Sirius
real estate

Sirius Real Estate Limited
Interim Report 2018

Active value creation

Continued growth

Progress this year

We are one of the largest branded providers of mixed-use flexible workspace in Germany. Sirius Real Estate Limited ("Sirius" or the "Company" or the "Group") is a real estate company with a portfolio of 55 business parks owned or managed across Germany, providing a combination of conventional and flexible workspace.

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

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Our highlights

A strong set of half year results

Profit growth and dividend increase

- Profit before tax in the period grew 43.0% yoy to €78.2 million (H1 2017: €54.7 million)
- Funds from Operations[1] grew by 25.9% to €23.3 million (H1 2017: €18.5 million)
- Interim dividend increased 4.5%[2] to 1.63c per share (H1 2017: 1.56c)

Strong rental growth

- Increase in rental and other income from investment properties of 16.6% to €40.8 million (H1 2017: €35.0 million) in the period despite the impact of three large expected move-outs
- Increase in like-for-like annualised rent roll[4] of 2.6% in the period despite the impact of three large expected move-outs
- Total annualised rent roll increased 17.6% to €82.0 million (30 September 2017: €69.7 million)

Significant valuation growth

- Total valuation increase of €69.3 million
- Total portfolio book value of €1,048.8 million (31 March 2018: €931.2 million)
- Increase in NAV per share of 6.7% to 67.29c (31 March 2018: 63.09c) with adjusted NAV[3] per share increasing by 7.3% to 70.52c (31 March 2018: 65.71c)

Acquisitions and asset recycling progress

- Good progress on investing funds from March 2018 equity raise with two assets acquired in the period for a total of €29.8 million[5], followed shortly after the period end by the acquisition of an asset for €9.6 million and notarisation of an asset for €25.7 million
- Completed the disposal of all non-core assets for total proceeds of €19.3 million in or just after the period end freeing up further capital to be recycled

€78.2m ↑ 43.0%

Profit before tax

€23.3m ↑ 25.9%

Funds from Operations[1]

1.63c per share ↑ 4.5%[2]

Interim dividend

€40.8m ↑ 16.6%

Rental and other income

€82.0m ↑ 17.6%

Total annualised rent roll

7.04c per share ↑ 24%

Basic earnings per share

1 See note 22 of the Interim Report.

2 Interim dividend representing 70% of FFO (30 September 2017: 75% of FFO).

3 See note 11 of the Interim Report.

4 See glossary section of the Interim Report.

5 Excludes the completion of the Saarbrücken and Düsseldorf assets totalling €36.1 million that completed on 1 April 2018.

Business update
Another strong trading performance

> **The Group's capex investment programmes continue to be a key driver of rental income and valuation growth.**

In summary:

- The strong organic rental growth was a key contributor to the total portfolio book valuation increase of €69.3 million seen in the period.
- The Company has achieved an increase in rental and other income from investment properties of 16.6% to €40.8 million from €35.0 million.
- Three acquisitions totalling €39.4 million completed in the period or shortly after the period end.
- Significant resources to acquire further assets in the second half of the financial year to drive shareholder value.

Overview

Another strong trading performance in the six month period to 30 September 2018 has both underlined Sirius' position as a leading operator of branded business parks in Germany and demonstrated the key differentiators of our business model in a competitive market. We have continued to buy at attractive valuations, have recycled our capital out of non-core assets and importantly have continued to demonstrate our very strong focus on internal active asset management to drive increased rental growth and returns to shareholders. This leaves the business well positioned to continue growing both organically and through acquisitions over the coming years.

Performance in the period has been underpinned by further organic rental growth, significant valuation increases, the disposal of all non-core assets and good progress on investing the funds from the equity raise that we completed in March 2018. As a result, the Company has increased its rental and other income from investment properties to €40.8 million and annualised rent roll* to more than €82.0 million, has grown its investment portfolio to over €1.0 billion and has progressed discussions regarding a further bank facility such that it should have the resources to acquire another €70.0 million of assets in the second half of the financial year, €35.3 million of which was either completed or notarised shortly after the period end.

The Company was able to achieve strong organic rental growth during the period, with an increase in rental and other income from investment properties to €40.8 million and like-for-like annualised rent roll* growth of 2.6% to €79.7 million from €77.7 million in the six month period. This was an excellent result which was achieved despite three large expected move-outs on sites that were recently acquired which drove the loss of €1.2 million of annualised rent roll*. Importantly this highlights the capability and benefits of the Company's internal operating platform and capex investment programmes, and the Company is well positioned for further growth in the second half. The strong organic rental growth was a key contributor to the total portfolio book valuation increase of €69.3 million seen in the period. However, there was also approximately 37 bps of gross yield compression incorporated which meant that around 35% of the increase came from income growth and 65% from yield movement. Including the acquisitions and disposals, the book value of the total portfolio increased by €117.6 million to €1,048.8 million as at 30 September 2018 (31 March 2018: €931.2 million). This is the first time we have seen market movement drive values higher to a greater extent than income growth but the Company remains confident that there is significant scope in income growth going forward, particularly in relation to the recently acquired assets that contain significant vacancy.

Acquisitions and asset recycling continue to be accretive in all aspects and it was very pleasing to sell two non-core assets in Bremen, with Bremen Hag completing after the period end, as well as notarising for sale the third and last remaining asset in Bremen, Bremen Dötlinger. Alongside this, the disposal of a piece of non-income producing land in Rostock and a residential block in Markgröningen completed in the period. Combining the proceeds of these disposals with the equity raised in March 2018 and a bank facility which is currently being negotiated, the Company was in a position to deploy nearly €120.0 million in assets as well continue its capex investment programmes.

Progress on acquisitions has been good with €29.8 million of acquisitions completing in the period, €9.6 million completing on 1 October 2018 and €25.7 million notarised shortly after the period end.

* See glossary section of the Interim Report.

Financial performance

The results for the six month period to 30 September 2018 were positive despite rental and other income being impacted in the first two months of the period due to three large expected move-outs in respect of some recently acquired assets. The contribution from acquisitions in the period was slightly less than anticipated due to the Company continuing to apply rigorous acquisition criteria to ensure the right assets are bought. Rent and other income from investment properties was €40.8 million (2017: €35.0 million) with profit before tax increasing to €78.2 million (2017: €54.7 million), including €56.2 million (2017: €41.6 million) of gains from property revaluations net of capex invested and lease incentive adjustments. Funds from Operations* ("FFO") for the six months of €23.3 million (2.33c per share) compared to €18.5 million (2.07c per share) for the same period in the prior year representing an increase of 12.6% on a per share basis. Basic earnings per share of €70.4 million (7.04c per share) compared to €50.9 million (5.69c per share) whilst basic EPRA earnings** of €21.5 million (2.15c per share) compared to €14.1 million (1.57c per share) for the six months to 30 September 2017.

* See note 22 of the Interim Report.

** See note 10 of the Interim Report.

Business update continued

Financial performance continued

Table 1: Earnings per share

	30 Sept 2018 Earnings €000	30 Sept 2018 No. of shares	30 Sept 2018 Cents per share	30 Sept 2017 Earnings €000	30 Sept 2017 No. of shares	30 Sept 2017 Cents per share	Change %
Basic EPS	**70,409**	**999,625,521**	**7.04**	50,885	894,104,933	5.69	+24%
Diluted EPS	**70,409**	**1,005,446,521**	**7.00**	50,885	917,954,933	5.54	+26%
Adjusted EPS	**21,968**	**999,625,521**	**2.20**	17,321	894,104,933	1.94	+13%
Basic EPRA EPS	**21,496**	**999,625,521**	**2.15**	14,080	894,104,933	1.57	+37%
Diluted EPRA EPS	**21,496**	**1,005,446,521**	**2.14**	14,080	917,954,933	1.53	+40%

The valuation uplift seen this period has been the main contributor towards an increase of 6.7% in net asset value per share ("NAV") to 67.29c from 63.09c at 31 March 2018. EPRA net asset value ("EPRA NAV") per share increased by 9.3% to 70.16c from 64.18c whilst adjusted net asset value ("adjusted NAV") per share increased by 7.3% to 70.52c from 65.71c. The movement in net asset value in the period can be seen below:

Table 2: Net assets per share

	cents per share
NAV at 31 March 2018	63.09
Recurring profit before tax	2.20
Surplus on revaluation	5.56
Current and deferred tax charge	(0.77)
Scrip and cash dividend paid	(1.56)
Share awards and non-recurring items	(1.23)
NAV per share at 30 September 2018	**67.29**
Deferred tax and derivatives	3.23
Adjusted NAV per share at 30 September 2018	**70.52**
EPRA adjustments*	(0.36)
EPRA NAV per share at 30 September 2018	**70.16**

* See note 11 of the Interim Report.

Total shareholder accounting return ("TSR") based on the movement in adjusted NAV plus the 1.60c per share final dividend paid in August 2018 was 9.8% for the six month period (30 September 2017: 10.4%). The Company is well on track to exceed the 15% TSR level for the full year for the fourth year in a row.

Lettings and rental growth

As mentioned above, the Company has achieved an increase in rental and other income from investment properties of 16.6% to €40.8 million from €35.0 million and a like-for-like annualised rent roll* increase of 2.6% to €79.7 million from €77.7 million in the period despite the impact of three large expected move-outs. Incorporating acquisitions and disposals, total annualised rent roll* reached €82.0 million and positions the Company well for the second half of the financial year with more acquisitions and further organic rental growth expected.

The three expected large move-outs on recently acquired sites totalling 12,633 sqm resulted in a decrease in annualised rent roll* of €1.2 million. These were part of the total 82,631 sqm and €5.8 million of annualised rent roll* lost from move-outs in the first half of this financial year. This loss of income was offset by new lettings of 83,888 sqm with annualised rent roll* of €6.6 million. This reflects an average rental rate of €6.58 per sqm on entering tenants compared to the €5.89 per sqm that exiting tenants were paying. Contracted rental increases and uplifts on renewals added €1.2 million to the annualised rent roll* and, along with the €2.4 million that came from acquisitions and €1.8 million lost through disposals, altogether the total annualised rent roll* increased from €79.5 million to €82.0 million.

The like-for-like annualised rent roll* increase has, accordingly, come from average rental rates increasing by 2.5% to €5.76 from €5.62 whilst occupancy has remained relatively flat at approximately 81.0%. When factoring in acquisitions and disposals, the average rental rate for the total portfolio increased by 5.1% to €5.74 from €5.46 and occupancy from 79.2% to 81.2%.

The high number of new lettings achieved by the Company in the period yet again reflects strong occupier demand from its core German SME customers but also the strong capabilities of its operating platform which, during the period, delivered a Company record new lettings conversion rate of 15% of all enquiries received. Considering the total enquiries received for the six months was 6,800, this was an impressive performance from the marketing and lettings teams. One of the pleasing aspects of the lettings performance was the number of large long-term leases secured in the period. Amongst these were long-term deals with a leading German sports car manufacturer based in Stuttgart for 6,766 sqm, with Landeshauptstadt München in Munich for 4,766 sqm and CARE Deutschland-Luxembourg, a government agency, for 1,947 sqm in Bonn. The Company also agreed a five year extension with Daimler-AG, an existing anchor tenant in the Kirchheim site occupying 39,844 sqm during the period.

The mixture of large long-term and small flexible lettings illustrates the diversity of Sirius' sales and marketing platform and is what provides the business with a high degree of optionality in how space can be configured for the benefit of tenants, and therefore the business. With occupancy for the total portfolio remaining relatively low at 81.2% there remains substantial potential for further rental growth through developing and letting the vacancy.

Of the 276,091 sqm of vacant space, 47,683 sqm relates to the Bremen Hag site which was sold in November 2018 and 102,996 sqm is being developed from sub-optimal space into high-quality space through the capex investment programmes. Of the remaining 125,412 sqm of vacancy, only 27,154 sqm (2% of the total lettable space) is considered by the management team as structural vacancy, which is indicative of how the Company believes it can extract value and income from much more of the space on its industrial business parks than its competitors. The Smartspace range of products is one of the elements that allows Sirius to generate value and rental income from space that many would leave as structural vacancy.

* See glossary section of the Interim Report.

Portfolio valuation

Strong demand for real estate assets in Germany continues to drive yields lower with the industrial sector experiencing some of the largest yield compression out of all the real estate asset classes. Domestic and foreign investors continue to seek to build up portfolios in Germany, as evidenced by a number of large transactions being reported in 2018. The increasing desire for investors to gain exposure to a high-yielding asset class with growth potential has fuelled the positive movements seen in the industrial sector and some of this has been reflected in the Group's portfolio value at the period end. In addition to this, the strong organic rental growth mentioned above in the trading section continues to play a major role in Sirius' valuation increases.

The portfolio, including assets held for sale, was independently valued at €1,052.5 million by Cushman & Wakefield LLP (31 March 2018: €933.7 million), which converts to a book value of €1,048.8 million after allowing for the provision for lease incentives. The uplift for the period was €69.3 million, which after deducting capex investment of €13.0 million resulted in a net valuation gain of €56.3 million. Following adjustments for lease incentives this resulted in a credit of €56.2 million to the statement of comprehensive income.

Business update continued

Portfolio valuation continued

Table 3: Reconciliation of market value to book value

	30 September 2018 €m	31 March 2018 €m
Investment properties at market value	**1,052.5**	933.7
Adjustment for assets held for sale	**(0.1)**	1.0
Adjustment in respect of lease incentives	**(3.6)**	(3.5)
Book value as at period end	**1,048.8**	931.2

The portfolio comprised 55 assets as at 30 September 2018 and the movement in book value for the period can be reconciled as follows:

Table 4: Movement in book value in the period

	30 September 2018 €m
Total investment properties at book value as at 1 April*	**931.2**
Additions	**65.7**
Disposals	**(17.3)**
Capital expenditure	**13.0**
Surplus on revaluation above capex	**56.3**
Adjustment in respect of lease incentives	**(0.1)**
Total investment properties at book value as at 30 September*	**1,048.8**

* Including assets held for sale.

The valuation increases in the period were derived around 65% from yield compression of 37 bps and 35% from organic rental growth. The total portfolio book value increase of €69.3 million resulted from a like-for-like portfolio book value increase of €69.8 million or 7.6% in the period whilst the assets acquired in the period had a book value of €65.1 million compared to the €65.6 million total acquisition costs. Notwithstanding the fact that the portfolio yields have compressed by 37 bps in the September 2018 valuation, the gross yield of the entire portfolio is still 7.8%, which appears high compared to the transactional evidence in the market. Additionally, with so much sub-optimal space and vacancy still to develop and let there remains excellent potential for values and rental levels to continue to grow over the next few years. In order to analyse this potential better, the table below splits the portfolio into the assets that still have value-add potential and the mature assets which have realised most of the value-add potential. Additionally the sold non-core asset in Bremen Hag has been separated and classified as non-core:

Table 5: Book value valuation metrics

	Annualised rent roll* €m	Book value €m	NOI €m	Capital value/sqm	Gross yield	Net yield	Vacant space sqm	Rate psm €	Occupancy %
Core value-add	46.0	575.3	40.6	610	8.0%	7.1%	194,758	5.82	77.2%
Core mature	35.5	469.7	33.8	818	7.6%	7.2%	33,649	5.68	93.9%
Non-core	0.5	3.8	(0.3)	64	13.2%	-7.9%	47,683	3.82	17.9%
Other	—	—	(1.5)	—	—	—	—	—	—
Total	**82.0**	**1,048.8**	**72.6**	**665**	**7.8%**	**6.9%**	**276,090**	**5.74**	**81.2%**

* See glossary section of the Interim Report.

In addition to the potential that gross yields could come in further from the 7.8% level that rental income is currently capitalised at, there remains strong potential for the capex investment programmes which are targeting 102,996 sqm of sub-optimal and vacant space within the value-add assets, to drive further value. The space has very little value in the books so its transformation is expected to have a significant impact on both values and rental income.

Asset recycling, acquisitions and disposals

The Company has made significant progress in deploying the proceeds of the €40.0 million equity raise that completed in March 2018 and the €21.1 million of proceeds from disposal activity including the sale of the two non-core Bremen sites, one of which completed shortly after the period end. Together with a new financing deal which is in advanced discussions, it created the resources to acquire around €120.0 million of new assets. Three acquisitions totalling €39.4 million completed in the period or shortly after the period end. In addition, one asset totalling €25.7 million was notarised post period end. It is expected that the acquisition activity outlined above will complete in the second half of the financial year.

The €39.4 million of assets acquired provide an attractive mix of stable income as well as opportunity and together produce an attractive day-one net initial yield. The assets are located in attractive markets, in most of which the Company has extensive presence already and one is located in a renowned industrial area the Company has been seeking to enter. This new portfolio thereby provides the opportunity for operational synergies as well as strategically broadening the presence of Sirius into core industrial locations. Whilst competition for assets in the market continues to increase, the four assets acquired or in exclusivity will contribute an EPRA net initial yield of 7.7% as well as vacancy of 12%, demonstrating the ability of the Company's operating platform to continue sourcing assets that meet the Company's investment strategy and returns profile. Rental and other income from investment properties from the acquisitions that completed prior to 30 September 2018 was €0.4 million. The key details of these acquisitions can be seen within the table below:

Table 6: Acquisitions

Acquisitions	Total investment (incl. acquisition costs) €000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rent roll* €000	Acquisition non-recoverable service charge costs €000	Acquisition maintenance costs €000	Annualised acquisition NOI* €	EPRA net initial yield %
Completed									
Friedrichsdorf	17,707	17,306	92	1,426	1,357	(87)	(10)	1,260	7.1
Fellbach	12,070	25,420	79	5,329	1,043	(139)	(23)	881	7.3
Subtotal	**29,777**	**42,726**	**84**	**6,755**	**2,400**	**(226)**	**(33)**	**2,141**	**7.2**
Completed post period									
Mannheim	9,616	15,052	69	4,688	801	(207)	(18)	576	6.0
Subtotal	**9,616**	**15,052**	**69**	**4,688**	**801**	**(207)**	**(18)**	**576**	**6.0**
Notarised post period									
Bochum	25,704	55,650	95	2,676	2,591	(259)	(50)	2,281	8.9
Subtotal	**25,704**	**55,650**	**95**	**2,676**	**2,591**	**(259)**	**(50)**	**2,281**	**8.9**
Total	**65,097**	**113,428**	**88**	**14,119**	**5,792**	**(692)**	**(101)**	**4,998**	**7.7**

* See glossary section of the Interim Report.

Business update continued

Asset recycling, acquisitions and disposals continued

Table 6: Acquisitions continued

As communicated at the year end our acquisition focus is now more on our forecast IRRs over a three to five year period rather than net initial yields and whilst the net initial yields are still at reasonable levels compared to others we are seeing in the market, the most important factor in our decision to acquire these new assets has been a combination of under-rents and 14,119 sqm of vacant space which we believe will generate excellent IRRs whatever happens in the market. In line with its strategy to recycle equity out of non-core locations and assets with minimal remaining value-add potential, the Company completed the sale of the non-core Bremen Brinkman asset at book value in the period and the non-core Bremen Hag asset in November 2018 with combined proceeds amounting to €19.3 million. The disposal of these non-core assets is significant as the two assets had in total approximately 96,000 sqm of vacant space which was not economical or desirable for the Company to develop. Reinvesting the equity from these two assets into assets in Sirius' core locations will be a significantly accretive step for the Group. Additionally, after the period end in October 2018, the Company notarised for sale its final remaining asset in Bremen, the Dötlinger site, which, when completed in March 2019, will represent the exit of a market the Company considers unsuitable for its investment strategy and the final non-core asset having been sold.

The Company's strategy is to also dispose of non-income producing land and buildings and in the period one land plot and a residential building were sold generating proceeds of €1.8 million. For further details on disposal activity please see the business analysis section of this report.

Capex investment programmes

The Group's capex investment programmes continue to be a key driver of rental income and valuation growth. The original capex investment programme is substantially complete with an additional 4,543 sqm of space completed in the period resulting in total completed space of 191,164 sqm which, with a total investment of €20.9 million, has generated €11.6 million of annualised rent roll* representing a return on investment of 55.5%. In addition to the high rental income return, this investment has also created significant improvements to service charge cost recovery as well as large valuation increases over the last few years and it is pleasing to report that the cost of the investment programme is expected to complete well within budget. With occupancy of 81% there remains further additional income growth potential to come from the space already completed as well as 13,553 sqm of space that is not yet completed but is either in progress or awaiting permissions for conversion. Further information on the original capex investment programme is set out in the table opposite:

Table 7: Original capex investment programme

Original capex investment programme progress	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to September 2018 €m**	Occupancy budgeted	**Occupancy achieved to September 2018**	Rate per sqm budgeted €	**Rate per sqm achieved to September 2018 €**
Completed	191,164	23.6	20.9	10.4	**11.6**	81%	**81%**	5.65	**6.19**
In progress	11,178	1.7	0.5	0.6	—	80%	—	5.45	—
To commence in next financial year	2,375	0.7	0.1	0.1	—	85%	—	5.76	—
Total	204,717	26.0	21.5	11.1	**11.6**	81%	—	5.64	—

The original capex investment programme focused on all assets acquired prior to April 2016 and a new capex investment programme has commenced on all assets acquired since then. The new capex investment programme includes 21 sites and a total of 119,026 sqm of sub-optimal or vacant space. The budgeted investment on this space of €30.8 million is expected to generate annualised rent roll* of €8.6 million and, in line with the original programme, will have a positive impact on service charge cost recovery and valuations. As at 30 September 2018 a total of 34,698 sqm of space had been fully converted with an investment of €5.7 million generating annualised rent roll* of €2.3 million on occupancy of 62%. Whilst the investment into the space contained within the new capex investment programme is higher than that in the original programme, the rental rates at which the space is expected to be let and the significant expected valuation uplift impact provide an attractive investment return. Of the space completed so far the average rate achieved of €9.07 per sqm is well in excess of the budgeted rate of €7.41 per sqm and indicative of not only the quality and attractiveness of the space being created but the ability of our internalised operating platform to crystallise returns. Further details on the new capex investment programme are set out in the table below:

Table 8: New capex investment programme

New capex investment programme progress	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to September 2018 €m**	Occupancy budgeted	**Occupancy achieved to September 2018**	Rate per sqm budgeted €	**Rate per sqm achieved to September 2018 €**
Completed	34,698	6.8	5.7	2.6	**2.3****	85%	**62%**	7.41	**9.07**
In progress	28,886	12.0	0.7	2.4	**0.3**	83%	—	8.29	—
To commence in next financial year	55,442	12.0	—	3.6	—	80%	—	6.73	—
Total	119,026	30.8	6.4	8.6	**2.6**	82%	—	7.32	—

* See glossary section of the Interim Report.

** €1.0 million of annualised rent roll* achieved to September 2018 relates to a short-term lease which ends in October 2018.

Business update continued

Smartspace

The Smartspace range of products continues to provide Sirius with an excellent platform to create income and significant value from the difficult space within the portfolio. It also provides tenants with flexible and fixed cost workspaces which has proven to be very desirable when the market is strong as well as during the tougher times. Since the Smartspace areas are usually created through the transformation of sub-optimal space and space that would otherwise remain as structural vacancy, it is substantially value accretive as well.

The total amount of space that has been converted to Smartspace now stands at 77,920 sqm, which is around 5.3% of the total lettable space. The annualised rent roll* that is generated by Smartspace remained flat at around €5.3 million in the period which is reflective of newly created Smartspace product being offset by space lost through the disposal activity. It was pleasing to note that the average rental rate per sqm (excluding service charge cost contributions) increased by 6.7% from €7.19 to €7.67 and occupancy increased from 70% to 74% in the period and, with increases recorded across all categories, Smartspace is proving to be very popular with tenants. As we communicated at the year end, our second First Choice Business Centre was created on the ground floor of an office building in Wiesbaden providing a mix of office and co-working space. We are delighted to report that, after only eleven months since opening, as at 30 September 2018 occupancy of this space was 82% with an average rental rate excluding service charge of €19.61. This demonstrates the benefits of providing both a five star premium offering as well as the three star Smartspace products, and we intend to introduce further First Choice Business Centres in buildings where we feel the market lends itself to this offering. For further information on our Smartspace products and how they contribute to the portfolio as a whole please see the table below:

Table 9: Smartspace

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €	% of total Smartspace annualised rent roll*
First Choice Office	1,317	1,075	82%	253,000	5%
SMSP Office	33,000	25,907	79%	2,661,000	50%
SMSP Workbox	5,963	5,204	87%	392,000	7%
SMSP Storage	28,998	22,193	77%	1,755,000	33%
SMSP subtotal	**69,278**	**54,379**	**78%**	**5,061,000**	**95%**
SMSP Flexilager	8,642	3,527	41%	266,000	5%
SMSP total	**77,920**	**57,906**	**74%**	**5,327,000**	**100%**

* See glossary section of the Interim Report.

Loan to value

The Company continues to be committed to maintaining a gross loan-to-value ratio ("LTV") of 40% or below. Total debt at 30 September 2018, before outstanding loan issue costs, was €368.1 million (31 March 2018: €373.1 million), resulting in a Group gross LTV of 35.1% (31 March 2018: 40.8%) whilst net LTV* reduced to 32.7% (31 March 2018: 33.8%). As assets that have been recently acquired on an ungeared basis are expected to be subject to financing in the second half, so the Group's LTV is expected to increase; however, we remain committed to a policy of maintaining gross LTV below 40%.

* 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

The Board increased the dividend payout ratio in the year ended 31 March 2018 to 75% of FFO in order to maintain positive dividend growth whilst the proceeds from disposals of mature assets were reinvested, and the Company expects gradually to revert to its stated policy of a 65% payout ratio. The Board has again considered the payout ratio for the financial year ending 31 March 2019 in light of the time it will take to invest the proceeds from the March 2018 equity raise as well as the proceeds from the disposal of non-core assets that we have discussed earlier in this report.

In accordance with this the Board has declared an interim dividend of 1.63c per share for the six month period ended 30 September 2018, representing a payout ratio of 70% of FFO, and an increase of 4.5% on the 1.56c dividend that represented 75% of FFO relating to the same period last year.

The ex-dividend date will be 12 December 2018 for shareholders on the South African register and 13 December 2018 for shareholders on the UK register. The record date will be 14 December 2018 for shareholders on the South African and UK registers and the dividend will be paid on 18 January 2019 for shareholders on both registers. A detailed dividend announcement will be made in due course, including details of a scrip dividend alternative.

Principle risks and uncertainties

The key risks that affect the Group's medium-term performance and the factors that mitigate these risks have not materially changed from those set out in the Group's Annual Report and Accounts 2018. For further information on principal risks and uncertainties please see note 2 of the Interim Report.

Board

During the period the Company welcomed Danny Kitchen to the Board as Non-executive Chairman. Danny has more than 25 years of property and finance experience in both public and private markets and we look forward to working with him as we continue to deliver our future growth ambitions. We thank James Peggie for his strong leadership in his time as Acting Chairman and look forward to continuing working with him in his capacity as Senior Independent Director.

Sadly we will be saying farewell to Wessel Hamman at the end of the year (31 December 2018). For some time Wessel has been keen to leave the Board as he has significant other business commitments and, with the appointment of Danny Kitchen in September, he is now able to leave with the Board in good shape and appropriately constituted. The Board wishes to extend its appreciation to Wessel for the exceptional role he has played in helping to guide and support the Company since his appointment in 2011.

On 2 November 2018 the Board reorganised its Board Committees, with Wessel Hamman, who is not deemed to be an independent Non-executive Director, stepping off the Nomination, Remuneration and Audit Committees and Danny Kitchen joining the Nomination (as Chairman) and Remuneration Committees. This makes the composition of all the Committees in line with best practice and the corporate governance codes relevant to the Company, and they will remain so once Wessel leaves the Board.

Business update continued

Outlook

As can be seen from the activity in the period, Sirius continues to be focused on both organic growth from existing assets as well as acquisitive growth funded by equity placements and new banking facilities. The Company is also continuing to add to the organic growth opportunity with selective recycling of assets focusing on the disposal of non-core and mature assets and replacing these with assets with considerably more growth potential. The recycling will, over time, prove to be more accretive but the benefits from growing the portfolio through new equity are not being ignored.

In the first half of the current financial year Sirius has achieved some significant milestones including exceeding the €1 billion mark for assets owned, achieving a €69.3 million valuation uplift in a six month reporting period, new lettings of 83,888 sqm, a 43% year on year increase in profit before tax and €6.6 million of annualised rent roll* signed in the period. In addition a 2.6% like-for-like rental growth increase was achieved despite the impact from three expected large move-outs referred to earlier in this report. We believe this performance is reflective of the Company's asset management strategy alongside the currently strong German market.

There remains much political uncertainty in Europe including the ongoing Brexit process, and Italian debt issues as well as political change coming in Germany. However the Sirius business model and diverse nature of its portfolio has always been a key strength of the Company. The occupier demand within the market for the asset types that Sirius owns remains strong and, on the transaction side, the demand for industrial assets and secondary offices has never been greater.

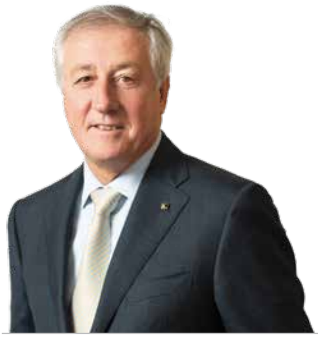
The outlook seems to be for this to continue for some time and Sirius is very well positioned to take advantage of this if it continues, or create new opportunities if it does not. With the portfolio being valued at a defensive 7.8% gross yield, as well as still having significant amounts of value-add opportunity within the 19% vacancy in the portfolio, approximately half of which is going through the Company's capex investment programmes, we can see considerable upside to come from income and capital growth over the next few years. We will continue refuelling this opportunity with further asset recycling and acquisitions.

* See glossary section of the Interim Report.

Andrew Coombs
Chief Executive Officer

Alistair Marks
Chief Financial Officer
16 November 2018

Statement of Directors' responsibilities



Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as issued by the IASB, and the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR"), namely:

» DTR 4.2.7 (R): an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of consolidated interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

» DTR 4.2.8 (R): any related party transactions that have taken place in the six month period ended 30 September 2018 that have materially affected, and any changes in the related party transactions described in the 2018 Annual Report that could materially affect, the financial position or performance of the enterprise during the period.

The Directors of Sirius Real Estate Limited as at the date of this announcement are set out below:

» Danny Kitchen, Chairman*

» James Peggie, Senior Independent Director*

» Andrew Coombs, Chief Executive Officer

» Alistair Marks, Chief Financial Officer

» Wessel Hamman*

» Justin Atkinson*

» Jill May*

* Non-executive Directors.

A list of the current Directors is maintained on the Sirius Real Estate Limited website: www.sirius-real-estate.com.

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

By order of the Board

Danny Kitchen
Chairman
16 November 2018

Independent review report
to Sirius Real Estate Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2018 which comprises the unaudited consolidated statement of comprehensive income, the unaudited consolidated statement of financial position, the unaudited consolidated statement of changes in equity, the unaudited consolidated statement of cash flow and the related notes 1 to 24. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

As disclosed in note 2, the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Ernst & Young LLP
London
16 November 2018

Consolidated statement of comprehensive income
for the six months ended 30 September 2018

	Notes	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) (Re-presented*) six months ended 30 September 2017 €000	(Re-presented*) Year ended 31 March 2018 €000
Revenue	4	**67,759**	60,141	123,650
Direct costs	5	**(31,664)**	(30,105)	(60,578)
Net operating income		**36,095**	30,036	63,072
Surplus on revaluation of investment properties	12	**56,161**	41,580	63,452
Gain/(loss) on disposal of properties	5	**99**	(807)	(2,502)
Administrative expenses	5	**(9,571)**	(10,591)	(24,184)
Operating profit		**82,784**	60,218	99,838
Finance income	8	**39**	5	13
Finance expense	8	**(4,536)**	(5,481)	(10,246)
Change in fair value of derivative financial instruments		**(67)**	7	43
Net finance costs		**(4,564)**	(5,469)	(10,190)
Profit before tax		**78,220**	54,749	89,648
Taxation	9	**(7,787)**	(3,840)	(8,285)
Profit and total comprehensive income for the period net of tax		**70,433**	50,909	81,363
Total comprehensive income attributable to:				
Owners of the Company		**70,409**	50,885	81,272
Non-controlling interest		**24**	24	91
Total comprehensive income for the period net of tax		**70,433**	50,909	81,363
Earnings per share				
Basic earnings per share	10	**7.04c**	5.69c	8.89c
Diluted earnings per share	10	**7.00c**	5.54c	8.65c
Basic EPRA earnings per share	10	**2.15c**	1.57c	3.04c
Diluted EPRA earnings per share	10	**2.14c**	1.53c	2.96c
Headline earnings per share	10	**2.14c**	1.58c	3.04c
Diluted headline earnings per share	10	**2.13c**	1.53c	2.95c

* See note 2(b).

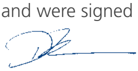
All operations of the Group have been classified as continuing.

Consolidated statement of financial position
as at 30 September 2018

	Notes	(Unaudited) 30 September 2018 €000	(Unaudited) (Re-presented*) 30 September 2017 €000	(Re-presented*) 31 March 2018 €000
Non-current assets				
Investment properties	12	**1,044,953**	856,417	913,843
Plant and equipment		**2,892**	2,814	3,126
Goodwill	14	**3,738**	3,738	3,738
Other non-current assets	2	**1,750**	1,750	1,750
Deferred tax assets	9	**402**	573	811
Total non-current assets		**1,053,735**	865,292	923,268
Current assets				
Trade and other receivables	15	**20,419**	16,427	43,313
Derivative financial instruments		**853**	—	—
Cash and cash equivalents	16	**39,424**	33,664	79,605
Total current assets		**60,696**	50,091	122,918
Investment properties held for sale	13	**3,800**	950	17,325
Total assets		**1,118,231**	916,333	1,063,511
Current liabilities				
Trade and other payables	17	**(39,600)**	(33,047)	(40,972)
Interest-bearing loans and borrowings	18	**(7,998)**	(6,026)	(7,844)
Current tax liabilities		**(3,197)**	(2,725)	(3,045)
Derivative financial instruments		**(7)**	(7)	(6)
Total current liabilities		**(50,802)**	(41,805)	(51,867)
Non-current liabilities				
Interest-bearing loans and borrowings	18	**(354,143)**	(286,659)	(359,234)
Derivative financial instruments		**(320)**	(327)	(292)
Deferred tax liabilities	9	**(33,571)**	(22,882)	(26,485)
Total non-current liabilities		**(388,034)**	(309,868)	(386,011)
Total liabilities		**(438,836)**	(351,673)	(437,878)
Net assets		**679,395**	564,660	625,633
Equity				
Issued share capital	20	**—**	—	—
Other distributable reserve	21	**502,649**	488,801	519,320
Retained earnings		**176,550**	75,754	106,141
Total equity attributable to the owners of the Company		**679,199**	564,555	625,461
Non-controlling interest		**196**	105	172
Total equity		**679,395**	564,660	625,633

* See note 2(b).

The financial statements on pages 15 to 43 were approved by the Board of Directors on 16 November 2018 and were signed on its behalf by:



Danny Kitchen
Chairman

Consolidated statement of changes in equity
for the six months ended 30 September 2018

	Notes	Issued share capital €000	Other distributable reserve €000	Retained earnings €000	Total equity attributable to the equity holders of the Company €000	Non-controlling interest €000	Total equity €000
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 (unaudited)		—	488,801	75,754	564,555	105	564,660
Shares issued, net of costs		—	38,966	—	38,966	—	38,966
Share-based payment transactions		—	1,199	—	1,199	—	1,199
Dividends paid		—	(9,646)	—	(9,646)	—	(9,646)
Total comprehensive income for the period		—	—	30,387	30,387	67	30,454
As at 31 March 2018		—	519,320	106,141	625,461	172	625,633
Shares issued, net of costs		—	(30)	—	(30)	—	(30)
Share-based payment transactions	7	—	(3,062)	—	(3,062)	—	(3,062)
Dividends paid	22	—	(13,579)	—	(13,579)	—	(13,579)
Total comprehensive income for the period		—	—	70,409	70,409	24	70,433
As at 30 September 2018 (unaudited)		**—**	**502,649**	**176,550**	**679,199**	**196**	**679,395**

Consolidated statement of cash flow
for the six months ended 30 September 2018

	Notes	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Operating activities				
Profit and total comprehensive income for the period net of tax		**70,433**	50,909	81,363
Taxation	9	**7,787**	3,840	8,285
(Gain)/loss on sale of properties	5	**(99)**	807	2,502
Share-based payments		**—**	2,475	4,310
Surplus on revaluation of investment properties	12	**(56,161)**	(41,580)	(63,452)
Change in fair value of derivative financial instruments		**67**	(7)	(43)
Depreciation	5	**696**	561	1,086
Finance income	8	**(39)**	(5)	(13)
Finance expense	8	**4,536**	4,950	8,898
Exit fees/prepayment of financing penalties		**—**	530	1,348
Changes in working capital				
(Increase)/decrease in trade and other receivables		**(2,396)**	3,547	(2,730)
(Decrease)/increase in trade and other payables		**(5,301)**	(3,970)	2,271
Taxation (paid)		**(168)**	(22)	(756)
Cash flows from operating activities		**19,355**	22,035	43,069
Investing activities				
Purchase of investment properties		**(31,109)**	(83,656)	(121,252)
Prepayments relating to new acquisitions		**(9,568)**	(395)	(34,585)
Capital expenditure		**(11,789)**	(8,870)	(19,104)
Purchase of plant and equipment		**(462)**	(809)	(1,649)
Proceeds on disposal of properties		**16,801**	95,246	102,510
Interest received		**39**	5	13
Cash flows (used in)/from investing activities		**(36,088)**	1,521	(74,067)
Financing activities				
Issue of shares		**(30)**	24,378	63,352
Payment relating to exercise of share options		**(3,062)**	—	—
Dividends paid		**(13,579)**	(8,378)	(18,024)
Proceeds from loans		**—**	—	78,930
Repayment of loans		**(3,980)**	(50,379)	(53,551)
Exit fees/prepayment penalties		**—**	(530)	(1,348)
Finance charges paid		**(2,797)**	(3,677)	(7,451)
Cash flows (used in)/from financing activities		**(23,448)**	(38,586)	61,908
(Decrease)/increase in cash and cash equivalents		**(40,181)**	(15,031)	30,910
Cash and cash equivalents at the beginning of the period		**79,605**	48,695	48,695
Cash and cash equivalents at the end of the period	16	**39,424**	33,664	79,605

Notes forming part of the financial statements
for the six months ended 30 September 2018

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") (primary listing) and the Johannesburg Stock Exchange ("JSE") (primary listing).

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 2018.

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 has 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 is presented in euros and all values are rounded to the nearest thousand (€000), except where otherwise indicated.

The financial information in these condensed consolidated half year financial statements do not comprise statutory accounts. These condensed consolidated half year financial statements have been reviewed, not audited, by the Group's auditor, Ernst & Young LLP, which issued an unmodified review opinion on the condensed consolidated half year financial statements, which are available for inspection at the Company's offices. The financial information presented for the year ended 31 March 2018 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 March 2018 were approved by the Board on 1 June 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts 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 Sections 263 (2) or (3) of the Companies (Guernsey) Law, 2008.

The company has chosen to prepare its next annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB as a result of primary listing on the JSE. The company previously prepared consolidated financial information in accordance with IFRS as adopted by the EU. Accordingly, the condensed consolidated interim financial information as at 30 September 2018 and the comparative periods have been prepared in accordance with IFRS as issued by the IASB, specifically IAS 34 'Interim Financial Reporting'. There were no noted differences between IFRS as issued by IASB and IFRS as adopted by the EU that are relevant to the company, including between IAS 34 as issued by IASB and IAS 34 as adopted by the EU. Therefore, no changes to previously reported financial information were made as a result of this change in the basis of preparation of financial statements.

As at 30 September 2018 the Group's consolidated interim financial statements reflect changes in the application of accounting policies as described in note 2(b).

(b) Changes in accounting policies and other re-presentations

For the period beginning on 1 April 2018 the Group had to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers for the first time. The adoption of these new standards and other amendments to existing standards and interpretations effective from 1 January 2018, did not materially impact the condensed set of interim financial statements for the six months ended 30 September 2018 and no retrospective adjustments were made.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaced the existing regulations for the recognition of revenue in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts". Consequently, revenues are recognised, when the customer obtains control over the agreed goods and services and can derive benefits from these. IFRS 15 does not apply to rental income which make up approximately 60% of total revenue of the Group, but does apply to other revenue streams, namely service charge income and also proceeds on disposal of investment property. The first-time application of the standard has not had a material impact on the Condensed Consolidated Statement of Comprehensive Income resulted or required disclosures.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

2. Significant accounting policies continued

(b) Changes in accounting policies and other re-presentations continued

IFRS 9 "Financial Instruments"

IFRS 9 provides a standardised approach for classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. There were no material changes identified from adoption of the standard.

As part of the Group's review of the impact of adopting the amendments to IFRS the Group has taken the opportunity to revisit its accounting policies. As a result the following adjustments were recorded to represent the financial statements:

Revenue and direct costs

The Group had previously a) incorrectly netted service charge income received from tenants against the direct costs to which the income relates and b) incorrectly netted rental and other income from managed properties against costs relating to managed properties. The Group has reassessed these treatments and concluded that it operates as a principal in both cases and that the amounts should be recognised gross. The impact of this re-presentation is to increase revenue and direct costs by €24,840,000 at 30 September 2017 and by €51,511,000 at 31 March 2018.

There is no impact on basic, diluted, headline or adjusted earnings per share.

Investment properties held for sale

The Group had previously presented investment properties held for sale within current assets. In accordance with IFRS 5 and industry practice, this has been represented separately from other assets in the statement of financial position. The impact of this re-presentation is to decrease current assets by €950,000 at 30 September 2017 and by €17,325,000 at 31 March 2018.

There is no impact on basic, diluted, headline or adjusted earnings per share.

Other non-current assets

The Group has reallocated non-current guarantees amounting to €1,750,000 (30 September 2017: €1,750,000, 31 March 2018: €1,750,000) from other receivables to other non-current assets which were previously incorrectly accounted for within current assets.

There is no impact on basic, diluted, headline or adjusted earnings per share.

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

IFRS 16 "Leases"

IFRS 16 replaces existing leases guidance, including IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

2. Significant accounting policies continued

(c) Standards and interpretations in issue and not yet effective continued

IFRS 16 "Leases" continued

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 April 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of office buildings and leases for space relating to operating management contracts. As at 30 September 2018, the Group's future minimum lease payments under non-cancellable operating leases are disclosed under note 23.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

As a lessee, the Group can either apply the standard using a:

» retrospective approach; or

» modified retrospective approach with optional practical expedients.

The Group plans to apply IFRS 16 initially on 1 April 2019 using the modified retrospective approach and will apply the election consistently to all of its leases.

Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

(d) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Note 10 to the interim financial statements 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 to the interim financial statements 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 to the interim financial statements 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 Operations is included within note 22 to the interim financial statements. 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.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

2. Significant accounting policies continued
(e) 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 the Johannesburg Stock Exchange, 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 2018. 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 2018 except for the changes in accounting policies as shown in note 2(b). The financial statements for the year ended 31 March 2018 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.

(f) 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 at least twelve months from the date these financial statements are approved. Accordingly, the Board continued to adopt the going concern basis in preparing these financial statements.

(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 on pages 39 to 46 of the Group's Annual Report and Accounts 2018 and have been assessed in line with the requirements of the 2016 UK Corporate Governance Code. The risks are reproduced below. The Board is satisfied that the Company continues to operate within its risk profile for the remaining six months of the financial year.

Principal risks summary

Risk category	Principal 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 and other 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 Senior Management Team, which is provided with consolidated IFRS information on a monthly basis.

4. Revenue

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) (Re-presented*) six months ended 30 September 2017 €000	(Re-presented*) year ended 31 March 2018 €000
Rental and other income from investment properties	**40,778**	34,990	71,782
Service charge income	**21,665**	20,466	41,561
Rental and other income from managed properties	**5,316**	4,685	10,307
Total revenue	**67,759**	60,141	123,650

* See note 2(b).

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

5. Operating profit

The following items have been charged in arriving at operating profit:

Direct costs

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) (Re-presented*) six months ended 30 September 2017 €000	(Re-presented*) year ended 31 March 2018 €000
Service charge costs	**25,727**	24,715	48,729
Costs relating to managed properties	**5,143**	4,374	9,950
Non-recoverable maintenance	**794**	1,016	1,899
Direct costs	**31,664**	30,105	60,578

* See note 2(b).

Gain on disposal of properties

The gain on disposal of properties of €99,000 (30 September 2017: €807,000 loss) relates to the disposal of the Bremen Brinkmann site which completed in June 2018.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

5. Operating profit continued
Administrative expenses

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Audit fee	**185**	174	350
Legal and professional fees	**1,595**	1,129	2,431
Other administration costs	**381**	90	1,278
LTIP and SIP	**—**	2,148	4,310
Staff costs	**5,524**	5,383	11,069
Director fees and expenses	**267**	166	350
Depreciation	**696**	561	1,086
Marketing	**853**	880	1,745
Selling costs relating to assets held for sale	**97**	—	52
Non-recurring items	**(27)**	60	1,513
Administrative expenses	**9,571**	10,591	24,184

Non-recurring items relate to a legal claim accrual adjustment (30 September 2017: Main Market listing costs).

6. Employee costs and numbers

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Wages and salaries	**6,647**	8,027	16,355
Social security costs	**1,240**	1,381	2,927
Pension	**115**	91	204
Other employment costs	**19**	44	95
	8,021	9,543	19,581

The costs for the periods ended 30 September 2017 and 31 March 2018 included accruals of €2,148,000 and €3,541,000 relating to the granting or award of shares under LTIPs (see note 7) and nil costs for the six month period ended 30 September 2018 relating to the previous LTIP award. The costs for all periods include those relating to Executive Directors.

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 243 (30 September 2017: 224; 31 March 2018: 232) expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-executive Directors and two Executive Directors as at 30 September 2018.

7. Employee schemes

Equity-settled share-based payments

The 2015 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 was expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that would eventually vest and adjusted for the effect of non-market-based vesting conditions. Under the LTIP, the awards were granted in the form of whole shares at no cost to the participants. Shares vested after the three year performance period and include a holding period of twelve months. The performance conditions used to determine the vesting of the award were 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.

The 2015 LTIP vested based on performance conditions assessed over the three years to 31 March 2018, and a separate assessment based on total shareholder return assessed up to the 20th business day after the announcement of the results for the year ended 31 March 2018. Vesting was at the maximum level for all participants resulting in the exercising of 14,804,000 shares in the period and the forfeiting of 4,290,000 relating to partial settlement of certain participants' tax liabilities arising in respect of the vesting. In June 2018 participants in the scheme surrendered, for nil cost, 4% of the awards granted to them amounting to 756,000 shares in order to make employees of the Group shareholders. Of the balance outstanding of 4,756,000 at the end of the period, 756,000 relating to surrendered shares are expected to be exercised following the announcement of the results for the year ended 31 March 2019 with the remaining 4,000,000 subject to nil cost options which can be exercised at any time up to 2 July 2019.

As the fair value determined at the grant date was expensed on a straight-basis over the vesting period an expense of €nil (30 September 2017: €2,148,000; 31 March 2018: €2,617,000) was recognised in the statement of comprehensive income to 30 September 2018.

Movements in the number of shares outstanding are as follows:

	(Unaudited) six months ended 30 September 2018		Year ended 31 March 2018	
	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**	**—**	23,850,000	—
Forfeited during the period	**(4,290,000)**	**—**	—	—
Exercised during the period	**(14,804,000)**	**—**	—	—
Balance outstanding as at the end of the period	**4,756,000**	**—**	23,850,000	—

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

7. Employee schemes continued
Employee benefit schemes
During the period a total of 14,804,000 shares were issued to the Company's management team as part of the 2015 LTIP.

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 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Charge relating to MSP	**—**	327	326
Charge relating to new LTIP	**—**	2,148	2,617
Charge relating to new SIP	**—**	—	731
Value of shares withheld to settle employee tax obligations	**(3,062)**	—	—
Share-based payment transactions as per consolidated statement of changes in equity	**(3,062)**	2,475	3,674

The MSP ("Matching Share Plan") 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 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Bank interest income	**39**	5	13
Finance income	**39**	5	13
Bank loan interest expense	**(3,779)**	(3,432)	(6,721)
Bank charges	**(100)**	(65)	(145)
Amortisation of capitalised finance costs	**(657)**	(594)	(1,173)
Refinancing costs	**—**	(1,390)	(2,207)
Finance expense	**(4,536)**	(5,481)	(10,246)
Net finance expense	**(4,497)**	(5,476)	(10,233)

9. Taxation

Consolidated statement of comprehensive income

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Current income tax			
Current income tax charge	**(105)**	(226)	(604)
Current income tax charge relating to disposals of investment properties	**(170)**	(2,061)	(1,921)
Accrual relating to tax treatment of swap break	**(17)**	—	(839)
Adjustment in respect of prior periods	**—**	4	—
Total current income tax	**(292)**	(2,283)	(3,364)
Deferred tax			
Relating to origination and reversal of temporary differences	**(7,086)**	(1,890)	(5,492)
Relating to LTIP charge for the period	**(409)**	333	571
Total deferred tax	**(7,495)**	(1,557)	(4,921)
Income tax charge reported in the statement of comprehensive income	**(7,787)**	(3,840)	(8,285)

Deferred income tax liability

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Opening balance	**(26,485)**	(20,993)	(20,993)
Release due to disposals	**150**	4,845	4,883
Taxes on the revaluation of investment properties	**(7,236)**	(6,734)	(10,375)
Balance as at period end	**(33,571)**	(22,882)	(26,485)

Deferred income tax asset

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Opening balance	**811**	240	240
Relating to LTIP charge for the period	**(409)**	333	571
Balance as at period end	**402**	573	811

The Group is mainly subject to taxation in Germany with the income from the Germany-located rental business with a tax rate of 15.825%. It has tax losses of €287,398,000 (31 March 2018: €261,763,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation rule. 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.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

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 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Earnings attributable to the owners of the Company			
Basic earnings	**70,409**	50,885	81,272
Diluted earnings	**70,409**	50,885	81,272
EPRA earnings	**21,496**	14,080	27,783
Diluted EPRA earnings	**21,496**	14,080	27,783
Headline earnings	**21,412**	14,085	27,755
Diluted headline earnings	**21,412**	14,085	27,755
Adjusted			
Basic earnings	**70,409**	50,885	81,272
Deduct revaluation surplus, net of related tax	**(49,069)**	(39,668)	(57,940)
Add loss/deduct gain on sale of properties, net of related tax	**72**	2,868	4,423
Headline earnings after tax	**21,412**	14,085	27,755
Add/(deduct) change in fair value of derivative financial instrument, net of related tax	**60**	(29)	(63)
Add adjusting items*, net of related tax	**496**	3,265	8,349
Adjusted earnings after tax	**21,968**	17,321	36,041
Number of shares			
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	**999,625,521**	894,104,933	914,479,339
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	**1,005,446,521**	917,954,933	939,394,339
Basic earnings per share	**7.04c**	5.69c	8.89c
Diluted earnings per share	**7.00c**	5.54c	8.65c
Basic EPRA earnings per share	**2.15c**	1.57c	3.04c
Diluted EPRA earnings per share	**2.14c**	1.53c	2.96c
Headline earnings per share	**2.14c**	1.58c	3.04c
Diluted headline earnings per share	**2.13c**	1.53c	2.95c
Adjusted earnings per share	**2.20c**	1.94c	3.94c
Adjusted diluted earnings per share	**2.18c**	1.89c	3.84c

* See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 5 below.

10. Earnings per share continued

	(Unaudited) six months ended 30 September 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Non-recurring items as per note 5	**(27)**	60	1,513
Finance restructuring costs as per note 8	**—**	1,390	2,207
Selling costs relating to assets held for sale as per note 5	**97**	—	52
LTIP and SIP	**—**	2,148	4,310
Change in deferred tax assets as per note 9	**409**	(333)	(571)
Accrual relating to tax treatment of swap break as per note 9	**17**	—	839
Adjusting items as per note 10	**496**	3,265	8,349

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 2018 €000	(Unaudited) six months ended 30 September 2017 €000	Year ended 31 March 2018 €000
Basic and diluted earnings attributable to owners of the Company	**70,409**	50,885	81,272
Surplus on revaluation of investment properties	**(56,161)**	(41,580)	(63,452)
Loss on disposal of properties (including tax)	**72**	2,868	4,423
Change in fair value of derivative financial instruments	**67**	(7)	(43)
Deferred tax in respect of EPRA adjustments	**7,086**	1,890	5,492
Non-controlling interests in respect of the above	**24**	24	91
EPRA earnings	**21,496**	14,080	27,783

For the calculation of basic, headline, adjusted and diluted earnings per share the number of shares has been reduced by 574,892 shares (30 September 2017: 574,892 shares; 31 March 2018: 574,892 shares), which are held by the Company as Treasury Shares at 30 September 2018.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

10. Earnings per share continued

EPRA earnings continued

The weighted average number of shares for the purpose of diluted, EPRA diluted, headline diluted and adjusted diluted earnings per share is calculated as follows:

	(Unaudited) 30 September 2018 Number of shares	(Unaudited) 30 September 2017 Number of shares	31 March 2018 Number of shares
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**999,625,521**	894,104,933	914,479,339
Effect of grant of SIP shares	**1,065,000**	—	1,065,000
Effect of grant of LTIP shares	**4,756,000**	23,850,000	23,850,000
Weighted average number of ordinary shares for the purpose of diluted and EPRA diluted earnings per share	**1,005,446,521**	917,954,933	939,394,339

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 asset value per share

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Net asset value			
Net asset value for the purpose of assets per share (assets attributable to the equity holders of the Company)	**679,199**	564,555	625,461
Deferred tax arising on revaluation surplus and LTIP valuation	**33,169**	22,310	25,674
Derivative financial instruments	**(526)**	334	298
Adjusted net asset value attributable to the owners of the Company	**711,842**	587,199	651,433
Number of shares			
Number of ordinary shares for the purpose of net asset value per share	**1,009,421,826**	926,153,673	991,329,614
Number of ordinary shares for the purpose of EPRA net asset value per share	**1,015,242,826**	950,003,673	1,016,244,614
Net assets per share	**67.29c**	60.96c	63.09c
Adjusted net asset value per share	**70.52c**	63.40c	65.71c
EPRA net asset value per share	**70.16c**	61.87c	64.18c
Net asset value at the end of the year (basic)	**679,199**	564,555	625,461
Derivative financial instruments at fair value	**(526)**	334	298
Deferred tax in respect of EPRA adjustments	**33,571**	22,882	26,485
EPRA net asset value	**712,244**	587,771	652,244

The Company has chosen to report EPRA net asset value 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 asset value 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 2018: 574,892 shares), which are held by the Company as Treasury Shares at 30 September 2018 for the calculation of net asset value and adjusted net asset value per share.

12. Investment properties

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

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Total investment properties at book value as at the beginning of the period*	**913,843**	727,295	727,295
Additions	**65,694**	83,656	127,799
Capital expenditure	**13,055**	11,926	20,662
Disposals	**—**	(7,090)	(8,040)
Reclassified as investment properties held for sale	**(3,800)**	(950)	(17,325)
Surplus on revaluation above capex	**56,310**	36,797	58,971
Adjustment in respect of lease incentives	**(149)**	(185)	(487)
Movement in Directors' impairment of non-core assets	**—**	4,968	4,968
Total investment properties at book value as at the end of the period*	**1,044,953**	856,417	913,843

* Excluding items held for sale.

The 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 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Investment properties at market value per valuer's report*	**1,048,600**	859,600	917,340
Adjustment in respect of lease incentives	**(3,647)**	(3,183)	(3,497)
Balance as at period end	**1,044,953**	856,417	913,843

* Excluding assets held for sale.

The fair value (market value) of the Group's investment properties at 30 September 2018 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2017: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value.

The valuation is based upon assumptions including future rental income, anticipated non-recoverable and maintenance costs, expected capital expenditure and an appropriate discount rate. The properties are valued on the basis of a discounted cash flow model using a range of 10–14 years 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 the measurement period. At the end of the period in which the cash flow is modelled, a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to present value.

The weighted average lease expiry remaining across the whole portfolio at 30 September 2018 was 2.8 years (31 March 2018: 2.6 years).

As a result of the level of judgement and estimations 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.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

12. Investment properties continued

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

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Surplus on revaluation above capex	**56,310**	36,797	58,971
Adjustment in respect of lease incentives	**(149)**	(185)	(487)
Movement in Directors' impairment of non-core assets	**—**	4,968	4,968
Surplus on revaluation of investment properties reported in the statement of comprehensive income	**56,161**	41,580	63,452

Included in the surplus on revaluation of investment properties reported in the statement of comprehensive income are gross gains of €59.5 million and gross losses of €3.3 million (31 March 2018: gross gains of €72.9 million and gross losses of €9.4 million).

Every transaction is assessed as either an asset acquisition or a business combination. During the period it was assessed that all investment properties purchased in the period should be accounted for as asset acquisitions due to the fact that Sirius implements its own internal processes and the key elements of the infrastructure of the business were not purchased.

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 2018

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	649,540,000	Discounted cash flow	Current rental income	€81k–€6,091k
			Market rental income	€424k–€5,932k
			Gross initial yield	1.4%–10.3%
			Discount factor	4.5%–11.8%
			Void period (months)	12–24
			Estimated capital value per sqm	€67–€1,045
Modern business park	239,220,000	Discounted cash flow	Current rental income	€451k–€3,137k
			Market rental income	€478k–€3,474k
			Gross initial yield	5.4%–8.6%
			Discount factor	4.6%–7.6%
			Void period (months)	12–24
			Estimated capital value per sqm	€565–€1,546
Office	159,840,000	Discounted cash flow	Current rental income	€5k–€3,084k
			Market rental income	€518k–€3,449k
			Gross initial yield	0.1%–8.4%
			Discount factor	5.0%–7.6%
			Void period (months)	12–24
			Estimated capital value per sqm	€593–€1,347

12. Investment properties continued

As at 31 March 2018

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	580,110,000	Discounted cash flow	Current rental income	€190k–€5,858k
			Market rental income	€424k–€5,800k
			Gross initial yield	0.7%–14.9%
			Discount factor	5.8%–12.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€67–€967
Modern business park	216,400,000	Discounted cash flow	Current rental income	€455k–€3,020k
			Market rental income	€478k–€3,469k
			Gross initial yield	4.2%–8.9%
			Discount factor	6.1%–8.5%
			Void period (months)	12–24
			Estimated capital value per sqm	€522–€1,426
Office	120,830,000	Discounted cash flow	Current rental income	€0k–€2,045k
			Market rental income	€537k–€2,135k
			Gross initial yield	0.0%–10.1%
			Discount factor	6.3%–8.1%
			Void period (months)	12–24
			Estimated capital value per sqm	€575–€1,290

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 and estimates 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 €53,690,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €53,690,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €22,230,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €22,590,000.

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

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

13. Investment properties held for sale

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Bremen Brinkman	**—**	—	15,500
Rostock land	**—**	—	1,200
Markgröningen residential	**—**	—	625
Berlin Tempelhof land	**—**	950	—
Bremen HAG	**3,800**	—	—
Balance as at period end	**3,800**	950	17,325

Investment properties held for sale at 30 September 2018 is €3,800,000 (31 March 2018: €17,325,000), representing the Bremen HAG asset that was notarised for sale in the period and completed shortly thereafter. A loss of €130,000 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 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Opening balance	**3,738**	3,738	3,738
Closing balance	**3,738**	3,738	3,738

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

15. Trade and other receivables

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Trade receivables	**1,822**	2,088	3,899
Other receivables	**7,305**	12,276	3,773
Prepayments	**11,292**	2,063	35,641
Balance as at period end	**20,419**	16,427	43,313

Other receivables include lease incentives of €3,647,000 (31 March 2018: €3,497,000).

Prepayments include costs totalling €9,568,000 (31 March 2018: €34,585,000) relating to the acquisition of a new site that was notarised in July 2018 and completed shortly after the period end.

16. Cash and cash equivalents

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Cash at bank	**24,932**	12,954	64,414
Restricted cash	**14,492**	20,710	15,191
Balance as at period end	**39,424**	33,664	79,605

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 30 September 2018 is €39,424,000 (31 March 2018: €79,605,000).

As at 30 September 2018, €14,492,000 (31 March 2018: €15,191,000) of cash is held in restricted accounts. €9,048,000 (31 March 2018: €8,256,000) relates to deposits received from tenants. An amount of €16,000 (31 March 2018: €16,000) is cash held in escrow as required by a supplier and €131,000 (31 March 2018: €131,000) is held in restricted accounts for office rent deposits. An amount of €2,929,000 (31 March 2018: €3,344,000) relates to amounts reserved for future bank loan interest and amortisation payments, pursuant to certain of the Group's banking facilities, and an amount of €2,368,000 (31 March 2018: €3,268,000) relates to amounts reserved for future capital expenditure.

17. Trade and other payables

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Trade payables	**5,489**	6,581	6,381
Accrued expenses	**15,011**	11,503	14,453
Accrued interest and amortisation	**3,164**	2,137	2,031
Other payables	**15,936**	12,826	18,107
Balance as at period end	**39,600**	33,047	40,972

Other payables include tenant deposits of €9,240,000 (31 March 2018: €8,737,000) and cash received in advance from tenants of €3,981,992 (31 March 2018: €3,475,000).

Accrued expenses include costs totalling €6,781,000 (31 March 2018: €5,626,000) relating to service charge costs that have not been invoiced.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

18. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Current					
Deutsche Genossenschafts-Hypothekenbank AG					
– fixed rate facility	1.59	31 March 2021	**320**	320	320
Bayerische Landesbank					
– hedged floating rate facility	Hedged*	19 October 2020	**508**	508	508
SEB AG					
– fixed rate facility	1.84	1 September 2022	**1,180**	1,180	1,180
– hedged floating rate facility	Hedged**	30 October 2024	**459**	—	229
– capped floating rate facility	Capped***	25 March 2025	**760**	—	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG					
– fixed rate facility	1.66	27 April 2023	**2,572**	2,310	2,551
Berlin Hyp AG					
– fixed rate facility	1.48	29 October 2023	**1,813**	1,773	1,799
K-Bonds I					
– fixed rate facility	6.00	31 July 2020	**1,000**	1,000	1,000
Saarbrücken Sparkasse					
– fixed rate facility	1.53	28 February 2025	**731**	—	726
Capitalised finance charges on all loans			**(1,345)**	(1,065)	(1,229)
			7,998	6,026	7,844
Non-current					
Deutsche Genossenschafts-Hypothekenbank AG					
– fixed rate facility	1.59	31 March 2021	**13,880**	14,200	14,040
Bayerische Landesbank					
– hedged floating rate facility	Hedged*	19 October 2020	**23,352**	23,860	23,606
SEB AG					
– fixed rate facility	1.84	1 September 2022	**54,280**	55,755	54,870
– hedged floating rate facility	Hedged**	30 October 2024	**22,471**	—	22,701
– capped floating rate facility	Capped***	25 March 2025	**36,860**	—	37,240
Berlin Hyp AG/Deutsche Pfandbriefbank AG					
– fixed rate facility	1.66	27 April 2023	**80,263**	83,679	81,554
Berlin Hyp AG					
– fixed rate facility	1.48	29 October 2023	**64,787**	66,613	65,697
K-Bonds I					
– fixed rate facility	4.00	31 July 2023	**45,000**	45,000	45,000
– fixed rate facility	6.00	31 July 2020	**1,000**	2,000	2,000
Saarbrücken Sparkasse					
– fixed rate facility	1.53	28 February 2025	**16,907**	—	17,274
Capitalised finance charges on all loans			**(4,657)**	(4,448)	(4,748)
			354,143	286,659	359,234
Total			**362,141**	292,685	367,078

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

** Tranche 1 of this facility is fully hedged with a swap charged at a rate of 2.58%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 2.56%.

*** This facility is hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan.

The Group has pledged 46 (31 March 2018: 44) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 46 (31 March 2018: 44) properties had a combined valuation of €965,927,387 as at 30 September 2018 (31 March 2018: €872,408,000).

18. Interest-bearing loans and borrowings continued

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% per annum 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. No changes have occurred during the six month period ended 30 September 2018.

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% per annum 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. No changes have occurred during the six month period ended 30 September 2018.

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% per annum 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. No changes have occurred during the six month period ended 30 September 2018. On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for €22.9 million. Tranche 1, totalling €20.0 million, has been hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, has been hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan terminates on 30 October 2024. Amortisation is 2.0% per annum across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over three property assets and is subject to various covenants with which the Group has complied. No changes have occurred during the six month period ended 30 September 2018.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan terminates on 25 March 2025. Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. The loan facility is charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. In accordance with the requirements of the loan facility the Group hedged its exposure to floating interest rates by purchasing a cap in June 2018 which limits the Group's interest rate exposure on the facility to 2.33%. The facility is secured over six property assets and 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% 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 month EURIBOR (not less than 0%) for the full term of the loan. Amortisation is set at 2.5% across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over eleven property assets and is subject to various covenants with which the Group has complied. No changes have occurred during the six month period ended 30 September 2018.

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

18. Interest-bearing loans and borrowings continued

Berlin Hyp AG/Deutsche Pfandbriefbank AG continued

On 30 June 2017, the Group repaid a total of €5.8 million following the disposal of the Dusseldorf asset.
On 30 September 2017, the Group repaid tranche 2 of the loan in full amounting to €40.9 million following the disposal of the Munich Rupert Mayer Strasse asset. The facility is now secured over nine property assets. No changes have occurred during the six month period ended 30 September 2018.

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% per annum 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% per annum, with the remainder due at maturity. The additional loan tranche is charged with a fixed interest rate of 1.32% for the full term of the loan. The original facility agreement 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. No changes have occurred during the six month period ended 30 September 2018.

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend this facility which 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.
No changes have occurred during the six month period ended 30 September 2018.

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% per annum 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 per annum over a seven year period. This facility is secured over four properties and is subject to various covenants with which the Group has complied. No changes have occurred during the six month period ended 30 September 2018.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset that completed immediately after period end and is subject to various covenants with which the Group has complied. No changes have occurred during the six month period ended 30 September 2018.

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:

	Fair value hierarchy level	(Unaudited) 30 September 2018		(Unaudited) 30 September 2017		31 March 2018	
		Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets							
Cash	1	**39,424**	**39,424**	33,664	33,664	79,605	79,605
Trade receivables	2	**1,822**	**1,822**	2,088	2,088	3,899	3,899
Derivative financial instruments	2	**853**	**853**	—	—	—	—
Financial liabilities							
Trade payables	2	**5,489**	**5,489**	6,581	6,581	6,381	6,381
Derivative financial instruments	2	**327**	**327**	334	334	298	298
Interest-bearing loans and borrowings:							
Floating rate borrowings	2	**—**	**—**	—	—	38,000	38,000
Floating rate borrowings – hedged*	2	**46,790****	**46,790**	24,367	24,367	47,044	47,044
Floating rate borrowings – capped*	2	**37,620****	**37,620**	—	—	—	—
Fixed rate borrowings	2	**283,733****	**288,343**	273,831	278,563	288,011	293,547

* 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 facilities with Bayerische Landesbank and SEB. Please refer to note 18 for details of swap and cap contracts.

** Excludes loan issue costs.

20. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	—
As at 30 September 2018	**Unlimited**	**—**

The number of ordinary shares of no par value as at 30 September 2017 and as at 31 March 2018 was unlimited.

Issued and fully paid	Number of shares	Share capital €
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	—
Issued ordinary shares	65,175,941	—
Issued Treasury Shares	—	—
As at 31 March 2018	991,329,614	—
Issued ordinary shares	18,092,212	—
Issued Treasury Shares	—	—
As at 30 September 2018	**1,009,421,826**	—

Notes forming part of the financial statements continued
for the six months ended 30 September 2018

20. Issued share capital continued
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.

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.

Pursuant to a scrip dividend offering on 19 January 2018, the Company issued 6,842,608 ordinary shares at an issue price of £0.6198, resulting in the Company's overall issued share capital being 933,571,173 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 932,996,281.

Pursuant to an equity raise of €40.0 million on 28 March 2018, the Company issued 58,333,333 ordinary shares at an issue price of £0.60, resulting in the Company's overall issued share capital being 991,904,506 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 991,329,614. Costs associated with the equity raise amounted to €942,000. On 9 July 2018, the Company issued 14,804,000 ordinary shares to the Company's two Executive Directors and some of the Group's Senior Management Team, pursuant to the Company's LTIP incentive scheme. This resulted in the Company's overall issued share capital being 1,006,708,506 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 1,006,133,614.

Pursuant to a scrip dividend offering on 4 June 2018, the Company issued 3,288,212 ordinary shares at an issue price of £0.6499 resulting in the Company's overall issued share capital being 1,009,996,718 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 1,009,421,826.

The Company holds 574,892 of its own shares, which are held in treasury (31 March 2018: 574,892). During the period no 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, share-based payment transactions and the buyback of shares and is €502,649,000 in total at 30 September 2018 (31 March 2018: €519,320,000).

22. Dividends

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.

On 27 November 2017, the Company announced a dividend of 1.56c per share, with a record date of 15 December 2017 for UK and South African shareholders and payable on 19 January 2018. On the record date, 926,728,565 shares were in issue, of which 574,892 were held in treasury and 926,153,673 were entitled to participate in the dividend. Holders of 313,136,432 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €4,885,000, while holders of 613,017,241 shares opted for a cash dividend with a value of €9,646,000. The total dividend was €14,531,000.

On 4 June 2018, the Company announced a dividend of 1.60c per share, with a record date of 13 July 2018 for UK and South African shareholders and payable on 17 August 2018. On the record date, 1,006,708,506 shares were in issue, of which 574,892 were held in treasury and 1,006,133,614 were entitled to participate in the dividend. Holders of 150,721,277 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €2,412,000, while holders of 854,937,248 shares opted for a cash dividend with a value of €13,587,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €13,579,000. The total dividend was €15,991,000.

The Group's profit attributable to the equity holders of the Company for the six months to 30 September 2018 was €70.4 million (30 September 2017: €50.9 million). The Board has declared a final dividend of 1.63c per share for the period ended 30 September 2018, representing 70% of FFO*. The dividend will be paid on 18 January 2019, with the ex-dividend dates being 12 December 2018 for shareholders on the South African register and 13 December 2018 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 2018

22. Dividends continued

The dividend per share was calculated as follows:

	(Unaudited) 30 September 2018 €m	(Unaudited) 30 September 2017 €m	31 March 2018 €m
Reported profit before tax	**78.2**	54.7	89.6
Adjustments for:			
Surplus on revaluation	**(56.2)**	(41.6)	(63.5)
(Gain)/loss on disposals	**(0.1)**	0.8	2.5
Other adjusting items*	**0.1**	3.6	8.1
Change in fair value of financial derivatives	**0.1**	—	—
Adjusted profit before tax	**22.1**	17.5	36.7
Adjustments for:			
Depreciation	**0.7**	0.6	1.1
Amortisation of financing fees	**0.6**	0.6	1.2
Current taxes incurred (see note 9)	**(0.3)**	(2.3)	(3.4)
Add back current tax relating to disposals and prior year adjustments	**0.2**	2.1	2.8
Funds from Operations, year ended 31 March	**n/a**	n/a	38.4
Funds from Operations, six months ended 30 September	**23.3**	18.5	n/a
Funds from Operations, six months ended 31 March	**n/a**	n/a	19.9
Dividend pool, six months ended 30 September**	**16.5**	14.4	n/a
Dividend pool, six months ended 31 March	**n/a**	n/a	15.9
DPS, six months ended 30 September	**1.63c**	1.56c	n/a
DPS, six months ended 31 March	**n/a**	n/a	1.60c

* Includes expected selling costs relating to assets held for sale.

** Calculated as 70% of FFO of 2.33c per share (30 September 2017: 2.07c per share using 75% of FFO; 31 March 2018: 2.13c per share using 75% of FFO), based on average number of shares outstanding of 999,625,521 (30 September 2017: 894,104,933; 31 March 2018: 930,142,690).

Calculations contained in this table are subject to rounding differences.

23. Capital and other commitments

As at 30 September 2018, the Group had contracted capital expenditure on existing properties of €9,894,000 (31 March 2018: €8,745,000) and non-cancellable commitments of €27,331,000 (31 March 2018: €29,422,000) derived from office rental contracts and commitments relating to operating and management contracts. In addition the Group had commitments of €6,946,000 (31 March 2018: €7,053,000) for leasehold obligations.

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

24. Post balance sheet events

On 1 October 2018, the Group completed the acquisition of a business park in Mannheim. Total acquisition costs are expected to be €9.6 million. The property comprises office and warehouse space with a net lettable area of c. 15,000 sqm. The property is 69% occupied and let to 57 tenants, producing annual income of €0.6 million and having a weighted average lease expiry of 1.7 years.

On 23 October 2018, the Group notarised the sale of its mixed used site in Bremen Dötlinger Str. for €6.3 million. Bremen Dötlinger Str. is the Group's last remaining asset located in Bremen. The site has around 10,000 sqm of retail and office space generating €0.3 million of annual income. The sale is due to complete at the end of March 2019.

On 6 November 2018, the Group notarised the acquisition of a business park located in Bochum for €24.0 million. Total acquisition costs are expected to be €25.7 million. The property comprises office and warehouse space with a net lettable area of c. 56,000 sqm. The property is 95% occupied and let to 31 tenants, producing annual income of €2.6 million and having a weighted average lease expiry of 1.5 years.

On 14 November 2018, the Group completed the sale of the non-core Bremen Hag business park for €3.8 million in line with book value. Bremen Hag is the Group's last remaining non-core site and is located next to a container port in Bremen Harbour, which has limited its appeal amongst prospective tenants. At time of sale the asset was loss making with occupancy of 19%. The asset is unencumbered.

Business analysis

Table 10: Non-IFRS measures

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
Total comprehensive income for the period	**70,433**	50,909	81,363
Surplus on revaluation of investment properties	**(56,161)**	(41,580)	(63,452)
Loss on disposal of properties (including tax)	**72**	2,868	4,423
Change in fair value of derivative financial instruments	**67**	(7)	(43)
Deferred tax in respect of EPRA adjustments	**7,086**	1,890	5,492
EPRA earnings	**21,496**	14,080	27,783
Deduct non-controlling interest	**(24)**	(24)	(91)
Add change in deferred tax relating to derivative financial instruments	**6**	22	20
Add change in fair value of derivative financial instruments	**(67)**	7	43
Headline earnings after tax	**21,412**	14,085	27,755
Add/deduct change in fair value of derivative financial instruments net of related tax	**60**	(29)	(63)
Add adjusting items*, net of related tax	**496**	3,265	8,349
Adjusted earnings after tax	**21,968**	17,321	36,041

* See note 10 of the Interim Report.

	(Unaudited) 30 September 2018 €000	(Unaudited) 30 September 2017 €000	31 March 2018 €000
EPRA earnings	**21,496**	14,080	27,783
Weighted average number of ordinary shares	**999,625,521**	894,104,933	914,479,339
EPRA earnings per share (cents)	**2.15**	1.57	3.04
Headline earnings after tax	**21,412**	14,085	27,755
Weighted average number of ordinary shares	**999,625,521**	894,104,933	914,479,339
Headline earnings per share (cents)	**2.14**	1.58	3.04
Adjusted earnings after tax	**21,968**	17,321	36,041
Weighted average number of ordinary shares	**999,625,521**	894,104,933	914,479,339
Adjusted earnings per share (cents)	**2.20**	1.94	3.94

Table 11: Acquisitions progress – acquired since December 2014

Site	Total acquisition cost €000	Market value (rounded) €000	Market value increase %	Annualised acquisition rent roll* €000	Annualised rental income for Sept 2018 €000	Annualised rental income increase %
Potsdam	29,353	40,900	39	2,347	2,894	23
Mahlsdorf	19,574	30,000	53	1,786	2,320	30
Bonn	3,066	8,710	184	531	771	45
Aachen – Würselen	18,694	27,600	48	1,751	2,185	25
Ludwigsburg	7,443	15,700	111	969	1,619	67
Weilimdorf	5,699	8,290	45	511	694	36
Heidenheim	18,320	24,800	35	1,846	2,060	12
CöllnParc	18,395	21,700	18	1,469	1,537	5
Aachen – Würselen II	7,169	7,640	7	532	536	1
Mainz	25,134	31,700	26	2,219	2,553	15
Markgröningen	8,720	19,300	121	1,322	1,816	37
Krefeld	13,475	14,100	5	1,219	835	(32)
Dresden	28,600	33,800	18	2,781	3,075	11
Wiesbaden	17,658	23,900	35	1,878	2,418	29
Krefeld II	2,894	3,960	37	391	81	(79)
Dreieich	4,585	8,520	86	287	1,340	366
Frankfurt	4,498	5,470	22	153	333	118
Cologne	22,904	23,000	—	2,038	1,868	(8)
Mahlsdorf II	6,341	8,510	34	531	702	32
Grasbrunn	18,075	18,000	—	97	355	266
Neuss	16,093	17,400	8	670	914	36
Neu-Isenburg	9,635	11,600	20	472	584	24
Frankfurt II	6,079	6,200	2	499	453	(9)
Total	**312,404**	**410,800**	**31**	**26,299**	**31,943**	**21**

* Rental and other income from investment properties recognised in the period relating to acquisition assets acquired since December 2014 was €14.9 million.

Business analysis continued

Table 11: Acquisitions progress – acquired since December 2014 continued

Site	Acquisition occupancy %	Sept 2018 occupancy %	Occupancy increase %	Capex since acquisition to Sept 2018 €000
Potsdam	85	98	13	609
Mahlsdorf	85	98	13	479
Bonn	76	84	8	316
Aachen – Würselen	75	90	15	1,538
Ludwigsburg	68	91	23	2,177
Weilimdorf	100	100	—	57
Heidenheim	83	89	6	831
CöllnParc	90	97	7	355
Aachen – Würselen II	97	96	(1)	24
Mainz	83	95	12	863
Markgröningen	67	92	25	1,902
Krefeld	94	70	(24)	81
Dresden	66	71	5	2,803
Wiesbaden	65	89	24	1,419
Krefeld II	100	18	(82)	45
Dreieich	29	74	45	714
Frankfurt	28	73	45	654
Cologne	100	83	(17)	54
Mahlsdorf II	62	74	12	1,369
Grasbrunn	4	21	17	489
Neuss	38	44	6	439
Neu-Isenburg	41	55	14	172
Frankfurt II	87	81	(6)	22
Total	**72**	**82**	**82**	**17,412**

Table 12: Disposals

Site	Total proceeds €	Sqm	Annualised acquisition ret roll* €	Annualised acquisition NOI €	EPRA net initial yield %
Bremen Brinkmann	15,500,000	121,501	1,846,288	863,739	5.2
Rostock land	1,200,000	22,102	—	—	n/a
Markgröningen residential building	625,000	1,331	—	—	n/a
Total	**17,325,000**	**144,934**	**1,846,288**	**863,739**	**n/a**

* Rental and other income from investment properties recognised in the period relating to disposal assets was €0.3 million.

Glossary of terms

Adjusted earnings is the earnings attributable to the owners of the company excluding 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.

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

Annualised acquisition net operating income is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see 'annualised rent roll' definition below for further explanatory information.

Annualised acquisition rent roll is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see 'annualised rent roll' definition below for further explanatory information.

Annualised rent roll is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 30 September 2018. Annualised rent roll should not be interpreted or used as a forecast or estimate. Annualised rent roll differs from rental income described in note 4 of the Interim report and reported within revenue in the consolidated statement of comprehensive income for reasons including:

» Annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms

» Rental income as reported within revenue represents rental income recognised in the period under review

» Rental income as reported within revenue includes accounting adjustments including those relating to lease incentives

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

EPRA net initial yield is the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

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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