operate in the real estate sector which typically include only costs that are considered directly attributable to the underlying property assets within net operating income. As a result, the consolidated statement of comprehensive income for the six months ended 30 September 2016 has been re-presented with the main impact being the reallocation of costs that are not considered to be directly attributable to the underlying property assets from direct costs to administrative expenses. The impact on total comprehensive income for the comparative period is nil as shown in the table below:

	Previously reported six months ended 30 September 2016 €000	Re-presented six months ended 30 September 2016 €000	Movement €000
Rental income	32,636	32,636	—
Direct costs	(8,900)	(5,308)	3,592
Net rental income/net operating income	23,736	27,328	**3,592**
Surplus on revaluation of investment properties	25,370	25,370	—
Administrative expenses	(5,041)	(9,865)	(4,824)
Other operating expenses	(1,301)	—	1,301
Operating profit	42,764	42,833	**70**
Finance income	18	18	—
Finance expense	(5,147)	(5,217)	(70)
Change in fair value of derivative financial instruments	(126)	(126)	—
Net finance costs	(5,255)	(5,325)	**(70)**
Profit before tax	37,509	37,509	—
Taxation	(4,632)	(4,632)	—
Profit for the year	32,877	32,877	**—**
Profit attributable to:			
Owners of the Company	32,862	32,862	—
Non-controlling interest	15	15	—
Total comprehensive income for the year	32,877	32,877	**—**

2. Significant accounting policies *continued*

(b) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings, which are widely used alternate metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Note 10 of the Interim Report includes a reconciliation of basic and diluted earnings to EPRA earnings.

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, headline earnings are calculated using basic earnings adjusted for revaluation surplus net of related tax and gain/loss on sale of properties net of related tax. Note 10 of the Interim Report includes a reconciliation between IFRS and headline earnings.

The Directors have chosen to disclose adjusted earnings in order to provide an alternative indication of the Group's underlying business performance; accordingly, it excludes the effect of adjusting items net of related tax. Note 10 of the Interim Report includes a reconciliation of adjusting items included within adjusted earnings, with those adjusting items stated within administrative expenses in note 5.

The Directors have chosen to disclose adjusted profit before tax and Funds from Operations in order to provide an alternative indication of the Group's underlying business performance and to facilitate the calculation of its dividend pool; a reconciliation between profit before tax and funds from operation is included within note 22. Within adjusted profit before tax are adjusting items as described above gross of related tax.

Further details on non-IFRS measures can be found in the Business Analysis section of this document.

(c) Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of JSE Limited and IAS 34 'Interim Financial Reporting'. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2017. The condensed interim financial statements have been prepared on the basis of the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2017. The financial statements for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU. The Group's annual financial statements refer to new standards and interpretations, none of which had a material impact on the financial statements.

(d) 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. Accordingly, the Board continued to adopt the going concern basis in preparing these financial statements.

(e) Basis of consolidation

The unaudited interim condensed set of consolidated financial statements comprises the financial statements of the Group as at 30 September 2017. 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.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

2. Significant accounting policies *continued*

(f) Significant accounting policies

The accounting policies applied by the Group in this unaudited interim condensed set of consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 March 2017.

(g) Principal risks and uncertainties

The key risks that could affect the Group's medium-term performance and the factors which mitigate these risks have not materially changed from those set out in the Group's Annual Report and Accounts 2017 and have been assessed in line with the requirements of the 2014 UK Corporate Governance Code. The risks are reproduced below. The Board is satisfied that the Company continues to operate within its risk profile.

Principal risks summary

Risk category	Principle risk(s)
1. Financing	- Availability and pricing of debt - Compliance with facility covenants
2. Valuation	- Property inherently difficult to value - Susceptibility of property market to change in value
3. Market	- Reliance on Germany - Reliance on SME market
4. Acquisitive growth	- Failure to acquire suitable properties with desired returns
5. Organic growth	- Failure to deliver capex investment programme - Failure to achieve targeted returns from investment
6. Customer	- Decline in demand for space - Significant tenant move-outs or insolvencies - Exposure to tenants' inability to meet rental and other lease commitments
7. Regulatory and tax	- Non-compliance with tax or regulatory obligations
8. People	- Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9. Systems and data	- System failures and loss of data - Security breaches - Data protection

3. 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. All rental income is derived from operations in 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, as adopted by the European Union ("EU"), information on a quarterly basis.

4. Revenue

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Rental and other income from investment properties	**35,301**	32,636	68,793

5. Operating profit

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

Direct costs

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Service charge income	**(20,466)**	(18,184)	(40,976)
Property costs	**24,715**	22,854	47,563
Non-recoverable maintenance	**1,016**	638	1,680
Irrecoverable property costs	**5,265**	5,308	8,267

Loss on disposal of properties

Within loss on disposal of properties of €807,000 (31 March 2017: €79,000 gain) are various costs relating to the disposal of assets in the period including the derecognition of lease incentives.

Administrative expenses

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Audit fee	**174**	213	293
Legal and professional fees	**1,129**	779	2,128
Other administration costs	**90**	171	2,368
LTIP	**2,148**	2,152	4,136
Staff costs	**5,383**	4,515	9,305
Director fees	**166**	94	241
Depreciation	**561**	416	868
Marketing	**880**	721	1,584
Selling costs relating to assets held for sale	**—**	—	551
Non-recurring items	**60**	804	2,409
Administrative expenses	**10,591**	9,865	23,883

Non-recurring items relate to costs associated with the admission of the Company to the Main Markets of the London and Johannesburg stock exchanges that completed on 6 March 2017.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

6. Employee costs and numbers

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Wages and salaries	**8,027**	6,936	13,970
Social security costs	**1,381**	1,225	2,544
Pension	**91**	78	174
Other employment costs	**44**	48	215
	9,543	8,287	16,903

The costs for the period ended 30 September 2017 include those relating to Executive Directors and an accrual of €2,148,000 relating to the granting or award of shares under LTIPs (see note 7).

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, Sirius Finance (Guernsey) Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the period was 224 (30 September 2016: 201; 31 March 2017: 204) expressed in full-time equivalents. In addition, the Board of Directors consists of four Non-executive Directors and two Executive Directors as at 30 September 2017.

7. Employee schemes

Equity-settled share-based payments

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 of twelve months. 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.

No shares were forfeited in the six months to 30 September 2017. An expense of €2,148,000 (30 September 2016: €2,152,000) was recognised in the statement of comprehensive income to 30 September 2017.

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

	(Unaudited) six months ended 30 September 2017		Year ended 31 March 2017	
	Number of shares	**Weighted average exercise price €000**	Number of shares	Weighted average exercise price €000
Balance outstanding as at the beginning of the period (nil exercisable)	**23,850,000**	**—**	25,150,000	—
Forfeited during the period	**—**	**—**	(1,300,000)	—
Balance outstanding as at the end of the period (nil exercisable)	**23,850,000**	**—**	23,850,000	—

7. Employee schemes *continued*

Equity-settled share-based payments *continued*

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

	31 March 2017
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.

Employee benefit scheme

During the period, 487,166 shares were issued to the Company's management through its MSP scheme.

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

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Charge relating to MSP	**327**	153	153
Charge relating to new LTIP	**2,148**	2,152	4,136
Share-based payment transactions as per consolidated statement of changes in equity	**2,475**	2,305	4,289

The MSP was terminated in respect of any new awards with effect from 1 April 2017.

8. Finance income and expense

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Bank interest income	**5**	18	23
Finance income	**5**	18	23
Bank loan interest expense	**(3,432)**	(3,642)	(7,151)
Bank charges	**(65)**	(70)	(139)
Amortisation of capitalised finance costs	**(594)**	(583)	(1,172)
Refinancing costs	**(1,390)**	(922)	(1,762)
Finance expense	**(5,481)**	(5,217)	(10,224)
Net finance expense	**(5,476)**	(5,199)	(10,201)

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

9. Taxation

Consolidated statement of comprehensive income

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Current income tax			
Current income tax charge	**(226)**	(59)	(576)
Current income tax charge relating to disposals	**(2,061)**	—	—
Adjustment in respect of prior periods	**4**	81	264
Total current income tax	**(2,283)**	22	(312)
Deferred tax			
Relating to origination and reversal of temporary differences	**(1,890)**	(4,738)	(9,245)
Relating to LTIP charge for the period	**333**	84	57
Total deferred tax	**(1,557)**	(4,654)	(9,188)
Income tax charge reported in the statement of comprehensive income	**(3,840)**	(4,632)	(9,500)

Deferred income tax liability

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Opening balance	**(20,993)**	(11,747)	(11,747)
Release due to disposals	**4,845**	—	—
Taxes on the revaluation of investment properties and derivative financial instruments*	**(6,734)**	(4,738)	(9,245)
Balance as at period end	**(22,882)**	(16,485)	(20,993)

* 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).

Deferred income tax asset

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Opening balance	**240**	183	183
Relating to LTIP charge for the year	**333**	84	57
Balance as at period end	**573**	267	240

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the Company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate of 19%, which represents the expected relevant rate to apply to the period when the asset is realised.

The Group has tax losses of €246,521,000 (31 March 2017: € 262,525,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation. 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.

10. Earnings per share

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

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Earnings			
Basic earnings	**50,885**	32,862	66,911
Diluted earnings	**50,885**	32,862	66,911
EPRA earnings*	**14,080**	12,371	26,188
Headline earnings*	**14,085**	12,270	26,318
Diluted headline earnings	**14,085**	12,270	26,318
Adjusted			
Basic earnings after tax	**50,885**	32,862	66,911
Deduct revaluation surplus, net of related tax	**(39,668)**	(20,592)	(40,514)
Add loss/(deduct gain) on sale of properties, net of related tax	**2,868**	—	(79)
Headline earnings after tax	**14,085**	12,270	26,318
(Deduct)/add change in fair value of derivative financial instrument, net of related tax	**(29)**	86	(156)
Add adjusting items*, net of related tax	**3,265**	3,794	8,801
Adjusted earnings* after tax	**17,321**	16,150	34,963
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and headline earnings per share	**894,104,933**	803,512,009	822,957,685
Weighted average number of ordinary shares for the purpose of diluted earnings and diluted headline earnings per share	**917,954,933**	827,362,009	846,807,685
Weighted average number of ordinary shares for the purpose of adjusted earnings per share	**894,104,933**	803,512,009	822,957,685
Basic earnings per share	**5.69c**	4.09c	8.13c
Diluted earnings per share	**5.54c**	3.97c	7.90c
Basic EPRA earnings per share	**1.57c**	1.54c	3.18c
Diluted EPRA earnings per share	**1.53c**	1.50c	3.09c
Headline earnings per share	**1.58c**	1.53c	3.20c
Diluted headline earnings per share	**1.53c**	1.48c	3.11c
Adjusted earnings per share	**1.94c**	2.01c	4.25c
Adjusted diluted earnings per share	**1.89c**	1.95c	4.13c

* See table 5 in Business Analysis section for further details.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

10. Earnings per share *continued*

The Directors have chosen to disclose adjusted earnings per share in order to provide an alternative indication of the Group's underlying business performance; accordingly, it excludes the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties net of related tax and derivative financial instruments net of related tax. In addition, the Directors have chosen to disclose EPRA earnings in order to assist in comparisons with similar businesses. The reconciliation between basic and diluted earnings and EPRA earnings is as follows:

EPRA earnings

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Basic and diluted earnings attributable to owners of the Company	**50,885**	32,862	66,911
Basic and diluted earnings attributable to non-controlling interests	**24**	15	25
Basic and diluted earnings attributable to owners of the Company and non-controlling interests	**50,909**	32,877	66,936
Surplus on revaluation of investment properties	**(41,580)**	(25,370)	(49,782)
Loss/(gain) on disposal of properties (including tax)	**2,868**	—	(79)
Change in fair value of derivative financial instruments	**(7)**	126	(133)
Deferred tax in respect of EPRA adjustments	**1,890**	4,738	9,246
EPRA earnings	**14,080**	12,371	26,188

Non-recurring items as stated within earnings per share can be reconciled with those stated within administrative expenses in note 5 as follows:

	(Unaudited) six months ended 30 September 2017 €000	(Unaudited) six months ended 30 September 2016 €000	Year ended 31 March 2017 €000
Non-recurring items as per note 5	**60**	804	2,409
Finance restructuring costs	**1,390**	922	1,762
Selling costs relating to assets held for sale	**—**	—	551
LTIP	**2,148**	2,152	4,136
Change in deferred tax assets	**(333)**	(84)	(57)
Adjusting items as per note 10	**3,265**	3,794	8,801

The number of shares has been reduced by 574,892 shares (30 September 2016: 1,062,058 shares; 31 March 2017: 1,062,058 shares), which are held by the Company as Treasury Shares at 30 September 2017 for the calculation of basic, headline, adjusted and diluted earnings per share.

10. Earnings per share *continued*

EPRA earnings *continued*

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

	(Unaudited) 30 September 2017 Number of shares	(Unaudited) 30 September 2016 Number of shares	31 March 2017 Number of shares
Weighted average number of ordinary shares for the purpose of basic, EPRA basic and adjusted earnings per share	**894,104,933**	803,512,009	822,957,685
Effect of grant of LTIP shares	**23,850,000**	23,850,000	23,850,000
Weighted average number of ordinary shares for the purpose of diluted and EPRA diluted earnings per share	**917,954,933**	827,362,009	846,807,685

The Company has chosen to report EPRA earnings per share ("EPRA EPS"). EPRA EPS is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for property revaluation, changes in fair value of derivative financial instruments, profits and losses on disposals and deferred tax in respect of EPRA adjustments.

11. Net assets per share

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Net assets			
Net assets for the purpose of assets per share (assets attributable to the equity holders of the Company)	**564,555**	450,833	495,187
Deferred tax arising on revaluation of properties and LTIP valuation	**22,310**	16,218	20,753
Derivative financial instruments	**334**	599	341
Adjusted net assets attributable to equity holders of the Company	**587,199**	467,650	516,281
Number of shares			
Number of ordinary shares for the purpose of net assets per share	**926,153,673**	840,769,233	877,786,535
Number of ordinary shares for the purpose of diluted EPRA net assets per share	**950,003,673**	864,619,233	901,636,535
Net assets per share	**60.96c**	53.62c	56.41c
Adjusted net assets per share	**63.40c**	55.62c	58.82c
EPRA net assets per share	**61.87c**	54.80c	57.84c
Net assets at the end of the year (basic)	**564,555**	450,833	495,187
Directors' discretionary impairment of non-core assets	**—**	5,910	4,968
Derivative financial instruments at fair value	**334**	599	341
Deferred tax in respect of EPRA adjustments	**22,882**	16,485	20,993
EPRA net assets	**587,771**	473,827	521,489

The Company has chosen to report EPRA net assets per share ("EPRA NAV per share"). EPRA NAV per share is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NAV represents net assets after adjusting for derivative financial instruments and deferred tax relating to valuation movement and derivatives. EPRA NAV per share takes into account the effect of the granting of shares relating to long-term incentive plans.

The number of shares has been reduced by 574,892 shares (31 March 2017: 1,062,058 shares), which are held by the Company as Treasury Shares at 30 September 2017 for the calculation of net assets and adjusted net assets per share.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

12. Investment properties

Most of the Group's properties are pledged as security for loans obtained by the Group. See note 18 for details.

The movement in the book value of investment properties is as follows:

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Total investment properties at book value as at the beginning of the period*	**727,295**	687,453	687,453
Additions	**83,656**	50,801	76,265
Capital expenditure	**11,926**	7,236	16,493
Disposals	**(7,090)**	—	(6,698)
Reclassified as investment properties held for sale not included in valuation	**(950)**	(5,870)	(96,000)
Surplus on revaluation above capex	**36,797**	26,363	50,040
Adjustment in respect of lease incentives	**(185)**	(393)	(600)
Movement in Directors' discretionary impairment of non-core assets	**4,968**	(600)	342
Total investment properties at book value as at the end of the period	**856,417**	764,990	727,295

* Excluding items held for sale.

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:

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Total investment properties at market value as per valuer's report as at the beginning of the period	**695,190**	550,030	550,030
Surplus on revaluation above capex	**26,363**	27,743	47,501
Reclassified as other fixed assets	**—**	—	—
Total investment properties at market value as per valuer's report as at the end of the period	**779,590**	615,240	695,190

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

	(Unaudited) 30 September 2016 €000	(Unaudited) 30 September 2015 €000	31 March 2016 €000
Investment properties at market value per valuer's report*	**859,600**	773,720	735,290
Adjustment in respect of lease incentives	**(3,183)**	(2,820)	(3,027)
Directors' discretionary impairment of non-core assets	**—**	(5,910)	(4,968)
Balance as at period end	**856,417**	764,990	727,295

* Excluding assets held for sale.

The fair value (market value) of the Group's investment properties at 30 September 2017 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2016: Cushman & Wakefield LLP), an independent valuer.

12. Investment properties *continued*

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.

As at 30 September 2017, no Directors' discretionary impairments were made against any assets (31 March 2017: €4,968,000).

The weighted average lease expiry remaining across the whole portfolio at 30 September 2017 was 2.6 years (31 March 2017: 2.5 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 reconciliation of surplus on revaluation above capex as per the statement of comprehensive income is as follows:

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Surplus on revaluation above capex	**36,797**	26,363	50,040
Adjustment in respect of lease incentives	**(185)**	(393)	(600)
Movement in Directors' discretionary impairment of non-core assets	**4,968**	(600)	342
Surplus on revaluation of investment properties reported in the statement of comprehensive income	**41,580**	25,370	49,782

Included in the surplus on revaluation of investment properties reported in the statement of comprehensive income are gross gains of €52,527,000 and gross losses of €10,947,000.

Other than the capital commitments disclosed in note 23 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 30 September 2017

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	841,320,000	Discounted cash flow	Current rental income	€68k–€5,257k
			Market rental income	€423k–€5,625k
			Gross initial yield	0.4%–16.7%
			Discount factor	5.00%–8.9%
			Void period (months)	12–24
			Estimated capital value per sqm	€255–€1,404
Other	18,930,000	Discounted cash flow	Current rental income	€511k–2,375k
			Market rental income	€899k–€3,344k
			Gross initial yield	9.6%–10.1%
			Discount factor	8.5%–12.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€65–€125

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

12. Investment properties *continued*

As at 30 March 2017

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	711,320,000	Discounted cash flow	Current rental income	€288k–€5,655k
			Market rental income	€424k–€6,035k
			Gross initial yield	3.8%–15.6%
			Discount factor	4.75%–12.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€67–€1,261
Other	23,970,000	Discounted cash flow	Current rental income	€398k–1,905k
			Market rental income	€466k–€2,119k
			Gross initial yield	3.8%–10.1%
			Discount factor	6.3%–9.5%
			Void period (months)	12–24
			Estimated capital value per sqm	€597–€941

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 €43,920,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €44,490,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €17,480,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €17,660,000.

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

13. Investment properties held for sale

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Merseburg	**—**	5,870	—
Berlin Tempelhof land	**950**	—	—
Munich Rupert Mayer Strasse	**—**	—	85,000
Düsseldorf	**—**	—	11,000
Balance as at period end	**950**	5,870	96,000

Investment properties held for sale at 30 September 2017 is €950,000 (31 March 2017: €96.0 million), representing non-income producing land that was notarised for sale in the period. A gain of €300,000 was recognised in the surplus on revaluation of investment properties within the consolidated statement of comprehensive income in the period.

14. Goodwill

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Opening balance	**3,738**	3,738	3,738
Closing balance	**3,738**	3,738	3,738

14. Goodwill *continued*

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.

15. Trade and other receivables

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Trade receivables	**2,088**	1,808	2,837
Other receivables	**14,026**	5,265	4,470
Prepayments	**2,063**	1,503	6,983
Balance as at period end	**18,177**	8,576	14,290

Other receivables include lease incentives of €3,610,000 (31 March 2017: €3,269,000).

Prepayments include costs totalling €395,000 (31 March 2017: €6,547,000) relating to the acquisition of a new site that was notarised as at 30 September 2017.

16. Cash and cash equivalents

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Cash at bank and in hand	**33,664**	24,747	48,695
Balance as at period end	**33,664**	24,747	48,695

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 30 September 2017 is €33,664,000 (31 March 2017: €48,695,000).

As at 30 September 2017, €20,710,000 (31 March 2017: €12,753,000) of cash is held in blocked accounts. Of this, €7,000,000 (31 March 2017: €nil) represents proceeds from the disposal of investment property retained by the bank to which the asset acted as security until such time as a replacement asset is substituted into the relevant loan facility. €7,089,000 (31 March 2017: €6,933,000) relates to deposits received from tenants. An amount of €16,000 (31 March 2017: €16,000) is cash held in escrow as required by a supplier and €131,000 (31 March 2017: €131,000) is held in restricted accounts for office rent deposits. An amount of €2,859,000 (31 March 2017: €2,850,000) 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 €3,615,000 (31 March 2017: €2,823,000) relates to amounts reserved for future capital expenditure.

17. Trade and other payables

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Trade payables	**6,581**	4,483	5,865
Accrued expenses	**11,503**	9,568	12,206
Accrued interest	**2,137**	1,564	509
Other payables	**12,826**	12,148	15,383
Balance as at period end	**33,047**	27,763	33,963

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

18. Interest-bearing loans and borrowings

Current
Deutsche Genossenschafts-Hypothekenbank AG
– fixed rate facility
Bayerische Landesbank
– hedged floating rate facility
SEB AG
– fixed rate facility
Berlin Hyp AG/Deutsche Pfandbriefbank AG
– floating rate facility
– fixed rate facility
Berlin Hyp AG
– fixed rate facility
– fixed rate facility
– fixed rate facility
K-Bonds I
– fixed rate facility
Capitalised finance charges on all loans
Non-current
Deutsche Genossenschafts-Hypothekenbank AG
– fixed rate facility
Bayerische Landesbank
– hedged floating rate facility
SEB AG
– fixed rate facility
Berlin Hyp AG/Deutsche Pfandbriefbank AG
– floating rate facility
– fixed rate facility
Berlin Hyp AG
– fixed rate facility
– fixed rate facility
– fixed rate facility
K-Bonds I
– fixed rate facility
– fixed rate facility
Capitalised finance charges on all loans
Total

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

2 Tranche 2 of this facility was fully repaid in September 2017.

Effective interest rate %	Maturity	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
1.59	31 March 2021	**320**	320	320
Hedged[1]	19 October 2020	**508**	508	508
1.84	1 September 2022	**1,180**	1,180	1,180
Floating[2]	27 April 2023	**—**	1,063	1,063
1.66	27 April 2023	**2,310**	2,394	2,413
2.85	31 December 2019	**—**	828	—
1.32	31 December 2019	**—**	112	—
1.48	29 October 2023	**1,773**	—	1,773
6.00	31 July 2020	**1,000**	1,000	1,000
		(1,065)	(1,201)	(1,189)
		6,026	6,204	7,068
1.59	31 March 2021	**14,200**	14,520	14,360
Hedged[1]	19 October 2020	**23,860**	24,367	24,113
1.84	1 September 2022	**55,755**	56,640	56,050
Floating[2]	27 April 2023	**—**	40,906	40,375
1.66	27 April 2023	**83,679**	91,138	89,927
2.85	31 December 2019	**—**	33,912	—
1.32	31 December 2019	**—**	4,341	—
1.48	29 October 2023	**66,613**	—	67,496
4.00	31 July 2023	**45,000**	45,000	45,000
6.00	31 July 2020	**2,000**	3,000	3,000
		(4,448)	(5,807)	(5,597)
		286,659	308,017	334,724
		292,685	314,221	341,792

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

18. Interest-bearing loans and borrowings *continued*
The Group has pledged 35 (31 March 2017: 38) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 35 (31 March 2017: 38) properties had a combined valuation of €705,566,000 as at 30 September 2017 (31 March 2017: €774,120,000).

Deutsche Genossenschafts-Hypothekenbank AG
On 24 March 2016, the Group agreed to a facility agreement with Deutsche Genossenschafts-Hypothekenbank AG for €16.0 million. As at 31 March 2017, tranche 1 had been drawn down in full totalling €15.0 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 at 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 €59.0 million to refinance the two existing Macquarie loan facilities. The loan terminates on 1 September 2022. Amortisation is 2% p.a., with the remainder due in the seventh year. The loan facility is charged at a fixed interest rate of 1.84%. This facility is secured over twelve of the 14 property assets previously financed through the Macquarie loan 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 Hyp AG/Deutsche Pfandbriefbank AG
On 31 March 2014, the Group agreed to a facility agreement with Berlin Hyp AG and Deutsche Pfandbriefbank AG for €115.0 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 3.0% thereafter, with the remainder due in the fifth year. Half of the facility (€55.2 million) is charged interest at 3.0% 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. On 28 April 2016, the Group agreed to refinance this facility, which had an outstanding balance of €110.4 million at 31 March 2016. The new facility is split in two tranches totalling €137.0 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 1.57% over three months' 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 and is subject to various covenants with which the Group has complied.

On 30 June 2017, the Group made a repayment of €5.75 million relating to tranche 1 of the facility as a result of the disposal of an asset that acted as security over the loan. On 28 September 2017, the Group repaid tranche 2 of the facility in full, which had an outstanding balance of €41.2 million at the time of repayment as a result of the disposal of an asset that acted as security over the loan. The Group continues to have substitution rights relating to the facility.

Berlin Hyp AG
On 15 December 2014, the Group agreed to a facility agreement with Berlin Hyp AG for €36.0 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 at 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. On 28 April 2016, the Group agreed to add an additional tranche to this facility, 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

18. Interest-bearing loans and borrowings *continued*

Berlin Hyp AG *continued*

rate of 1.32% for the full term of the loan. The original facility agreement was 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 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend this facility that had an outstanding balance of €39.2 million at 30 September 2016. The new facility totals €70.0 million and terminates on 29 October 2023. Amortisation is 2.5% per annum, with the remainder due at maturity. The facility is charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility is secured over six property assets which include the recent acquisitions in Dresden and Wiesbaden which were added to the security pool in order to increase the facility. The loan is subject to various covenants with which the Group has complied.

K-Bonds

On 1 August 2013, the Group agreed to a facility agreement with K-Bonds for €52.0 million. The loan consists of a senior tranche of €45.0 million and a junior tranche of €7.0 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 €1.0 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.

19. 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:

	(Unaudited) 30 September 2017		(Unaudited) 30 September 2016		31 March 2017	
	Carrying amount €000	**Fair value €000**	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets						
Cash	**33,664**	**33,664**	24,747	24,747	48,695	48,695
Trade receivables	**2,088**	**2,088**	1,808	1,808	2,837	2,837
Derivative financial instruments	**—**	**—**	—	—	—	—
Financial liabilities						
Trade payables	**6,581**	**6,581**	4,483	4,483	5,865	5,865
Derivative financial instruments	**334**	**334**	599	599	341	341
Interest-bearing loans and borrowings:						
Floating rate borrowings	**—**	**—**	41,969	41,969	41,438	41,438
Floating rate borrowings – hedged*	**24,367**	**24,367**	24,875	24,875	24,621	24,621
Fixed rate borrowings	**273,831**	**278,563**	254,385	256,458	282,519	288,288

* The Group holds interest rate swap contracts designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facility with Bayerische Landesbank. Please refer to note 18 for details of swap and cap contracts.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

20. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	—
As at 30 September 2017	**Unlimited**	**—**

Issued and fully paid	Number of shares	Share capital €
As at 31 March 2016	751,984,887	—
Issued ordinary shares	125,488,040	—
Issued Treasury Shares	313,608	—
As at 31 March 2017	877,786,535	—
Issued ordinary shares	47,879,972	—
Issued Treasury Shares	487,166	—
As at 30 September 2017	**926,153,673**	**—**

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting. Shares held in treasury are not entitled to receive dividends or to vote at general meetings.

Pursuant to a scrip dividend offering on 13 January 2017, the Company issued 11,027,524 ordinary shares at an issue price of €0.5055, resulting in the Company's overall issued share capital being 852,858,815 ordinary shares, of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 851,796,757.

Pursuant to an equity raise of €15.0 million on 7 March 2017, the Company issued 25,989,778 ordinary shares at an issue price of €0.5771, resulting in the Company's overall issued share capital being 878,848,593 ordinary shares, of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 877,786,535. Costs associated with the equity raise amounted to €446,000.

On 7 July 2017, the Company issued 487,166 ordinary shares out of treasury to the Company's two Executive Directors and some of the Group's Senior Management Team, pursuant to the Company's MSP incentive scheme. This resulted in the Company's overall issued share capital being 878,848,593 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 878,273,701.

Pursuant to an equity raise of €25.0 million on 4 August 2017, the Company issued 39,888,185 ordinary shares at an issue price of £0.56, resulting in the Company's overall issued share capital being 918,736,778 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 918,161,886. Costs associated with the equity raise amounted to €612,000.

Pursuant to a scrip dividend offering on 18 August 2017, the Company issued 7,991,787 ordinary shares at an issue price of £0.5621, resulting in the Company's overall issued share capital being 926,728,565 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 926,153,673.

The Company holds 574,892 of its own shares, which are held in treasury (31 March 2017: 1,062,058). During the period 487,166 shares were issued from treasury.

No shares were bought back in the year.

21. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends and for the buyback of shares and is €488,801,000 in total at 30 September 2017 (31 March 2017: €470,318,000).

22. Dividends

In November 2016, the Company announced a dividend of 1.39c per share, with a record date of 16 December for UK shareholders and 15 December 2016 for South African shareholders, and payable on 20 January 2017. On the record date, 841,831,291 shares were in issue, of which 1,062,058 were held in treasury and 840,769,233 were entitled to participate in the dividend. Holders of 401,207,527 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €5,577,000, while holders of 439,561,706 shares opted for a cash dividend with a value of €6,182,000. The total dividend was €11,759,000.

On 4 July 2017, the Company announced a dividend of 1.53c per share, with a record date of 14 July 2017 for UK and South African shareholders and payable on 18 August 2017. On the record date, 878,848,593 shares were in issue, of which 574,892 were held in treasury and 878,273,701 were entitled to participate in the dividend. Holders of 329,660,344 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €5,044,000, while holders of 548,613,357 shares opted for a cash dividend with a value of €8,378,000. The total dividend was €13,422,000.

The Group's profit attributable to the equity holders of the Company for the six months to 30 September 2017 was €50.9 million (30 September 2016: €32.9 million). The Board indicated the possibility, in the Annual Report for the year ended 31 March 2017, of temporarily increasing the dividend pay-out ratio from its policy of paying 65% of FFO* in order to maintain dividend growth trajectory whilst the proceeds from high-income producing mature assets are reinvested. The Board has declared a final dividend of 1.56c per share for the period ended 30 September 2017, representing a temporary increase in the pay-out ratio of 75% of FFO. The dividend will be paid on 19 January 2018, with the ex-dividend dates being 13 December 2017 for shareholders on the South African register and 14 December 2017 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.

The dividend paid per the statement of changes in equity is the value of the cash dividend.

* Adjusted profit before tax adjusted for depreciation, amortisation of financing fees, current tax receivable/incurred and tax relating to disposals.

Notes forming part of the financial statements continued
for the six months ended 30 September 2017

22. Dividends *continued*
The dividend per share was calculated as follows:

	(Unaudited) 30 September 2017 €m	(Unaudited) 30 September 2016 €m	31 March 2017 €m
Reported profit before tax	**54.7**	37.5	76.4
Adjustments for:			
Surplus on revaluation	**(41.6)**	(25.4)	(49.8)
Loss/(gain) on disposals	**0.8**	—	(0.1)
Other adjusting items*	**3.6**	3.9	8.9
Change in fair value of financial derivatives	**—**	0.1	(0.1)
Adjusted profit before tax	**17.5**	16.1	35.3
Adjustments for:			
Depreciation	**0.6**	0.4	0.9
Amortisation of financing fees	**0.6**	0.6	1.2
Current taxes (incurred) (see note 9)	**(2.3)**	—	(0.3)
Add back current tax relating to disposals	**2.1**	—	—
Funds from Operations, year ended 31 March	**n/a**	n/a	37.1
Funds from Operations, six months ended 30 September	**18.5**	17.1	17.1
Funds from Operations, six months ended 31 March	**n/a**	n/a	20.0
Dividend pool, six months ended 30 September**	**14.4**	11.7	11.7
Dividend pool, six months ended 31 March	**n/a**	n/a	13.4
DPS, six months ended 30 September	**1.56c**	1.39c	1.39c
DPS, six months ended 31 March	**n/a**	n/a	1.53c

* Includes expenses relating to the Main Market move, restructuring costs and the management LTIP gross of related tax.

** Calculated as 75% of FFO of 2.07c per share (30 September 2016: 2.13c per share using 65% of FFO; 31 March 2017: 2.38c per share using 65% of FFO), based on average number of shares outstanding of 894,104,933 (30 September 2016: 803,512,009; 31 March 2017: 846,641,989).

Calculations contained in this table are subject to rounding differences.

23. Capital and other commitments
As at 30 September 2017, the Group had contracted capital expenditure on existing properties of €6,378,000 (31 March 2017: €5,951,000) and commitments of €2,461,000 (31 March 2017: €2,732,000) derived from office rental contracts.

These commitments have not yet been provided for in the financial statements.

24. Post balance sheet events
On 3 November 2017, the Group notarised the acquisition of a property located in Frickenhausen. Total acquisition costs are expected to be €11.2 million. The property is a mixed-use business park and has a net lettable area of 28,594 sqm. The property is 49.6% occupied and let to 19 tenants, producing an annual income of €800,839 and having a remaining weighted average lease term of 2.9 years.

On 30 October 2017, the Group agreed to a facility agreement with SEB AG for €30.0 million. The loan terminates on 30 October 2024 and is secured over three property assets. The loan facility comprises a €23.0 million acquisition facility and a €7.0 million capex facility. The acquisition and capex facilities will initially have a margin of 1.88% which steps down to 1.78% at the point at which occupancy of the portfolio exceeds 50% and to 1.68% at the point occupancy of the portfolio exceeds 70%. €20.0 million of the acquisition facility has been drawn down and hedged by way of a swap at an all-in fixed interest rate of 2.58%. There is a requirement to hedge the remaining €3.0 million of the acquisition facility upon draw down. The capex facility is charged at a floating rate of margin over six month EURIBOR. Amortisation is calculated as 2% of the acquisition facility with the first repayment relating to the quarter ending 31 March 2019 with the remainder due in the seventh year.

Business analysis

Table 5: Non-IFRS measures

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
Reported profit for the period	**50,909**	32,877	66,936
Surplus on revaluation of investment properties	**(41,580)**	(25,370)	(49,782)
Loss/(gain) on disposal of properties (including tax)	**2,868**	—	(79)
Change in fair value of derivative financial instruments	**(7)**	126	(133)
Deferred tax in respect of EPRA adjustments	**1,890**	4,738	9,245
EPRA earnings	**14,080**	12,371	26,188
Deduct non-controlling interest	**(24)**	(15)	(25)
Add change in deferred tax relating to derivative financial instruments	**22**	40	23
Add change in fair value of derivative financial instruments	**7**	(126)	133
Headline earnings after tax	**14,085**	12,270	26,319
Add/deduct change in fair value of derivative financial instruments net of related tax	**(29)**	86	(156)
Add adjusting items*, net of related tax	**3,265**	3,794	8,801
Adjusted earnings after tax	**17,321**	16,150	34,964

* See note 10 of the Interim Report.

	(Unaudited) 30 September 2017 €000	(Unaudited) 30 September 2016 €000	31 March 2017 €000
EPRA earnings	**14,080**	12,371	26,188
Weighted average number of ordinary shares	**894,104,933**	803,512,009	822,957,685
EPRA earnings per share	**1.57**	1.54	3.18
Headline earnings after tax	**14,085**	12,270	26,319
Weighted average number of ordinary shares	**894,104,933**	803,512,009	822,957,685
Headline earnings per share	**1.58**	1.53	3.20
Adjusted earnings after tax	**17,321**	16,150	34,964
Weighted average number of ordinary shares	**894,104,933**	803,512,009	822,957,685
Adjusted earnings per share	**1.94**	2.01	4.25

Business analysis continued

Table 6: Original capex investment programme

Original capex investment programme progress	Sqm	Investment budgeted €000	Actual spend €000	Annualised rental income increase budgeted €000	Annualised rental income increase achieved to September 2017 €000	Occupancy budgeted %	Occupancy achieved %	Rate per sqm budgeted €	Rate per sqm achieved €
Completed*	173,519	19,582	16,258	9,957	9,660	85.0	83	5.63	5.59
In progress	23,097	5,938	844	1,652	133	88.0	—	6.77	—
To be commenced	7,060	815	1	304	—	67.0	—	5.36	—
Total	**203,676**	**26,335**	**17,103**	**11,913**	**9,793**	**85.0**	**—**	**5.73**	**—**

* €0.7 million of further spending on completed projects is expected.

Calculations contained in this table are subject to rounding differences.

Table 7: New acquisition capex investment

New acquisition capex investment programme progress	Sqm	Investment budgeted €000	Actual spend €000	Annualised rental income increase budgeted €000	Annualised rental income increase achieved to September 2017 €000	Occupancy budgeted %	Occupancy achieved %	Rate per sqm budgeted €	Rate per sqm achieved €
Completed	12,153	1,892	1,009	1,654	1,149	91.0	68	12.46	11.65
In progress	13,376	5,239	365	1,010	—	84.0	—	7.49	—
To be commenced	53,721	12,388	1	3,994	—	81.0	—	7.65	—
Total	**79,250**	**19,519**	**1,375**	**6,658**	**1,149**	**83.0**	**—**	**8.44**	**—**

Calculations contained in this table are subject to rounding differences.

Table 8: Smartspace

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rental income (excl. service charge) €000	% of total annualised rental income	Rate per sqm (excl. service charge) €
Smartspace Office	30,268	24,378	81.0	2,305	51.0	7.88
Smartspace Workbox	6,268	4,699	75.0	344	8.0	6.09
Smartspace Storage	29,855	21,411	72.0	1,510	34.0	5.88
Subtotal	**66,391**	**50,488**	**76.0**	**4,159**	**93.0**	**6.86**
Smartspace Flexilager	11,998	5,268	44.0	323	7.0	5.11
Smartspace total	**78,389**	**55,755**	**71.0**	**4,482**	**100.0**	**6.70**

Calculations contained in this table are subject to rounding differences.

Table 9: Acquisitions progress

Site	Date acquired	Total acquisition cost €000	Market value (rounded) €000	Market value increase %	Annualised acquisition rental income €000	Annualised rental income at September 2017 €000	Annualised rental income increase %
Mahlsdorf	Dec-14	19,574	25,500	30.0	1,786	2,052	15.0
Potsdam	Dec-14	29,353	37,200	27.0	2,347	2,797	19.0
Bonn II	Feb-15	3,316	6,850	107.0	531	390	(27.0)
Aachen I	Jan-15	18,693	24,400	31.0	1,751	2,220	27.0
Ludwigsburg	Sep-15	7,443	11,800	59.0	969	1,305	35.0
Weilimdorf	Sep-15	5,699	5,730	1.0	511	511	—
Heidenheim	Sep-15	18,320	22,700	24.0	1,846	1,956	6.0
Cölln Parc	Oct-15	18,586	19,700	6.0	1,469	1,480	1.0
Aachen II	Nov-15	7,340	7,370	—	532	561	5.0
Mainz	Mar-16	25,074	28,400	13.0	2,219	2,490	12.0
Markgröningen	May-16	8,720	15,300	75.0	1,322	1,378	4.0
Krefeld	May-16	13,475	13,800	2.0	1,219	1,219	—
Dresden	Sep-16	28,600	30,000	5.0	2,781	2,890	4.0
Total		**204,193**	**248,750**	**22.0**	**19,283**	**21,249**	**10.0**

Calculations contained in this table are subject to rounding differences.

Site	Date acquired	Acquisition occupancy %	September 2017 occupancy %	Occupancy increase %	Capex since acquisition to September 2017 €000
Mahlsdorf	Dec-14	85.0	91.0	6.0	1,301
Potsdam	Dec-14	85.0	99.0	14.0	496
Bonn II	Feb-15	76.0	59.0	(18.0)	202
Aachen I	Jan-15	75.0	91.0	16.0	1,317
Ludwigsburg	Sep-15	68.0	79.0	11.0	876
Weilimdorf	Sep-15	100.0	100.0	—	55
Heidenheim	Sep-15	83.0	86.0	3.0	409
Cölln Parc	Oct-15	90.0	95.0	6.0	188
Aachen II	Nov-15	97.0	100.0	3.0	8
Mainz	Mar-16	83.0	92.0	9.0	517
Markgröningen	May-16	67.0	74.0	7.0	281
Krefeld	May-16	94.0	89.0	(4.0)	44
Dresden	Sep-16	66.0	68.0	2.0	429
Total		**78.0**	**83.0**	**5.0**	**6,123**

Calculations contained in this table are subject to rounding differences.

Glossary of terms

Adjusted NAV is the assets attributable to the equity holders of the Company adjusted for deferred tax and derivative financial instruments.

Annualised rental income is the contracted rental income of a property at a specific reporting date expressed in annual terms.

Capital value is the market value of a property divided by the total sqm of a property.

Funds from Operations is reported profit before tax adjusted for property revaluation, gain/loss on disposals, change in the fair value of derivative financial instruments, adjusting items, depreciation, amortisation of financing fees and current tax receivable/incurred.

Gross loan-to-value ratio is the ratio of principal value of total debt to the aggregated value of investment property.

Gross yield is the annualised rental income generated by a property expressed as a percentage of its value.

Like for like refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are typically made in relation to annualised rental income, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period.

Net loan-to-value ratio is the ratio of principal value of total debt less cash, excluding that which is restricted, to the aggregate value of investment property.

Net operating income is the income generated by a property less directly attributable costs.

Net yield is the net operating income generated by a property expressed as a percentage of its value.

Occupancy is the percentage of total lettable space occupied as at reporting date.

Rate is rental income per sqm expressed on a monthly basis as at a specific reporting date.

Total debt is the aggregate amount of the Company's interest-bearing loans and borrowings.

Total shareholder return based on adjusted NAV is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share plus dividends paid.

Total return is the return for a set period of time combining valuation movement and income generated.

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