



Resilient trading and strong balance sheet

Sirius Real Estate Limited
Interim Report 2020

Property and platform

The Company owns 56 and manages an additional 2 assets all located in Germany, as well as 6 assets held through Titanium. Our assets typically provide our tenants with a combination of conventional and flexible workspace.



Contents

Overview

- 1 Our highlights
- 2 Business update
- 13 Statement of Directors' responsibilities

Financial statements

- | | |
|---|---|
| 14 Independent review report | 19 Notes forming part of the financial statements |
| 15 Consolidated statement of comprehensive income | 46 Business analysis |
| 16 Consolidated statement of financial position | 48 Annex 1 – non-IFRS measures |
| 17 Consolidated statement of changes in equity | 54 Glossary of terms |
| 18 Consolidated statement of cash flow | 56 Corporate directory |



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www.sirius-real-estate.com



Increased operating profits

FFO growth and dividend increase

- ▶ Profit before tax in the six month period of €62.2 million (H1 2019: €79.7 million)
- ▶ 7.4% growth in funds from operations¹ to €29.1 million (H1 2019: €27.1 million)
- ▶ 2.8%² increase in dividend per share to 1.82c (H1 2019: 1.77c)

Valuation growth

- ▶ NAV per share increased 5.0% to 81.18c (31 March 2020: 77.35c) with adjusted NAV³ per share increasing by 5.2% to 85.81c (31 March 2020: 81.54c)
- ▶ 4.3% valuation increase in owned investment property to €1,229.7 million (31 March 2020: €1,179.5 million)

Strong enquiries and cash collection performance and significant firepower

- ▶ 97.3% cash collection rate with outstanding rent and service charge receivables for the six month period amounting to €1.9 million (excluding VAT)
- ▶ Total enquiries up 17.4% on the same period last year and sales conversion rate of 13.4%
- ▶ Notarised for acquisition an asset located in Norderstedt for €9.1 million due to complete in December 2020 and completed the disposal of the Weilimdorf asset which was held for sale as at 31 March 2020
- ▶ Drew down the last tranche of the €50.0 million unsecured Schuldschein debt that has a blended interest rate of 1.6%, average maturity of 3.2 years and no amortisation
- ▶ Net LTV⁴ of 31.6% (31 March 2020: 32.8%), well within stated policy cap of 40%
- ▶ Total cash balances of €128.4 million, of which €112.4 million is unrestricted providing significant firepower for a strong pipeline of acquisitions

€62.2m

↓ **22.0%**

Profit before tax

2020	62.2
2019	79.7

€79.3m

↑ **9.8%**

Total revenue

2020	79.3
2019	72.2

€29.1m

↑ **7.4%**

Funds from operations¹

2020	29.1
2019	27.1

€89.2m

↑ **13.6%**

Total annualised rent roll

2020	89.2
2019	78.5

1.82c per share

↑ **2.8%**²

Interim dividend

2020	1.82
2019	1.77

5.45c per share

↓ **20.6%**

Basic earnings per share

2020	5.45
2019	6.86

1 See note 24 of the Interim Report.

2 Interim dividend representing 65% of FFO (30 September 2019: 67% of FFO).

3 See note 11 of the Interim Report.

4 Includes unrestricted cash balances.



Resilient trading and recovering markets

"Sirius has traded through the Covid-19 pandemic and is well positioned for growth in the second half of the financial year."

In summary:

- ▶ Resilient trading performance despite the impact of Covid-19 and expected move-outs
- ▶ Profit before tax of €62.2 million compared to €79.7 million in the same period last year
- ▶ 7.4% increase in funds from operations ("FFO") to €29.1 million from €27.1 million in the same period last year
- ▶ 97.3% cash collection (rent and service charge excluding VAT) performance
- ▶ Dividend of 1.82c declared, 1.6 times covered by FFO
- ▶ Resumption of transactional activity in September with the notarisation of a business park located in Norderstedt for €9.1 million and strong pipeline
- ▶ Significant cash resources available with €112.4 million of unrestricted cash on balance sheet and net LTV of 31.6%

Overview

Sirius has had an encouraging six month trading period, recording increases in funds from operations and a 4.3% like-for-like increase in the valuation of its investment property. Despite the unique challenges of Covid-19, Sirius was able to achieve a 97.3% cash collection rate in the period whilst maintaining occupancy and annualised rent roll. This highlights the resilience of the Sirius business model, the appeal of our assets to tenants and the tenacity of our employees. The Company strengthened its balance sheet in the period with the drawdown of the final tranche of its unsecured Schuldschein facility and, at period end, had a net LTV of 31.6%.

This robust performance has led Sirius to declare a 2.8% increase in dividend for the six months ended 30 September 2020 to 1.82c representing 65% of the FFO compared to the dividend paid for the same period in the prior year, which was based on 67% of FFO.

Whilst uncertainty continues, the depth and scale of the economic and fiscal response of the German government to the Covid-19 outbreak to date has been decisive and far reaching. With a massive Covid-19 recovery stimulus announced in June 2020, Germany, thus far, has gone further and committed more resource than its European neighbours in addressing the challenges of the pandemic. State support has been wide ranging and includes grants, loans and subsidies aimed directly at maintaining employment ("Kurzarbeit") as well as a variety of other measures aimed at supporting businesses of all sizes and across all industries. With the formal announcement of the extension of the existing Kurzarbeit scheme to 31 December 2021, the message from the German government is that it is fully committed to supporting business for as long as necessary.



Financial performance

The Company reported a profit before tax for the six month period ended 30 September 2020 of €62.2 million (30 September 2019: €79.7 million) including €33.5 million of net gains (30 September 2019: €58.2 million) from owned property revaluations (net of capex and adjustments in relation to lease incentives and broker fees). Total revenue, which comprises rent, fee income from Titanium, other income from investment properties and service charge income, increased by 9.8% to €79.3 million (30 September 2019: €72.2 million). Total annualised rent roll decreased to €89.2 million from €90.3 million at 31 March 2020 which is predominantly due to losing €0.7 million per annum from the sale of the Weillimdorf asset at the start of the period.

FFO for the six months grew to €29.1 million (2.80c per share) compared to €27.1 million (2.65c per share) for the same period in the prior year, an increase of 5.7% on a per share basis. Earnings of €56.6 million and 5.45c per share decreased by 20.6%, reflecting the exceptionally strong valuation gains of €69.9 million recorded in the prior period. Adjusted EPS, which excludes valuation movements as well as exceptional items, increased 8.8% to 2.73c per share from 2.51c per share highlighting the positive operational performance in the period. The following table sets out the key earnings per share metrics:

Table 1: Earnings per share

	30 Sept 2020 earnings €000	30 Sept 2020 no. of shares	30 Sept 2020 cents per share	30 Sept 2019 earnings €000	30 Sept 2019 no. of shares	30 Sept 2019 cents per share	Change %
Basic EPS	56,549	1,037,394,967	5.45	70,216	1,023,014,308	6.86	(20.6)%
Diluted EPS	56,549	1,053,039,717	5.37	70,216	1,034,854,308	6.78	(20.8)%
Adjusted EPS	28,322	1,037,394,967	2.73	25,757	1,023,014,308	2.51	8.8%
Basic EPRA EPS	28,326	1,037,394,967	2.73	24,921	1,023,014,308	2.44	11.9%
Diluted EPRA EPS	28,326	1,053,039,717	2.69	24,921	1,034,854,308	2.41	11.6%

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). Refer to note 2(c) for further information.

With the investment market slowing down and the Company adopting a cautious approach to transactions over the last six months there was no contribution from acquisitions in the period under review. However, with the Norderstedt asset scheduled for completion in December, €112.4 million of unrestricted cash resources available and assuming markets continuing their recent trend back towards normality, the contribution of acquisitions in the second half of the financial year is expected to be more meaningful.



Financial performance continued

Net asset value per share ("NAV") increased by 5.0% to 81.18c (31 March 2020: 77.35c) in the period whilst adjusted net asset value per share ("adjusted NAV") increased by 5.2% to 85.81c (31 March 2020: 81.54c). Following the introduction of new EPRA net asset metrics effective for reporting periods beginning 1 January 2020, the Company has chosen to disclose EPRA net tangible assets ("EPRA NTA") which adds back deferred tax and financial derivatives including that relating to investments in associates, excludes goodwill and intangible assets and is calculated after taking into consideration the effect of share incentive plans on the number of shares in issue. Further details relating to EPRA net asset metrics can be found in note 11 of the Interim Report. In the period under review EPRA NTA increased by 4.9% to 84.42c (31 March 2020: 80.44c). The main driver of the increases to net asset value was the valuation uplift as much of the recurring profit before tax was offset by the dividend payment in the period. The valuation metrics are described in more detail below and the movement in net asset value in the period can be seen in the following table:

Table 2: Net assets per share

	cents per share
NAV as at 31 March 2020	77.35
Recurring profit after tax	2.73
Surplus on revaluation	3.22
Deferred tax charge	(0.45)
Scrip and cash dividend paid	(1.73)
Adjusting items	0.06
NAV per share as at 30 September 2020	81.18
Deferred tax and adjustments to financial derivatives*	4.63
Adjusted NAV per share as at 30 September 2020	85.81
EPRA adjustments*	(1.39)
EPRA NAV per share as at 30 September 2020	84.42

* See note 11 of the Interim Report.

Lettings and rental growth

Total annualised rent roll of €89.2 million reduced by €1.1 million since the year end, which was primarily attributable to the sale of the Weilmordorf asset on 1 April 2020 which generated €0.7 million of annualised rent roll. Encouragingly, despite the impact of Covid-19 and two large expected move-outs amounting to more than 18,500 sqm which generated annualised rent roll of €1.5 million, like-for-like annualised rent roll saw only a modest decrease of 0.4% to €89.2 million from €89.6 million. Total move-ins of 68,606 sqm generated €5.5 million in annualised rent roll at an average rate of €6.66 per sqm, higher than the €6.37 psqm average across the total move-outs, where €6.7 million of annualised rent roll was generated across 87,033 sqm. Total occupancy remained high at 83.9% but slightly below the 85.3% at 31 March 2020, while the like-for-like average rate increased by 1.1% to €6.03 psqm from €5.96 psqm. The movement in annualised rent roll is described in more detail below:

	€m
Annualised rent roll 31 March 2020	90.3
Disposals	(0.7)
Move-outs	(6.7)
Move-ins	5.5
Contracted uplifts	0.8
Annualised rent roll 30 September 2020	89.2



Sirius reported an increase in enquiry levels of 17.4% compared to the same period in the last year with a total of 8,284 enquiries generated, which, given the restrictions encountered over the period, represents a significant achievement. Analysis of enquiry data confirmed a marked increase in the number of enquiries for commercial and self-storage space which combined makes up 36% of the Company's total lettable area. The monthly development of enquiries compared to the prior year is detailed in the table below:

Table 3: Enquiries

	No. of enquiries 6 months to Sept 2019	No. of enquiries 6 months to Sept 2020	Change %
April	1,099	1,202	9.4%
May	1,188	1,248	5.1%
June	1,181	1,368	15.8%
July	1,392	1,367	(1.8)%
August	1,242	1,477	18.9%
September	952	1,622	70.4%
Total	7,054	8,284	17.4%

What was most encouraging was that over this first half year, in spite of all the challenges of completing deals during lockdown, the Company was still able to achieve an average conversion ratio (enquiries to new lettings) of 13.4%, only slightly down from 14.7% for the same period in the prior year. The Company's lettings conversion ratio did fall to just under 10% in April following the immediate impact of the Covid-19 outbreak; however, this picked up considerably once the main restrictions were lifted in Germany in June.

Whilst the six months to September 2020 saw a greater number of deals agreed the volume of square metres decreased by 11.0% or 9,184 sqm compared to the same period in the prior year and the average deal size reduced from 80 sqm to 67 sqm. The new lettings in the period comprised a mixture of large long-term and smaller flexible lettings across office, storage and production spaces. Details of letting numbers and square metre volumes compared to the same period in the previous year are set out in the table below:

Table 4: Lettings

	New lettings six months to Sept 2019	New lettings six months to Sept 2020	sqm Six months to Sept 2019	sqm Six months to Sept 2020	Average sqm six months to Sept 2019	Average sqm six months to Sept 2020
April	87	115	12,353	8,025	142	70
May	174	130	11,873	11,282	68	87
June	201	165	13,276	11,242	66	68
July	224	215	11,351	13,170	51	61
August	127	259	16,065	15,324	126	59
September	222	226	18,361	15,052	83	67
Total	1,035	1,110	83,279	74,095	80	67

Tenant retention in the period was encouraging with 68% of square metres up for renewal in the period being successfully extended (H1 2019: 70%) representing a strong performance given the economic environment during the period.

Overall, the consistency in renewals, high volumes of enquiries and robust sales conversion levels provide a clear demonstration of the ability of the Company's internal operating platform to perform in challenging market conditions. Furthermore, with a variety of spaces and a wide range of products the Company is well placed to continue meeting the changing demands of tenants as businesses and landlords adapt to the challenges presented.



Cash collection

Cash collection has taken on additional importance this year as the Covid-19 crisis has developed. Sirius benefits from an experienced and professional in-house cash collection team which, together with onsite staff, was quick to react to the pandemic and, as a result, has been able to work closely with tenants in managing debt in the period. Unlike many other companies which invoice tenants for future periods, Sirius invoices on the first working day of each month resulting in a monthly billing and collection cycle. The Group's cash collection performance in the six month period to 30 September 2020 relating to rent and service charge prepayments (excluding VAT) is detailed in the following table:

Table 5: H1 cash collection

	Invoiced €000	Outstanding €000	Collection %
April	11,621	227	98.0%
May	11,635	352	97.0%
June	11,716	338	97.1%
July	11,676	241	97.9%
August	11,883	270	97.7%
September	12,015	471	96.1%
Total	70,546	1,899	97.3%

Out of total billing of €70.5 million, uncollected debt for the six month period amounted to €1.9 million (excluding VAT) representing a cash collection rate of 97.3% with outstanding rent of €1.4 million and service charge prepayments of €0.5 million. From a tenant base of over 5,000 tenants as at 30 September 2020 the Group had issued eleven deferred payment plans to tenants adversely impacted by Covid-19 which accounts for €0.3 million of the outstanding amount. The deferred payment plans spread the payment of rent and service charge prepayments over an average of eight months. As at period end all plans were being fully complied with. Provisions relating to these outstanding rents and service charge payments in the statement of comprehensive income amounted to €0.9 million. The Company expects to collect the majority of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

One of the factors supporting the Company's cash collection success is its diversified tenant base and range of products. As at 30 September 2020 the Company had a total of 5,115 tenants with its top 50 tenants representing 42% of annualised rent roll, its SME tenants representing 52% and its retail customers 6%. The Company's top tenant represents 2.7% of annualised rent roll with government tenants representing 7.6%. The Company has a wide range of spaces including office (31.9%), storage (32.6%) and production (21.8%). In addition, 6.3% of the Company's space relates to high-yielding and flexible Smartspace products, more detail on which follows later in this report. The large number of tenants, broad mix of spaces and range of products illustrate a balanced and well-constructed tenant portfolio that includes a range of industries and risk profiles.

Portfolio valuation

Demand from investors for industrial and office business parks in Germany returned strongly following a brief hiatus after the immediate outbreak of Covid-19. Both domestic and foreign sources of capital continue to compete for assets attracted by the high-yielding nature and growth potential of the asset class. Whilst yield movement has been a key feature of valuation development, the upgrading and repositioning of assets through our capital investment programmes and the resulting organic rental growth continue to be a major focus and driver of value for the Company.

The owned investment property portfolio was independently valued by Cushman & Wakefield LLP at €1,229.7 million (31 March 2020: €1,189.5 million*), which converts to a book value of €1,225.5 million (31 March 2020: €1,176.1 million) after allowing for the provision for lease incentives. Leased investment properties amounted to €17.7 million (31 March 2020: €17.8 million).

* Including assets held for sale of €10.1 million.


Table 6: Reconciliation of market value to book value

	30 September 2020 €m	31 March 2020 €m
Owned investment properties at market value	1,229.7	1,179.4
Adjustment in respect of lease incentives	(4.2)	(3.3)
Leased investment properties at market value	17.7	17.8
Book value as at period end	1,243.2	1,193.9

The valuation uplift for the period relating to owned investment properties was €50.3 million (excluding assets held for sale) resulting in a net valuation gain of €34.4 million after taking into account €15.9 million of capital expenditure and adjustments for broker fees. The gain on revaluation on investment properties recorded in the consolidated statement of comprehensive income, which also adjusts for lease incentives and deficit on revaluation relating to leased assets, was €31.9 million. The valuation of the portfolio by Cushman & Wakefield for the six months ended 31 March 2020 was disclosed on the basis of "material uncertainty" due to Covid-19; however, this was lifted in August 2020 resulting in the valuation for 30 September 2020 being conducted on a normalised basis. The valuation increase compared to 31 March 2020 was attributable to 34 bps of gross yield compression reflecting the way in which markets in Germany have recovered as well as the continued attractiveness of the asset class amongst income and capital growth focused investors. The increase in like-for-like valuation compared to September 2019, the last period which was not subject to the "material uncertainty" clause, was €72.1 million and attributable to an increase in annualised rent roll of €3.6 million together with 15 bps of gross yield compression. The gross yield of the portfolio at 30 September 2020 was 7.3% (31 March 2020: 7.6%).

As at 30 September 2020, the portfolio of owned properties, which excludes managed properties and those within the Titanium Venture, comprised 56 assets, with total lettable space of 1.5 million sqm. The movement in book value for the period for these properties can be reconciled as follows:

Table 7: Movement in book value in the period

	Investment property - owned €000	Investment property - leased €000	Investment property - total €000
Investment properties at book value as at 31 March 2020*	1,186,183	17,832	1,204,015
Additions	—	1,519	1,519
Capex investment and capitalised broker fees	15,920	—	15,920
Disposals	(10,100)	—	(10,100)
Surplus on revaluation above capex investment and broker fees	34,379	—	34,379
Deficit on revaluation relating to leased investment properties	—	(1,617)	(1,617)
Adjustment in respect of lease incentives	(853)	—	(853)
Investment properties at book value as at 30 September 2020	1,225,529	17,734	1,243,263

* Including assets held for sale of €10.1 million.

As can be seen from the table above, the €50.3 million or 4.3% increase in valuation of owned investment property more than offsets the impact of the sale of the Weillimdorf asset and capex investment in the period and as a result the owned investment property book value was €1,225.5 million (31 March 2020: €1,186.2 million).

The Company's leased investment properties are subject to an internal valuation based on discounted cash flows. Leased property primarily relates to an operating and management agreement on a property located in Munich that it sold in a sale-and-leaseback transaction in 2017. As at 30 September 2020 the remaining lease term was 2.5 years. During the period a lease extension of a second operating and management agreement on an asset located in Essen resulted in €1.5 million of additions being recorded. The deficit on revaluation relating to leased investment properties of €1.6 million recorded in the period represents the valuation relating to the lease extension and amortisation of the capitalised lease with the corresponding expense recorded within the gain on revaluation of investment properties in the statement of comprehensive income.



Portfolio valuation continued

The total owned portfolio now comprises value-add assets which make up 57% of the total value and mature assets that account for 43%. The mature assets, with occupancy of 95.2%, have typically been owned for a number of years and have been subject to intensive asset management and investment. Whilst the potential for income and value creation reduces when assets reach maturity, some opportunity does remain and these assets also help support the highly competitive loan facilities that Sirius has been able to secure in recent years.

Table 8: 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 %
Value-add assets	53.7	703.7	46.0	699	7.6%	6.5%	213,449	5.87	78.1%
Mature assets	35.5	521.9	32.6	1,012	6.8%	6.3%	23,859	6.28	95.2%
Other	—	—	(1.0)	—	—	—	—	—	—
Total	89.2	1,225.5	77.6	805	7.3%	6.3%	237,308	6.03	83.9%

The value-add assets, with 78.1% occupancy and valued at a gross yield of 7.6%, provide much of the opportunity for future value and income creation. With total vacant space amounting to 213,449 sqm and 84,765 sqm of this space being subject to the Company's capex investment programmes, Sirius intends to continue investing in organic growth as it has successfully done in recent years.

Capex investment programmes

During the period the Group continued to upgrade and transform its assets through its capex investment programmes. The Company's ability to understand and react to demand in micro markets and to generate high levels of enquiries provides a strategic advantage and confidence to develop space. In the six month period under review work continued across both of the Group's capex investment programmes which together made a strong contribution to overall Company performance.

The original capex investment programme, covering over 200,000 sqm of space, is substantially complete and, with an annual return on cost in excess of 50%, continues to generate incremental value as improvements in occupancy and rate are achieved. For further details of the original capex investment programme, please refer to the business analysis section of this report.

Whilst the original capex investment programme was based on all assets acquired prior to April 2016 the new acquisition capex investment programme applies to all assets acquired since April 2016. The programme now includes 26 sites and a total of 171,161 sqm of sub-optimal vacant space. The budgeted investment of €42.1 million on this space is expected to generate annualised rent roll of €12.3 million at 82% occupancy. Importantly, due to the extent of transformation and upgrading work within this programme, the impact on valuation has been and is expected to continue to be significant. Steady progress has been made on the new acquisition capex investment programme with a total of 127,895 sqm of space fully converted at 30 September 2020. An investment of €25.0 million in this space is generating annualised rent roll of €8.0 million on occupancy of 71% whilst the remaining vacant space of 37,090 sqm is being marketed for letting and expected to require an additional €1.4 million investment. When budgeted occupancy and rental rate is achieved a further €1.4 million of annualised rental income as well as further increases in valuation are expected from this space.

In addition to the completed space, a total of 43,266 sqm of space is either in progress or awaiting approval to commence. A further €11.9 million is expected to be invested in this space, on top of the €1.8 million already spent, and, based on achieving budgeted occupancy, incremental annualised rent roll in the region of €2.8 million is expected to be generated, also with further valuation increases.



Further details on the new acquisition capex investment programme are set out in the table below:

Table 9: New acquisition 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 2020 €m	Occupancy budgeted	Occupancy achieved to September 2020	Rate per sqm budgeted €	Rate per sqm achieved to September 2020 €
Completed	127,895	28.4	25.0	9.4	8.0	82%	71%	7.49	7.33
In progress	19,080	4.8	1.8	1.2	0.1	83%	—	6.49	—
To commence in next financial year	24,186	8.9	—	1.7	—	81%	—	7.10	—
Total	171,161	42.1	26.8	12.3	8.1	82%	—	7.32	—

Whilst the volume of square metres added to the new acquisition capex investment programme in the six month period to 30 September 2020 was limited due to lack of acquisition activity, the return of transactional activity with a focus on assets with sub-optimal vacancy is expected to provide opportunity to grow the capex investment programme going forward.

The Company continues to look for value-add opportunities within the existing portfolio by upgrading spaces returned each year as a result of move-outs. Approximately 38,000 sqm of sub-optimal quality space has been identified for investment within the current vacancy, which was either vacated within the period or the previous financial year. The upgrading of this space is expected to require an investment of €9.9 million and generate €2.9 million in annualised rent roll, representing an uplift of approximately 20% on the rate at which the space was previously let.

The capex investment programmes combined with vacated space suitable for investment as described above account for approximately one-third of the total vacant space of 237,308 sqm. With structural vacancy of 2% the remaining lettable vacancy is 119,141 sqm. Further details on vacancy and related investment and estimated rental values are detailed in the table below:

Table 10: Vacancy summary

	% of total space	sqm	Capex (€m)	ERV (€m)
Structural vacancy	2%	33,402	—	—
Lettable vacancy	8%	119,141	—	8.1
Capex investment programmes	6%	84,765	23.8	7.2
Total	16%	237,308	23.8	15.3

Sirius continues to focus on acquiring assets with vacancy as well as investing in and upgrading space vacated through tenant churn, thereby allowing the Company to refuel its capex investment programmes.

Asset recycling, acquisitions and disposals

As expected, the transactional market in Germany significantly contracted in the second and third quarters of the calendar year with those transactions completing representing deals that had been agreed prior to the Covid-19 outbreak. However, as time has progressed, transaction volumes have increased with many commentators predicting a busy period ahead as markets recover and investor confidence returns. The Company chose to take a conservative approach in the six month period under review focusing on trading throughout the Covid-19 period whilst strengthening its balance sheet in order to position itself to take advantage of opportunities as they arise going forward.

The reduction in transactional activity also provided the Company with the opportunity to focus its efforts on developing its relationships with the agent and broker community. The Company held a total of 16 socially distanced events throughout the country enabling constructive exchange with the investment and lettings agents that resulted in an increase in the number of opportunities provided by these channels.



Asset recycling, acquisitions and disposals continued

In September 2020 the Company notarised the acquisition of the Norderstedt asset in close proximity to Hamburg International Airport and Hamburg Hafen, the pre-eminent German port. This mixed-use asset is fully let to twelve tenants, generates €783,000 of annualised rent roll and provides operational synergies with the Company's three other assets in and around Hamburg. Whilst the asset provides attractive day-one income as a result of an initial gross yield of 8.6%, further opportunity exists through reversion relating to vacating tenants and the possibility to increase lease lengths.

The Company's pipeline of opportunities is strong, both for its own balance sheet and the Titanium Venture with AXA Investment Managers – Real Assets, and it is currently in exclusivity on a number of properties.

The key details of the asset notarised in the period as well as the assets in exclusivity can be seen within the table below:

Table 11: Notarised 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
Norderstedt	9,059	12,626	100%	—	783	(85)	(5)	693	7.6%
Total	9,059	12,626	100%	—	783	(85)	(5)	693	7.6%

In addition, the Company completed the disposal of the Weillimdorf asset in April 2020. The asset, an office building let to a single tenant operating within the car manufacturing industry, was sold for total proceeds of €10.1 million, representing an EPRA net initial yield including estimated purchasers' costs of 6.3% and 11% premium to book value at date of notarisation.

Smartspace

The Smartspace range of products continues to provide Sirius with the ability to create income and significant value from challenging space within the portfolio that other operators often regard as structural vacancy. The Smartspace products are designed with tenant flexibility in mind at a fixed cost which has proven to be particularly desirable in a period of significant economic and real estate sector change where flexibility and cost certainty has become a key tenant priority.

Total Smartspace in the Sirius-owned portfolio now stands at 85,845 sqm across five products and generates €5.8 million of annualised rent roll equating to 6.5% of the Company's total annualised rent roll. An additional 4,087 sqm of Smartspace was created in the period predominantly on workboxes and storage space, which have both seen a marked increase in demand since the Covid-19 outbreak.

At the beginning of the period under review the Company launched its fourth five-star serviced office product, First Choice Business Centre ("FCBC"), located in Hallbergmoos, in close proximity to Munich Airport. Due to the Covid-19 outbreak airport traffic is significantly down, resulting in the opening and performance of the FCBC Hallbergmoos being slower than expected. The Company remains confident that demand in this area will return and that this business centre will be successful. Excluding Hallbergmoos, FCBC occupancy increased to 68.0% as at 30 September 2020 (30 September 2019: 61.6%).



The table below shows how Smartspace products contribute to the portfolio as a whole:

Table 12: Smartspace

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll (excl. service charge) €	% of total Smartspace annualised rent roll	Rate per sqm (excl. service charge) €
First Choice Office	4,399	1,822	41%	432,000	7%	19.78
SMSP Office	29,076	22,358	77%	2,402,000	42%	8.95
SMSP Workbox	6,997	5,727	82%	392,000	7%	5.70
SMSP Storage	38,350	28,010	73%	2,325,000	40%	6.92
SMSP subtotal	78,822	57,917	73%	5,551,000	96%	7.99
SMSP Flexilager	7,023	2,529	36%	214,000	4%	7.06
SMSP total	85,845	60,446	70%	5,765,000	100%	7.95

Financing and loan to value

The Company continues to search for ways to improve its future financing through unsecured debt whilst optimising its existing debt. In the six month period to 30 September 2020 the Company drew down the final tranches of its unsecured Schuldschein loan amounting to €20.0 million that was agreed in the prior period. The total Schuldschein loan amounts to €50.0 million and has a blended interest rate of 1.6% with a remaining maturity of 3.2 years and no amortisation.

Shortly after period end the Company repaid its Bayerische Landesbank facility, which had an outstanding balance of €22.8 million at 30 September 2020 and matured on 19 October 2020. During the term of the loan the net operating income of the assets increased by 43.1% and the valuation of the financed assets increased by 73.5% to €81.6 million. Discussions with Bayerische Landesbank to create a new facility against these assets are well advanced and the Company expects to finalise and draw down before the financial year end.

As at 30 September 2020 the Company had a net LTV, which includes unrestricted cash balances of €112.4 million, of 31.6% (31 March 2020: 32.8%) which is well within its stated policy cap of 40%. The movements in total debt, excluding loan issue costs, during the period are summarised in the table below:

	€000
Total debt as at 31 March 2020	485,755
Drawdown of Schuldschein	20,000
Scheduled amortisation	(5,554)
Total debt as at 30 September 2020	500,201

Following the final Schuldschein drawdown, the weighted average interest rate at 30 September 2020 was 1.5% (31 March 2020: 1.5%). The Group is subject to various hard and soft covenants with which it complied in the period under review. Interest cover at EBITDA level amounted to 8.0x while the Company has a total of twelve assets held on an unencumbered basis with a book value of €124.0 million.

Dividend

The Board has declared a dividend for the six months ended 30 September 2020 of 1.82c per share, representing a pay-out ratio of 65% of FFO, and an increase of 2.8% on the 1.77c dividend relating to the same period last year that was based on 67% of FFO.

The ex-dividend date will be 15 December 2020 for shareholders on the South African register and 17 December 2020 for shareholders on the UK register. The record date will be 18 December 2020 for shareholders on the South African and UK registers and the dividend will be paid on 21 January 2021 for shareholders on both registers. A detailed dividend announcement will be made in due course, including details of a scrip dividend alternative.



Principal 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 2020. For further information on principal risks and uncertainties, please see note 2(f) of the Interim Report.

Related parties

There were no new related parties recorded in the period. See note 25 of the Interim Report for details of existing related parties and transactions with related parties in the period.

Board

During the period the Company welcomed Caroline Britton and Kelly Cleveland as independent Non-executive Directors and members of the Board Committees.

Caroline is a Chartered Accountant and was an audit partner at Deloitte LLP from April 2000 to May 2018, having qualified with its predecessor firm, Touche Ross & Co. In addition to providing audit and advisory services in the financial services sector, Caroline ran the FTSE 250 Deloitte NextGen CFO programme. Caroline is a non-executive director of Moneysupermarket.com Group PLC and Revolut Limited, at both of which she chairs the audit committees. Caroline is a member of the Nomination, Remuneration and Sustainability and Ethics Committees and became the Chair of the Company's Audit Committee on 31 July 2020.

Kelly is a Chartered Accountant, having qualified in New Zealand in 2001 at PricewaterhouseCoopers, and has worked in real estate in the UK since 2004. She is currently head of investment at British Land Co PLC, the FTSE 100 REIT, where she has worked for more than nine years, including three years in group strategy. Kelly previously held roles in corporate finance and finance respectively at the Grosvenor Group and Burberry Group plc. Kelly is a member of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees.

Jill May and Justin Atkinson stepped down from the Board at the close of the Company's Annual General Meeting on 31 July 2020 and we thank them for their contributions to the Board during their time with us.

Outlook

The first half of the financial year was focused on ensuring the health and wellbeing of our employees and tenants whilst maintaining business continuity and trading performance. Our results for the six months ending 30 September 2020 demonstrate the ability of Company to navigate through these uncertain times and in particular the operational excellence and adaptability of the Company's operating platform. Underpinning the Company's relative success during the period is an exceptionally well-diversified tenant base and wide range of products and spaces that is continually tailored to meet tenants' changing needs.

Against the background of the second lockdown in Germany in November 2020 successful trials of a potential vaccine provide hope that there may be an end in sight to Covid-19 uncertainty and the related economic difficulties. Germany appears to have been impacted less than many other countries, in particular compared with other G7 countries. Furthermore, the breadth and extent of state support has, thus far, limited the economic impact of Covid-19 and, as a result, confidence has returned within the German commercial real estate market. Occupier demand for both conventional and flexible space has remained strong while investor appetite for the German light industrial market and the stable high-yielding income returns it offers has resulted in a return of transactional activity and downward pressure on yields.

With a strong and well-capitalised balance sheet the Company has significant acquisition capacity on its own balance sheet or through the Titanium Venture. Sirius also has the operational and financial means to continue transforming its assets by investment in vacant or sub-optimal space, as well as lower quality space returned through tenant move-outs. As such, the Company is well positioned for a busy and progressive second half of the financial year and is trading in line with the Board's expectations.

Andrew Coombs
Chief Executive Officer

Alistair Marks
Chief Financial Officer

20 November 2020



Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the unaudited 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 Guidance 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 2020 that have materially affected, and any changes in the related party transactions described in the 2020 Annual Report that could materially affect, the financial position or performance of Sirius Real Estate Limited 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 Pegg, Senior Independent Director*
- » Andrew Coombs, Chief Executive Officer
- » Alistair Marks, Chief Financial Officer
- » Caroline Britton*^
- » Mark Cherry*
- » Kelly Cleveland*^

* Non-executive Directors.

^ Appointed 1 June 2020.

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 Guernsey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Alistair Marks
Chief Financial Officer
 20 November 2020



Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 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 27. We have read the other information contained in the half yearly 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with:

- » the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority;
- » the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee;
- » the Financial Pronouncements as issued by the Financial Reporting Standards Council of South Africa.

As disclosed in note 2(d), the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly 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 half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the 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 half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with:

- » International Accounting Standard 34, "Interim Financial Reporting";
- » the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority;
- » the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee; and
- » the Financial Pronouncements as issued by the Financial Reporting Standards Council of South Africa.

Ernst & Young LLP
London

20 November 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2020



	Notes	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Revenue	4	79,288	72,190
Direct costs	5	(35,377)	(32,647)
Net operating income		43,911	39,543
Gain on revaluation of investment properties	12	31,909	58,178
(Loss)/gain on disposal of properties		(10)	33
Gain on loss of control of subsidiaries		—	6,323
Administrative expenses	5	(11,864)	(10,024)
Share of profit of associates	15	2,096	343
Operating profit		66,042	94,396
Finance income	8	1,317	216
Finance expense	8	(5,036)	(13,862)
Change in fair value of derivative financial instruments	8	(132)	(1,067)
Net finance costs		(3,851)	(14,713)
Profit before tax		62,191	79,683
Taxation	9	(5,593)	(9,473)
Profit and total comprehensive income for the period after tax		56,598	70,210
Profit and total comprehensive income attributable to:			
Owners of the Company		56,549	70,216
Non-controlling interest		49	(6)
Total comprehensive income for the period after tax		56,598	70,210
Earnings per share			
Basic earnings per share	10	5.45c	6.86c
Diluted earnings per share	10	5.37c	6.78c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2020



	Notes	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Non-current assets			
Investment properties	12	1,243,263	1,193,915
Plant and equipment		2,595	2,374
Intangible assets	13	5,941	5,724
Right of use assets	14	2,180	2,440
Other non-current assets	16	39,014	39,013
Investment in associates	15	14,402	12,306
Total non-current assets		1,307,395	1,255,772
Current assets			
Trade and other receivables	17	17,012	15,048
Derivative financial instruments		46	89
Cash and cash equivalents	18	128,429	121,263
Total current assets		145,487	136,400
Assets held for sale	12	—	10,100
Total assets		1,452,882	1,402,272
Current liabilities			
Trade and other payables	19	(44,100)	(56,780)
Interest-bearing loans and borrowings	20	(31,889)	(32,026)
Lease liabilities	14	(5,769)	(5,562)
Current tax liabilities		(1,470)	(779)
Derivative financial instruments		(430)	(412)
Total current liabilities		(83,658)	(95,559)
Non-current liabilities			
Interest-bearing loans and borrowings	20	(463,485)	(448,202)
Lease liabilities	14	(12,073)	(13,588)
Derivative financial instruments		(1,026)	(956)
Deferred tax liabilities	9	(46,824)	(42,151)
Total non-current liabilities		(523,408)	(504,897)
Total liabilities		(607,066)	(600,456)
Net assets		845,816	801,816
Equity			
Issued share capital	22	—	—
Other distributable reserve	23	459,004	470,151
Own shares held	22	(2,903)	(1,515)
Retained earnings		389,483	332,934
Total equity attributable to the owners of the Company		845,584	801,570
Non-controlling interest		232	246
Total equity		845,816	801,816

The financial statements on pages 15 to 45 were approved by the Board of Directors on 20 November 2020 and were signed on its behalf by:

Danny Kitchen
Chairman

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020



	Notes	Issued share capital €000	Other distributable reserve €000	Own shares held €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 2019		—	491,010	—	234,798	725,808	237	726,045
Share-based payment transactions	7	—	746	—	—	746	—	746
Own shares consolidated		—	—	(1,284)	—	(1,284)	—	(1,284)
Own shares allocated		—	—	175	—	175	—	175
Dividends paid		—	(11,503)	—	—	(11,503)	—	(11,503)
Total comprehensive income for the period		—	—	—	70,216	70,216	(6)	70,210
As at 30 September 2019 (unaudited)		—	480,253	(1,109)	305,014	784,158	231	784,389
Share-based payment transactions		—	1,239	—	—	1,239	—	1,239
Own shares consolidated		—	—	(406)	—	(406)	—	(406)
Own shares allocated		—	—	—	—	—	—	—
Dividends paid		—	(11,341)	—	—	(11,341)	—	(11,341)
Total comprehensive income for the period		—	—	—	27,920	27,920	15	27,935
As at 31 March 2020		—	470,151	(1,515)	332,934	801,570	246	801,816
Share-based payment transactions	7	—	1,448	—	—	1,448	—	1,448
Own shares purchased	22	—	—	(1,613)	—	(1,613)	—	(1,613)
Own shares allocated	22	—	—	225	—	225	—	225
Dividends paid	24	6,043	(18,638)	—	—	(12,595)	(63)	(12,658)
Transfer of share capital	24	(6,043)	6,043	—	—	—	—	—
Total comprehensive income for the period		—	—	—	56,549	56,549	49	56,598
As at 30 September 2020 (unaudited)		—	459,004	(2,903)	389,483	845,584	232	845,816

CONSOLIDATED STATEMENT OF CASH FLOW

for the six months ended 30 September 2020



	Notes	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Operating activities			
Profit for the year after tax		56,598	70,210
Taxation	9	5,593	9,473
Loss/(gain) on disposal of properties		10	(33)
Gain on loss of control of subsidiaries		—	(6,323)
Share-based payments	7	1,448	746
Gain on revaluation of investment properties	12	(31,909)	(58,178)
Change in fair value of derivative financial instruments	8	132	1,067
Depreciation of property, plant and equipment	5	317	739*
Amortisation of intangible assets	5	462	—
Depreciation of right of use assets	5	260	2,872
Share of profit of associates	15	(2,096)	(343)
Finance income	8	(1,317)	(216)
Finance expense	8	5,036	4,755
Exit fees/prepayment of financing penalties	8	—	9,107
Changes in working capital			
Increase in trade and other receivables		(721)	(2,609)
(Decrease)/increase in trade and other payables		(1,502)	553
Taxation paid		(228)	(929)
Cash flows from operating activities		32,083	30,891
Investing activities			
Purchase of investment properties		—	(22,252)
Prepayments relating to new property acquisitions		(871)	(2,297)
Proceeds from loss on control of subsidiaries (net of cash disposed)		—	10,823
Proceeds from sale of loans to associates		—	29,280
Capital expenditure		(17,005)	(11,870)
Purchase of plant and equipment and intangible assets		(1,211)	(1,353)
Interest received		940	32
Cash flows (used in)/from investing activities		(18,147)	2,363
Financing activities			
Shares purchased		(1,613)	—
Dividends paid to owners of the Company		(12,595)	(11,503)
Dividends paid to non-controlling interest		(63)	—
Proceeds from loans		20,000	35,886
Payment of principal portion of lease liabilities		(2,827)	(2,762)
Repayment of loans		(5,585)	(9,708)
Exit fees/prepayment of financing penalties		—	(525)
Capitalised loan issue cost		(133)	—
Finance charges paid		(3,954)	(3,936)**
Cash flows (used in)/from financing activities		(6,770)	7,452
Increase in cash and cash equivalents		7,166	40,706
Cash and cash equivalents at the beginning of the period		121,263	40,282
Cash and cash equivalents at the end of the period	18	128,429	80,988

* Including amortisation of intangible assets of €351,000.

** Including capitalised loan issue cost of €401,000.



1. General information

Sirius Real Estate Limited (the "Company") is a company incorporated in Guernsey and resident in the United Kingdom for tax purposes. Sirius holds a dual primary listing on the Main Market of the London Stock Exchange ("LSE") (primary listing) and the Main Board of the Johannesburg Stock Exchange ("JSE").

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the six month period to 30 September 2020.

The principal activity of the Group is the investment in, and development of, commercial and industrial 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 unaudited interim condensed set of consolidated financial statements does not comprise statutory accounts. These unaudited interim condensed set of consolidated financial statements has been reviewed, not audited, by the Group's auditors, Ernst & Young LLP, which issued an unmodified review opinion.

The financial information presented for the year ended 31 March 2020 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 March 2020 were approved by the Board on 29 May 2020.

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.

As at 30 September 2020 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

The new standards and interpretations to be applied as at 1 April 2020 do not have an impact on the interim financial statements of the Group.

(c) 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.

EPRA introduced three new features of the net asset valuation metrics, which replace EPRA NAV for accounting periods commencing in January 2020: EPRA net reinstatement value, EPRA net tangible assets and EPRA net disposal value. The Directors have disclosed the three new EPRA measures in note 11 and disclose EPRA net tangible assets as the primary EPRA measure. For further explanation, please see note 11.

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, the headline earnings calculation is prepared using the Headline Earnings Circular issued by the South African Institute of Chartered Accountants, resulting in adjustments for the revaluation surplus net of tax and gain/loss on sale of properties/investment in subsidiaries 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 24 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.



2. Significant accounting policies continued

(d) Statement of compliance

The unaudited condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of JSE, 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 2020. The unaudited 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 2020 except for the changes in accounting policies as shown in note 2(b). The financial statements for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB.

(e) Going concern

Given the impact of Covid-19 on the economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the half year ended 30 September 2020. The Group has prepared its going concern assessment for the twelve-month period to the end of November 2021 (the 'going concern period'). It is based on the same financial model that supported the Group's going concern and viability statement detailed within its Annual Report and Accounts 2020, updated on the basis of the assumptions set out below. It considers the Group's Principal Risks and Uncertainties set out in note 2 (f) and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 20) and the ability to continue to operate the Group's secured debt structure within its financial covenants. The Group's secured debt typically contains soft covenants that result in operational restrictions and hard covenants that, if breached, represent default events unless cured with partial repayments. The cashflow projections also made assumptions on future trading performance, capital expenditure, refinancing requirements, and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value and interest cover ratios.

In considering going concern, the Directors reviewed detailed stress tests and sensitivity analysis provided by Management which modelled the effects of extreme and more realistic scenarios, taking into account the potential impact of Covid-19 on the Group's financial position and prospects. The Directors' assessment of going concern is based on cashflow and covenant projections over the going concern period.

The limited impact of Covid-19 on the business within the six month period to 30 September 2020 does not indicate a material deterioration in the Group's income streams or material falls in asset values is likely. The Directors however continue to consider it prudent to test the going concern assessment on what the Directors consider to be a 'severe but plausible' downside scenario that results from a major Covid-19 impact. The assumptions included in the 'severe but plausible' downside scenario relating to the going concern period included:

- » reduction in occupancy to 75% to March 2021 and further reduction to 65% occupancy from April 2021;
- » reduction in service charge recovery to 78% to March 2021 and further reduction to 68% recovery from April 2021;
- » no acquisitions over and above those legally committed to;
- » continuation of forecasted capex investment;
- » cessation of forecasted dividend payments; and
- » repayment and subsequent refinancing of the one and only loan facility maturing within the going concern period which was re-paid in October 2020 amounting to €22.8 million.

In this scenario, the Group's lowest cash position was €103.1 million and, as a result, was able to operate within its facilities and covenants throughout the review period without applying additional mitigations such as the reduction of capex and continued to have sufficient cash reserves for the going concern period. Within the 'severe but plausible' downside scenario the Company is not dependent on the cessation of dividends or subsequent refinancing of the loan facility that was re-paid in October 2020. Future acquisitions over and above those legally committed to are not included in this scenario and would be funded through a combination of cash and debt as deemed appropriate.



2. Significant accounting policies continued

(e) Going concern continued

In addition, the Group assessed its loan covenant position resulting from a 20% reduction in income and 20% fall in property valuations. The Group's loan to value covenants are tested based on the most recent lender commissioned valuations. Based on this scenario the Group has sufficient cash available to remedy the resulting covenant breaches.

Based on unrestricted cash at 30 September 2020 amounting to €112.4 million and the results of the 'severe but plausible' scenario analysed above, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this 'severe but plausible' downside scenario. In addition, the Group has available a fully committed but as yet undrawn capex facility amounting to €13.1 million, flexibility in determining whether to make dividend payments and the possibility to restrict capital expenditures to that of a non-discretionary nature in the unlikely event mitigating actions are required. In addition, following the repayment of one loan facility in October 2020, the group has 15 unencumbered assets with a book value of €195.5 million as of 30 September 2020.

Thus, the Directors have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for the going concern period of twelve month to the end of November 2021. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

(f) 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 38 to 48 of the Group's Annual Report and Accounts 2020 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	<ul style="list-style-type: none"> - Availability and pricing of debt - Compliance with facility covenants - Availability and pricing of equity capital - Increased reputational risk
2. Valuation	<ul style="list-style-type: none"> - Property inherently difficult to value - Susceptibility of property market to change in value
3. Market	<ul style="list-style-type: none"> - Reliance on Germany and the German economy - Reliance on specific industries and the SME market
4. Acquisitive growth	<ul style="list-style-type: none"> - Decrease in number of acquisition opportunities coming to market - Failure to acquire suitable properties with desired returns
5. Organic growth	<ul style="list-style-type: none"> - Failure to deliver capex investment programmes - Failure to refuel capex investment programmes - Failure to achieve targeted returns from investments
6. Customer	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Non-compliance with tax or regulatory obligations
8. People	<ul style="list-style-type: none"> - Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9. Systems and data	<ul style="list-style-type: none"> - System failures and loss of data - Security breaches - Data protection
10. Covid-19	<ul style="list-style-type: none"> - Reduction in occupancy due to insolvencies - Delays in cash collection - Impact on business continuity and wellbeing of colleagues



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. The majority of the Group's investment properties are multi-tenanted and mixed use and accordingly cannot be evaluated according to separate segments. 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 2020 €000	Unaudited six months ended 30 September 2019 €000
Rental and other income from investment properties	46,676	43,877
Service charge income from investment properties	25,932	22,562
Rental and other income from managed properties	4,192	3,429
Service charge income from managed properties	2,488	2,322
Total revenue	79,288	72,190

Other income relates primarily to income associated with conferencing and catering of €972,000 (30 September 2019: €918,000) and fee income from managed properties of €1,044,000 (30 September 2019: €268,000).

5. Operating profit

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

Direct costs

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Service charge costs	30,335	26,283
Costs relating to managed properties	3,377	5,291
Non-recoverable maintenance	1,665	1,073
Direct costs	35,377	32,647



5. Operating profit continued

Administrative expenses

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Audit and non-audit fees to audit firm	390	185
Legal and professional fees	1,293	1,166
Other administration costs	913	391
LTIP and SIP	1,448	746
Employee costs	5,397	5,372
Director fees and expenses	253	180
Depreciation of plant and equipment	317	351
Amortisation of intangible assets	462	388
Depreciation of right of use assets (see note 14)	260	342
Marketing	966	813
Selling costs relating to assets held for sale	—	65
Exceptional items	165	25
Administrative expenses	11,864	10,024

Exceptional items relate to costs directly attributable to Covid-19 which are mainly costs for signage and hygiene products (30 September 2019: legal claim accrual adjustment). Employee costs as stated above relate to costs which are not recovered through service charge.

6. Employee costs and numbers

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Wages and salaries	8,816	7,504
Social security costs	1,358	1,280
Pension	125	103
Other employment costs	26	12
	10,325	8,899

Included in the costs related to wages and salaries for the period ended 30 September 2020 are expenses of €1,448,000 (30 September 2019: €746,000) relating to the granting or award of shares under LTIPs and SIPs (see note 7). 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 251 (30 September 2019: 241) expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-executive Directors (30 September 2019: five) and two Executive Directors (30 September 2019: two) as at 30 September 2020.



7. Employee schemes

Equity-settled share-based payments

2018 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2018 with three separate grant dates. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further holding period of two years. Awards are split between ordinary and outperformance awards. Ordinary awards carry both adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions and outperformance awards carry a sole TNR performance condition.

June 2020 grant

3,600,000 ordinary share awards were granted under the scheme on 15 June 2020 with a total charge for the award of €2,265,552. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 15 June 2020 LTIP grant an expense of €240,000 is recognised in the half year consolidated statement of comprehensive income to 30 September 2020.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the award that were granted on 15 June 2020:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	0.84	0.84
Exercise price – €	nil	nil
Expected volatility – %	38.5	38.5
Performance projection period – years	2.79	2.67
Expected dividend yield – %	4.28	4.28
Risk-free rate based on European treasury bonds rate of return – %	(0.677) p.a.	(0.677) p.a.
Expected outcome of performance conditions – %	100	67.2
Fair value per share – €	0.745	0.564

The weighted average fair value of a share granted under the ordinary award in the year is €0.68.

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

June 2019 grant

3,760,000 ordinary share awards and 690,000 outperformance share awards were granted under the scheme on 16 June 2019 with a total charge for the awards of €2,145,511 over three years. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 16 June 2019 LTIP grant an expense of €383,000 was recognised in the half year consolidated statement of comprehensive income to 30 September 2020.



7. Employee schemes continued

Equity-settled share-based payments continued

June 2019 grant continued

The fair value per share for the TNR and TSR elements of the award was determined using Black-Scholes and Monte-Carlo models respectively with the following assumptions used in the calculation:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award/ outperformance award	1/3 ordinary award
Share price at grant date – €	0.73	0.73
Exercise price – €	nil	nil
Expected volatility – %	23.8	23.8
Performance projection period – years	2.80	2.67
Expected dividend yield – %	4.56	4.56
Risk-free rate based on European treasury bonds rate of return – %	(0.695) p.a.	(0.695) p.a.
Expected outcome of performance conditions – %	100/24.5	46.6
Fair value per share – €	0.643	0.340

The weighted average fair value of a share granted under the ordinary award in the period is €0.54.

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

January 2019 grant

In addition, as disclosed in the 2019 Annual Report, 4,000,000 ordinary share awards and 700,000 outperformance share awards were previously granted under the scheme on 15 January 2019. The portion of the accounting charge recognised in the consolidated statement of comprehensive income to 30 September 2020 is based on the following adjustments to the fair value of the awards linked to the TNR performance condition:

- 1) the fair value was discounted at the rate of the dividend yield over the projection period in order to ensure consistent treatment for the awards linked to TSR and TNR performance condition; and
- 2) the level of expected vesting of the TNR outperformance award has been adjusted in accordance with the Company's best estimate.

The fair value per share for the TNR and TSR elements of the award was determined using Black-Scholes and Monte-Carlo models respectively with the following assumptions used in the calculation:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award/ outperformance award	1/3 ordinary award
Share price at grant date – €	0.66	0.66
Exercise price – €	nil	nil
Expected volatility – %	23.3	23.3
Performance projection period – years	2.21	2.08
Expected dividend yield – %	4.86	4.86
Risk-free rate based on European treasury bonds rate of return – %	(0.63) p.a.	(0.63) p.a.
Expected outcome of performance conditions – %	100/23.9	44.7
Fair value per share – €	0.593	0.295

The weighted average fair value of a share granted under the ordinary award in the period is €0.49.



7. Employee schemes continued

Equity-settled share-based payments continued

January 2019 grant continued

As a result, the adjusted total charge for the awards granted on 15 January 2019 is €2,111,000. For the half year period ending on 30 September 2020 the proportion of charge recognised in the statement of comprehensive income for the January 2019 LTIP award was €447,000.

2019 SIP

A share incentive plan ("SIP") for the benefit of senior employees of the Company was approved in August 2019. The fair value was based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards were granted in the form of whole shares at no cost to the participants. Shares will vest after a three year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As a result, under the scheme in August 2019 2,774,750 shares were granted (with an additional 70,000 allocated in the current period), subject to performance criteria, and an expense including related costs of €352,000 was recognised in the half year consolidated statement of comprehensive income to 30 September 2020.

2020 SIP

During the period another share incentive plan ("SIP") for the benefit of senior employees of the Company was approved in July 2020. The fair value was based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards were granted in the form of whole shares at no cost to the participants. Shares will vest at the end of the financial year followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As a result, under the scheme in July 2020 a maximum of 120,000 shares were granted, subject to performance criteria, and an expense including related costs of €26,000 was recognised in the half year consolidated statement of comprehensive income to 30 September 2020.

Movements in the number of awards outstanding are as follows:

	Unaudited six months ended 30 September 2020		Year ended 31 March 2020	
	Number of share awards	Weighted average exercise price €000	Number of share awards	Weighted average exercise price €000
Balance outstanding as at the beginning of the period (nil exercisable)	11,934,750	—	4,700,000	—
Maximum granted during the period	3,790,000	—	7,234,750	—
Forfeited during the period	(80,000)	—	—	—
Exercised during the period	—	—	—	—
Balance outstanding as at the end of the period	15,644,750	—	11,934,750	—



7. Employee schemes continued

Employee benefit schemes

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 2020 €000	Unaudited six months ended 30 September 2019 €000
Charge relating to 2018 LTIP – January 2019 grant	447	446
Charge relating to 2018 LTIP – June 2019 grant	383	243
Charge relating to 2018 LTIP – June 2020 grant	240	—
Charge relating to 2019 SIP – August 2019 grant	352	57
Charge relating to 2020 SIP – July 2020 grant	26	—
Share-based payment transactions as per consolidated statement of changes in equity	1,448	746

8. Finance income, finance expense and change in fair value of derivative financial instruments

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Bank interest income	15	32
Finance income from associates	1,302	184
Finance income	1,317	216
Bank loan interest expense	(3,779)	(3,726)
Interest expense related to lease liabilities (see note 14)	(188)	(220)
Bank charges and bank interest expense	(235)	(100)
Amortisation of capitalised finance costs	(834)	(709)
Refinancing costs, exit fees and early prepayment penalties	—	(9,107)
Finance expense	(5,036)	(13,862)
Change in fair value of derivative financial instruments	(132)	(1,067)
Net finance expense	(3,851)	(14,713)

Included within refinancing costs in the six month period ended 30 September 2019 were exit fees and early prepayment penalties of €9,107,000 that directly related to the repayment of loan facilities secured by assets included within the Titanium Venture with AXA Investment Managers – Real Assets that completed on 31 July 2019.

The change in fair value of derivative financial instruments of €132,000 (30 September 2019: €1,067,000) reflects the change in the mark to market valuation of these financial instruments.



9. Taxation

Consolidated statement of comprehensive income

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Current income tax		
Current income tax charge	(636)	(479)
Current income tax charge relating to disposals of investment properties	(151)	—
Adjustment in respect of prior periods	(132)	—
Total current income tax	(919)	(479)
Deferred tax		
Relating to origination and reversal of temporary differences	(4,674)	(8,994)
Total deferred tax	(4,674)	(8,994)
Income tax charge reported in the statement of comprehensive income	(5,593)	(9,473)

Deferred income tax liability

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Opening balance	(42,151)	(30,878)
Release due to disposals	483	414
Taxes on the revaluation of investment properties	(5,156)	(11,687)
Balance as at period end	(46,824)	(42,151)

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 €337,177,000 (31 March 2020: €351,265,000) 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, the valuation of the Company LTIP and interest rate swaps as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured.



10. Earnings per share

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

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Earnings attributable to the owners of the Company		
Basic earnings	56,549	70,216
Diluted earnings	56,549	70,216
EPRA earnings	28,326	24,921
Diluted EPRA earnings	28,326	24,921
Headline earnings	28,246	14,817
Diluted headline earnings	28,246	14,817
Adjusted		
Basic earnings	56,549	70,216
Deduct revaluation gain	(31,909)	(58,178)
Add loss/deduct gain on sale of properties	10	(33)
Deduct gain on loss of control of subsidiaries	—	(6,323)
Tax in relation to the revaluation surplus and loss on sale of properties above	4,877	9,064
NCI relating to revaluation, net of related tax	46	29
Deduct revaluation gain on investment property relating to associates	(1,673)	(22)
Tax in relation to the revaluation gain on investment property relating to associates above	346	64
Headline earnings after tax	28,246	14,817
Add change in fair value of derivative financial instrument, net of related tax and NCI	80	997
Deduct revaluation expense relating to leased investment properties	(1,617)	—
Add adjusting items, net of related tax and NCI*	1,613	9,943
Adjusted earnings after tax	28,322	25,757
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	1,037,394,967	1,023,014,308
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	1,053,039,717	1,034,854,308
Basic earnings per share	5.45c	6.86c
Diluted earnings per share	5.37c	6.78c
Basic EPRA earnings per share	2.73c	2.44c
Diluted EPRA earnings per share	2.69c	2.41c
Headline earnings per share	2.72c	1.45c
Diluted headline earnings per share	2.68c	1.43c
Adjusted earnings per share	2.73c	2.51c
Adjusted diluted earnings per share	2.69c	2.48c

* See reconciliation between adjusting items as stated within earnings per share and those stated within notes 5 and 8.



10. Earnings per share continued

	Notes	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Exceptional items	5	165	25
Finance restructuring costs	8	—	9,107
Selling costs relating to assets held for sale LTIP and SIP	5	1,448	65
Adjusting items as per note 10		1,613	9,943

EPRA earnings

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Basic and diluted earnings attributable to owners of the Company	56,549	70,216
Gain on revaluation of investment properties	(31,909)	(58,178)
Gain on disposal of properties (including tax)	161	(33)
Deduct gain on loss of control of subsidiaries	—	(6,323)
Refinancing costs, exit fees and early prepayment penalties	—	9,107
Change in fair value of derivative financial instruments	132	1,067
Deferred tax in respect of EPRA adjustments	4,674	8,994
NCI in respect of the above	46	29
Deduct revaluation gain on investment property relating to associates	(1,673)	(22)
Tax in relation to the revaluation gain on investment property relating to associates	346	64
EPRA earnings	28,326	24,921

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted, EPRA and diluted earnings per share the number of shares has been reduced by 3,684,608 own shares held (30 September 2019: 1,500,000), which are held by an Employee Benefit Trust on behalf of the Group.

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

	Unaudited six months ended 30 September 2020	Unaudited six months ended 30 September 2019
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	1,037,394,967	1,023,014,308
Effect of grant of SIP shares	2,894,750	2,690,000
Effect of grant of LTIP shares	12,750,000	9,150,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	1,053,039,717	1,034,854,308

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 2020 €000	Year ended 31 March 2020 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	845,584	801,570
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation	46,824	42,151
Derivative financial instruments	1,410	1,279
Adjusted net asset value attributable to the owners of the Company	893,818	845,000
Number of shares		
Number of ordinary shares for the purpose of net asset value per share	1,041,666,664	1,036,257,101
Number of ordinary shares for the purpose of EPRA NTA per share	1,057,311,414	1,048,191,851
Net assets per share	81.18c	77.35c
Adjusted net asset value per share	85.81c	81.54c
EPRA NTA per share	84.42c	80.44c
Net asset value at the end of the period (basic)	845,584	801,570
Derivative financial instruments at fair value	1,410	1,279
Deferred tax in respect of EPRA adjustments	46,824	42,151
Goodwill as per the statement of financial position	(3,738)	(3,738)
Intangibles as per the IFRS financial position	(2,203)	(1,986)
Deferred tax in respect of EPRA adjustments in relation to investment in associates	4,686	4,337
EPRA NTA	892,563	843,130

EPRA introduced three new features of the net asset valuation metrics, which replaced EPRA NAV for accounting periods commencing in January 2020. Companies are expected to provide a bridge between the previous EPRA NAV metrics and the new ones for both the current and comparative accounting period in order to assist the users of their financial statements.

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	30 September 2020 €000	30 September 2020 €000	30 September 2020 €000	30 September 2020 €000
Net asset value at the end of period (basic)	845,584	845,584	845,584	845,584
Diluted EPRA net asset value at fair value	845,584	845,584	845,584	845,584
Group				
Derivative financial instruments at fair value	1,410	1,410	n/a	1,410
Deferred tax in respect of EPRA adjustments	46,824	46,824*	n/a	46,824
Goodwill as per the statement of financial position	n/a	(3,738)	(3,738)	n/a
Intangibles as per the statement of financial position	n/a	(2,203)	n/a	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,912)	n/a
Real estate transfer tax	96,966	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA adjustments	4,686	4,686*	n/a	n/a**
Real estate transfer tax	6,511	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV	1,001,981	892,563	837,934	893,818
EPRA NRV, NTA, NDV and NAV per share	94.77c	84.42c	79.25c	84.54c

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at 30 September 2020.

** While the previous definition of EPRA NAV included this adjustment, in prior periods it has not been considered sufficiently material to adjust. As the value of this difference is expected to become more material in future periods, the adjustment will now be included in the calculation of the EPRA measures where appropriate.



11. Net asset value per share continued

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000
Net asset value at the end of period (basic)	801,570	801,570	801,570	801,570
Diluted EPRA net asset value at fair value	801,570	801,570	801,570	801,570
Group				
Derivative financial instruments at fair value	1,279	1,279	n/a	1,279
Deferred tax in respect of EPRA adjustments	42,151	41,668	n/a	42,151
Goodwill as per the statement of financial position	n/a	(3,738)	(3,738)	n/a
Intangibles as per the statement of financial position	n/a	(1,986)	n/a	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,688)	n/a
Real estate transfer tax	93,810	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA adjustments	4,337	4,337*	n/a	n/a**
Real estate transfer tax	6,322	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV	949,469	843,130	794,144	845,000
EPRA NRV, NTA, NDV and NAV per share	90.58c	80.44c	75.76c	80.62c

For more information on adjusted net asset value and EPRA NRV, NTA and NDV, refer to Annex 1.

The number of ordinary shares for the purpose of EPRA NRV, NTA, NDV and NAV per share is calculated as follows:

	Unaudited 30 September 2020	Year ended 31 March 2020
Number of ordinary shares for the purpose of net asset value per share	1,041,666,664	1,036,257,101
Effect of grant of SIP shares	2,894,750	2,784,750
Effect of grant of LTIP shares	12,750,000	9,150,000
Number of ordinary shares for the purpose of EPRA NRV, NTA, NDV and NAV per share	1,057,311,414	1,048,191,851

The number of shares has been reduced by 3,684,608 own shares held (31 March 2020: 2,120,720 shares), which are held by an Employee Benefit Trust on behalf of the Group.

12. Investment properties

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

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Total investment properties at book value as at the beginning of the period*	1,193,915	993,916
Additions – owned investment properties	—	120,434
Additions – leased investment properties	1,519	699
Capital expenditure and broker fees	15,920	33,177
Reclassified as investment properties held for sale	—	(10,100)
Gain on revaluation above capex and broker fees	34,379	59,939
Adjustment in respect of lease incentives	(853)	(235)
Deficit on revaluation relating to leased investment properties	(1,617)	(3,915)
Total investment properties at book value as at the end of the period*	1,243,263	1,193,915

* Excluding assets held for sale.



12. Investment properties continued

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 2020 €000	Year ended 31 March 2020 €000
Owned investment properties at market value per valuer's report*	1,229,740	1,179,440
Adjustment in respect of lease incentives	(4,210)	(3,357)
Leased investment property market value	17,733	17,832
Total investment properties at book value as at period end*	1,243,263	1,193,915

* Excluding assets held for sale.

The fair value (market value) of the Group's owned investment properties at 30 September 2020 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (31 March 2020: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS. The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

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

The weighted average lease expiry remaining across the whole portfolio at 30 September 2020 was 3.0 years (31 March 2020: 2.9 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.

The fair value (market value) of the Group's leased investment properties at 30 September 2020 has been arrived at on the basis of a valuation carried out by the Group.

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

	Unaudited Six month ended 30 September 2020 €000	Year ended 31 March 2020 €000
Gain on revaluation above capex and broker fees	34,379	59,939
Adjustment in respect of lease incentives	(853)	(235)
Deficit on revaluation relating to leased investment properties	(1,617)	(3,915)
Gain on revaluation of investment properties reported in the statement of comprehensive income	31,909	55,789

Included in the gain on revaluation of investment properties reported in the statement of comprehensive income (excluding the revaluation effects in respect of leased investment properties) are gross gains of €42.2 million and gross losses of €10.3 million (31 March 2020: gross gains of €78.2 million and gross losses of €22.4 million).

Included in the statement of comprehensive income for the six month period ended 30 September 2019 were gross gains of €62.0 million and gross losses of €3.8 million.

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



12. Investment properties continued

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 asset type. Information on these significant unobservable inputs per class of investment property is disclosed below (excluding leased investment properties):

As at 30 September 2020

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	694,940,000	Discounted cash flow	Current rental income	€428k–€6,734k
			Market rental income	€424k–€7,187k
			Gross initial yield	4.0%–10.5%
			Discount factor	3.9%–7.5%
			Void period (months)	12–24
			Estimated capital value per sqm	€300–€1,313
Modern business park	329,740,000	Discounted cash flow	Current rental income	€492k–€4,314k
			Market rental income	€485k–€4,319k
			Gross initial yield	5.1%–10.7%
			Discount factor	3.9%–6.3%
			Void period (months)	12–24
			Estimated capital value per sqm	€559–€1,700
Office	205,060,000	Discounted cash flow	Current rental income	€402k–€3,318k
			Market rental income	€445k–€3,566k
			Gross initial yield	3.7%–10.5%
			Discount factor	4.8%–7.5%
			Void period (months)	12–24
			Estimated capital value per sqm	€630–€1,691

As at 31 March 2020

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	668,940,000	Discounted cash flow	Current rental income	€260k–€6,573k
			Market rental income	€424k–€7,186k
			Gross initial yield	2.6%–11.1%
			Discount factor	5.3%–8.1%
			Void period (months)	12–24
			Estimated capital value per sqm	€299–€1,257
Modern business park	313,830,000	Discounted cash flow	Current rental income	€478k–€4,009k
			Market rental income	€482k–€4,354k
			Gross initial yield	5.2%–10.8%
			Discount factor	5.3%–7.4%
			Void period (months)	12–24
			Estimated capital value per sqm	€548–€1,649
Office	206,770,000	Discounted cash flow	Current rental income	€358k–€3,201k
			Market rental income	€445k–€3,507k
			Gross initial yield	4.0%–10.4%
			Discount factor	5.9%–7.9%
			Void period (months)	12–24
			Estimated capital value per sqm	€610–€1,509

The valuation for owned investment properties is (including assets classified as held for sale) 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.



12. Investment properties continued

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 €60,590,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €61,810,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €25,130,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €25,000,000.

Investment properties held for sale

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Weilimdorf*	—	10,100
Balance as at period end	—	10,100

* The sale on the asset held for sale completed on 1 April 2020.

13. Intangible assets

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Goodwill	3,738	3,738
Software and licences	2,203	1,986
As at period end	5,941	5,724

14. Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

	Office €000	Total €000
As at 1 April 2020	2,440	2,440
Depreciation expense	(260)	(260)
As at period end	2,180	2,180

In addition to office spaces the Group is also counterparty to long-term leasehold agreements and head leases relating to commercial property. Right of use assets amounting to €17,733,000 are classified as investment properties, of which €11,997,000 relate to commercial property.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total €000
As at 1 April 2020	(19,150)
Accretion of interest	(188)
Additions	(1,519)
Payments	3,015
Balance as at period end	(17,842)
Current lease liabilities as at period end	(5,769)
Non-current lease liabilities as at period end	(12,073)

The overall weighted average discount rate used for the period is 1.9% (31 March 2020: 1.9%).



15. Investment in associates

Since the associates are individually immaterial the Group is disclosing aggregated information of the associates.

The following table illustrates the summarised financial information of the Group's investment in associates:

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Current assets	11,154	9,177
Non-current assets	235,414	228,687
Current liabilities	(7,844)	(5,180)
Non-current liabilities	(203,175)	(202,072)
Equity	35,549	30,612
Unrecognised accumulated losses	5,599	4,548
Subtotal	41,148	35,160
Group's share in equity – 35%	14,402	12,306

	Unaudited 30 September 2020 €000	31 March 2020 €000
Net operating income	6,881	6,797
Gain on revaluation of investment properties	4,603	682
Administrative expense	(1,057)	(1,158)
Operating profit	10,427	6,321
Net finance costs	(4,429)	(3,556)
Profit before tax	5,998	2,765
Taxation	(1,061)	(1,232)
Unrecognised losses	1,051	4,548
Total comprehensive income for the period after tax	5,988	6,082
Group's share of profit for the period – 35%	2,096	2,129

Included within the non-current liabilities are shareholder loans amounting to €106,296,000 (31 March 2020: €106,296,000). As at 30 September 2020 no contingent liabilities existed (31 March 2020: €nil). The associates had contracted capital expenditure for development and enhancements of €1,115,000 as at 30 September 2020 (31 March 2020: €1,306,000).

16. Other non-current assets

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Guarantees and deposits	1,810	1,809
Loans to associates	37,204	37,204
Balance as at period end	39,014	39,013

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2024, are fully subordinated and are charged at a fixed interest rate.



17. Trade and other receivables

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Trade receivables	5,147	7,961
Other receivables	8,878	5,942
Prepayments	2,987	1,145
Balance as at period end	17,012	15,048

Trade receivables include service charge related receivables amounting to €520,000 (31 March 2020: €796,000) that are recognised in accordance with IFRS 15.

Other receivables include lease incentives of €4,210,000 (31 March 2020: €3,357,000).

Prepayments include costs totalling €871,000 (31 March 2020: €nil) relating to the acquisition of a new site in Norderstedt that was notarised in September 2020 and is expected to complete in the second half of the financial year.

18. Cash and cash equivalents

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Cash at bank	112,399	96,577
Restricted cash	16,030	24,686
Balance as at period end	128,429	121,263

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 30 September 2020 is €128,429,000 (31 March 2020: €121,263,000).

As at 30 September 2020, €16,030,000 (31 March 2020: €24,686,000) of cash is held in restricted accounts. €11,264,000 (31 March 2020: €10,927,000) relates to deposits received from tenants. An amount of €nil (31 March 2020: €3,500,000) is cash held in escrow in accordance with one of the Group's loan agreements and an amount of €131,000 (31 March 2020: €131,000) is held in restricted accounts for office rent deposits. An amount of €3,199,000 (31 March 2020: €4,294,000) relates to amounts reserved for future bank loan interest and amortisation payments of the Group's banking facilities. An amount of €126,000 (31 March 2020: €784,000) relates to amounts reserved for future capital expenditure. An amount of €nil (31 March 2020: €5,050,000) relates to disposal proceeds retained as security and an amount of €1,310,000 (31 March 2020: €nil) relates to a cash deposit for an issued bank guarantee to a vendor.

19. Trade and other payables

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Trade payables	5,744	9,578
Accrued expenses	18,776	18,056
Interest and amortisation payable	481	333
Tenant deposits	11,264	10,927
Unearned revenue	4,096	4,001
Other payables	3,739	13,885
Balance as at period end	44,100	56,780

Accrued expenses include costs totalling €11,865,000 (31 March 2020: €10,280,000) relating to service charge costs that have not been invoiced to the Group.



19. Trade and other payables continued

Included within other payables are mainly credit balances due to tenants in relation to over collections of service charge in amount of €2,145,000. As at 31 March 2020, other payables included €9,090,000 of proceeds relating to the sale of the Weillimdorf asset that was categorised as an asset held for sale at 31 March 2020 in advance of the completion date of 1 April 2020.

Unearned revenue includes service charge amounts of €659,000 (31 March 2020: €459,000). Service charge income is only recognised as income when the performance obligations are met. All unearned revenue of the prior period was recognised as revenue in the current period.

20. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	Unaudited 30 September 2020 €000	31 March 2020 €000
Current				
Bayerische Landesbank				
– hedged floating rate facility	Hedged ⁽¹⁾	19 October 2020	22,844	23,098
SEB AG				
– fixed rate facility	1.84	1 September 2022	1,180	1,180
– hedged floating rate facility	Hedged ⁽²⁾	30 October 2024	459	458
– capped floating rate facility	Capped ⁽³⁾	25 March 2025	760	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	2,944	2,920
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	1,867	1,853
– fixed rate facility	0.90	31 October 2023	1,460	1,454
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	754	748
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged ⁽⁴⁾	31 December 2023	1,110	1,110
– floating rate facility	Floating ⁽⁵⁾	31 December 2023	140	140
Capitalised finance charges on all loans			(1,629)	(1,695)
			31,889	32,026



20. Interest-bearing loans and borrowings continued

	Interest rate %	Loan maturity date	Unaudited 30 September 2020 €000	31 March 2020 €000
Non-current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	51,920	52,510
– hedged floating rate facility	Hedged ⁽²⁾	30 October 2024	21,554	21,784
– floating rate facility	Floating	30 October 2024	2,000	2,000
– capped floating rate facility	Capped ⁽³⁾	25 March 2025	35,340	35,720
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	57,627	59,105
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	61,081	62,018
– fixed rate facility	0.90	31 October 2023	112,578	113,310
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	15,411	15,789
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged ⁽⁴⁾	31 December 2023	52,721	53,276
– floating rate facility	Floating ⁽⁴⁾	31 December 2023	6,451	6,521
Schuldschein				
– floating rate facility	Floating ⁽⁵⁾	5 December 2022	5,000	5,000
– floating rate facility	Floating ⁽⁵⁾	6 January 2023	10,000	10,000
– floating rate facility	Floating ⁽⁵⁾	6 January 2025	5,000	5,000
– fixed rate facility	1.70	3 March 2025	10,000	10,000
– fixed rate facility	1.60	3 July 2023	20,000	—
Capitalised finance charges on all loans			(3,198)	(3,831)
			463,485	448,202
Total			495,374	480,228

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

(2) 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%.

(3) 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.

(4) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.89%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.74%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 1.40%. The last extension from 30 March 2020 of this facility of €6.5 million and the arrangement fee of €0.5 million are charged with a floating rate of 1.20% over three month EURIBOR (not less than 0%).

(5) This unsecured facility has a floating rate of 1.50% over six month EURIBOR (not less than 0%) for the first two tranches and a floating rate of 1.70% over six month EURIBOR (not less than 0%) for the third tranche.

The Group has pledged 45 (31 March 2020: 45) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 45 (31 March 2020: 45) properties had a combined valuation of €1,101,492,000 as at 30 September 2020 (31 March 2020: €1,067,650,000).

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 (later three) property assets and is subject to various covenants with which the Group has complied. On 1 April 2020 the Company completed the sale of Weilimdorf asset that acted as security within this facility. As a result, €5 million was held in an escrow account in the period. The facility was repaid in full upon maturity on 19 October 2020; see note 27 – Post balance sheet events.



20. Interest-bearing loans and borrowings continued

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 eleven property assets that were previously financed through the Macquarie loan facilities. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

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 to the terms of the facility have occurred during the six month period ended 30 September 2020. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility is not subject to amortisation and is charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. As at 30 September 2020 a total of €2.0 million had been drawn down.

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. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility is not subject to amortisation and is charged at an interest rate of 1.58%. As at 30 September 2020 the capex facility remained undrawn.

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 original loan was due to terminate 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.

On 30 June 2017, the Group repaid a total of €5.8 million following the disposal of the Düsseldorf 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 secured over nine property assets.

On 1 August 2019 the Group repaid a total of €16.8 million including €10.1 million recorded within liabilities directly associated with assets held for sale as at 31 March 2019, following the disposal of two assets that acted as security for the loan into the Titanium Venture with AXA Investment Managers – Real Assets. The remaining facility is now secured over seven property assets. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.



20. Interest-bearing loans and borrowings continued

Berlin Hyp AG

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend a 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. The loan is subject to various covenants with which the Group has complied. During the prior period the facility was incorporated into the agreement that was entered into on 13 September 2019 as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

On 13 September 2019, the Group agreed to a facility agreement with Berlin Hyp AG for €115.4 million. The loan terminates on 31 October 2023. Amortisation is 1.25% per annum with the remainder due in the fourth year. The loan facility is charged at a fixed interest rate of 0.90%. This facility is secured over nine property assets. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

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 and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

Deutsche Pfandbriefbank AG

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0 million. Tranche 1, totalling €21.6 million, has been hedged at a rate of 1.40% until 31 December 2023 by way of an interest rate swap. A first drawdown of tranche 3 totalling €0.5 million is charged at a fixed interest rate of 1.20%. On 3 April 2019 tranche 2 was drawn down, totalling €14.8 million, and has been hedged at a rate of 1.25% until 31 December 2023 by way of an interest rate swap. On 28 June 2019 tranche 3 was drawn down, totalling €19.1 million. Tranche 3 has been hedged at a rate of 0.91% until 31 December 2023 by way of an interest rate swap. The facility is secured over five property assets and is subject to various covenants with which the Group has complied. On 19 February 2020, the Group agreed to extend tranche three of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan is charged with a floating interest rate of 1.20% plus three month EURIBOR (floored at zero). Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

Schuldschein

On 2 December 2019, the Group agreed new loan facilities in the form of an unsecured Schuldschein for €20.0 million. On 25 February 2020 the Group agreed new loan facilities in the form of an unsecured Schuldschein for €30.0 million. In total the unsecured facilities amount to €50.0 million spread over five tranches and are charged with a blended interest rate of 1.60% and have an average maturity of 3.2 years with no amortisation. As at 30 September 2020 the whole loan of €50.0 million had been drawn down.



21. Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements (excluding assets held for sale):

	Fair value hierarchy level	Unaudited 30 September 2020		Year ended 31 March 2019	
		Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets					
Cash and cash equivalents		128,429	128,429	121,263	121,263
Trade and other receivables		11,625	11,625	12,354	12,354
Loans to associates	2	37,204	37,204	37,204	35,948
Derivative financial instruments	2	46	46	89	89
Financial liabilities					
Trade and other payables		21,228	21,228	34,723	34,723
Derivative financial instruments	2	1,456	1,456	1,368	1,368
Interest-bearing loans and borrowings [*] :					
Floating rate borrowings	2	28,591	28,591	28,661	28,661
Floating rate borrowings – hedged ^{**}	2	98,688	98,688	99,726	99,726
Floating rate borrowings – capped ^{**}	2	36,100	36,100	36,480	36,480
Fixed rate borrowings	2	336,822	340,734	320,887	323,319

* Excludes loan issue costs.

** The Group holds interest rate swap contracts and a cap contract designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Bayerische Landesbank, SEB AG and Deutsche Pfandbriefbank AG. Please refer to note 20 for details of swap and cap contracts.

Fair value hierarchy

For financial assets or liabilities measured at amortised cost and whose carrying value is a reasonable approximation to fair value there is no requirement to analyse their value in the fair value hierarchy.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds interest rate swap contracts and interest rate cap contracts. The interest rate swap contract is reset on a quarterly basis, the cap contract on a half year basis. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The average interest rate is based on the outstanding balances at the end of the reporting period. The interest rate swap is measured at fair value with changes recognised in profit or loss. The fair value of the interest rate cap reflects the mark to market valuation with changes recognised in the profit or loss.

The fair values of the loans and borrowings have been calculated based on a discounted cash flow model using the prevailing market rates of interest.



22. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	—
As at 30 September 2020 and 31 March 2020	Unlimited	—
Issued and fully paid	Number of shares	Share capital €
As at 31 March 2019	1,022,140,875	—
Issued ordinary shares	8,774,368	—
Issued Treasury Shares	—	—
Shares issued to Employee Benefit Trust	(1,500,000)	—
As at 30 September 2019	1,029,415,243	—
Issued ordinary shares	7,454,578	—
Issued Treasury Shares	—	—
Shares issued to Employee Benefit Trust	(612,720)	—
As at 31 March 2020	1,036,257,101	—
Issued ordinary shares	6,981,451	—
Issued Treasury Shares	—	—
Shares issued to Employee Benefit Trust	(1,883,980)	—
Shares allocated by the Employee Benefit Trust	312,092	—
As at 30 September 2020	1,041,666,664	—

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

Pursuant to a scrip dividend offering on 8 June 2020, the Company issued 6,981,451 ordinary shares at an issue price of €0.76542 resulting in the Company's overall issued share capital being 1,045,351,272 ordinary shares.

During the period 1,883,980 shares were acquired and 312,092 were allocated by the Employee Benefit Trust. A total of 3,684,608 shares at share price of €0.7878 are held by the Employee Benefit Trust (31 March 2020: 2,112,720 shares at share price of €0.7179). The total number of shares with voting rights was 1,045,351,272 (31 March 2020: 1,038,369,821). No votes are cast in respect of the shares held in the Employee Benefit Trust in connection with the Company's share plans and dividends paid and payable are subject to a standing waiver.

All shares issued in the period were issued under general authority. No shares were bought back in the period (31 March 2020: none).

23. 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 €459,004,000 in total at 30 September 2020 (31 March 2020: €470,151,000).

24. Dividends

On 1 June 2020, the Company announced a dividend of 1.80c per share, with a record date of 10 July 2020 for UK and South African shareholders and payable on 20 August 2020. On the record date, 1,038,369,821 shares were in issue with none held in treasury and 1,038,369,821 were entitled to participate in the dividend. Holders of 335,705,489 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €6,043,000, while holders of 700,213,704 shares opted for a cash dividend with a value of €12,603,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €12,595,000. The total dividend at settlement date was €18,638,000.



24. Dividends continued

The Group's profit attributable to the equity holders of the Company for the six months to 30 September 2020 was €56.5 million (30 September 2019: €70.2 million). The Board has declared a dividend relating to the six month period ended 30 September 2020 of 1.82c per share, representing 65% of FFO*. The dividend will be paid on 21 January 2021, with the ex-dividend dates being 15 December 2020 for shareholders on the South African register and 17 December 2020 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.

* Adjusted profit before tax adjusted for depreciation, amortisation of financing fees, adjustments in respect to IFRS 16, adjustments related to associates, current tax receivable/incurred and tax relating to disposals.

The dividend per share was calculated as follows:

	Unaudited six month ended 30 September 2020 €m	Unaudited six month ended 30 September 2019 €m
Reported profit before tax	62.2	79.7
Adjustments for:		
Gain on revaluation of investment properties	(31.9)	(58.2)
Deficit on revaluation relating to leased investment properties	(1.6)	—
Gain on disposals of properties	—	—
Gain on loss of control of subsidiaries	—	(6.3)
Share of profit of an associate	—	(0.3)
Deduct revaluation gain on investment property from associates	(1.3)	—
Other adjusting items**	1.6	9.9
Change in fair value of financial derivatives	0.1	1.1
Adjusted profit before tax	29.1	25.8
Adjustments for:		
Funds from operation of investment in associates	—	0.3
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	0.8	0.7
Amortisation of financing fees	0.8	0.7
Adjustment in respect of IFRS 16	(1.0)	—
Current taxes incurred (see note 9)	(0.9)	(0.5)
Add back current tax relating to disposals and prior year adjustments	0.3	—
Funds from operations, year ended 31 March	n/a	n/a
Funds from operations, six months ended 30 September	29.1	27.1
Funds from operations, six months ended 31 March	n/a	n/a
Dividend pool, six months ended 30 September**	19.0	18.2
Dividend pool, six months ended 31 March	n/a	n/a
Dividend per share, six months ended 30 September	1.82c	1.77c
Dividend per share, six months ended 31 March	n/a	n/a

* Includes expense relating to share awards and Covid-19 related costs. See note 10 for details.

** Calculated as 65% of FFO of 2.80c per share (30 September 2019: 2.65c per share using 67% of FFO; 31 March 2020: 2.77c per share using 65% of FFO), based on average number of shares outstanding of 1,037,394,967 (30 September 2019: 1,023,014,308; 31 March 2020: 1,032,748,723).

For more information on adjusted profit before tax and funds from operations, refer to Annex 1.

Calculations contained in this table are subject to rounding differences.



25. Related parties

Related parties are defined as those persons and companies that control the Group, or that are controlled, jointly managed, or subject to significant influence by the Group.

The following balances and transactions with associates exist as at the reporting date:

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Consolidated statement of financial position		
Loans to associates	37,204	37,204
Trade and other receivables	1,444	842
Total	38,648	38,046
	Unaudited six months ended 30 September 2020 €000	Unaudited six month ended 30 September 2019 €000
Consolidated statement of comprehensive income		
Services supplied	1,045	268
Interest income	1,302	184
Total	2,347	452

Services provided to related parties primarily relate to the provision of property and asset management services.

26. Capital and other commitments

As at 30 September 2020, the Group had contracted capital expenditure for development and enhancements on existing properties of €10,912,000 (31 March 2020: €12,085,000) and a capital commitment in relation to the notarised asset in Norderstedt in amount of €9,100,000.

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

27. Post balance sheet events

On 19 October 2020, the Group repaid in full the Bayern LB facility that had a remaining outstanding balance of €22.8 million.

On 2 November 2020 the German government announced additional measures relating to the Covid-19 pandemic. To date, the Group's operations have not been impacted.



Non-IFRS measures

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
Total comprehensive income for the year attributable to the owners of the Company		
Gain on revaluation of investment properties	56,549	70,216
(Gain)/loss on disposal of properties (net of related tax)	(31,909)	(58,178)
Gain on loss of control of subsidiaries (net of related tax)	161	(33)
Add finance restructuring costs	—	(6,323)
Change in fair value of derivative financial instruments	—	9,107
Deferred tax in respect of EPRA adjustments	132	1,067
NCI in respect of the above	4,674	8,994
Deduct revaluation surplus relating to investment in associates	46	29
Tax in relation to the above	(1,673)	(22)
	346	64
EPRA earnings	28,326	24,921
Add change in deferred tax relating to derivative financial instruments	52	70
Add change in fair value of derivative financial instruments	(132)	(1,067)
Deduct finance restructuring costs	—	(9,107)
NCI in respect of the above	—	—
Headline earnings after tax	28,246	14,817
Add change in fair value of derivative financial instruments (net of related tax)	80	997
Deduct revaluation expense relating to leased investment properties	(1,617)	—
Add adjusting items* (net of related tax)	1,613	9,943
Adjusted earnings after tax	28,322	25,757

* See note 10 of the Interim Report.

	Unaudited six months ended 30 September 2020 €000	Unaudited six months ended 30 September 2019 €000
EPRA earnings	28,326	24,921
Weighted average number of ordinary shares	1,037,394,967	1,023,014,308
EPRA earnings per share (cents)	2.73	2.44
Headline earnings after tax	28,246	14,817
Weighted average number of ordinary shares	1,037,394,967	1,023,014,308
Headline earnings per share (cents)	2.72	1.45
Adjusted earnings after tax	28,322	25,757
Weighted average number of ordinary shares	1,037,394,967	1,023,014,308
Adjusted earnings per share (cents)	2.73	2.51



Original capex investment programmes

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 2020 €m	Occupancy budgeted %	Occupancy achieved to September 2020 %	Rate per sqm budgeted €	Rate per sqm achieved to September 2020 €
Completed	200,623	26.0	24.4	10.6	12.5	79	80	5.57	6.48
In progress	2,242	0.3	0.1	0.1	—	80	—	4.60	—
To commence in next financial year	2,277	0.4	—	0.1	—	80	—	5.00	—
Total	204,142	26.7	24.5	10.8	12.5	79	—	5.55	—

* For disposals and non-core assets the final position before completion of the sale is included.



Basis of preparation

The Directors of Sirius Real Estate Limited ("Sirius") have chosen to disclose additional non-IFRS measures; these include EPRA earnings, adjusted net asset value, EPRA net reinstatement value, EPRA net tangible assets, EPRA net disposal value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

The Directors have chosen to disclose:

- » EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for revaluation of investment properties, changes in fair value of derivative financial instruments, profits and losses on disposals of properties (net of related tax), the gain on loss of control of subsidiaries (net of related tax), finance restructuring costs, (collectively the "EPRA earnings adjustments"), the resulting tax adjustments, deferred tax in respect of the EPRA earnings adjustments, NCI in respect of relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in table A below.
- » Adjusted net asset value in order to assist in comparisons with similar businesses. Adjusted net asset value represents net asset value after adjusting for derivative financial instruments and deferred tax relating to valuation movements, derivative financial instruments and LTIP valuation. The reconciliation for adjusted net asset value is detailed in table B below.
- » EPRA net reinstatement value ("EPRA NRV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NRV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NRV represents net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NRV is detailed in table C below.
- » EPRA net tangible assets ("EPRA NTA") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NTA is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NTA represents net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements (excluding that relating to assets held for sale), goodwill and intangible assets as per the statement of financial position (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NTA is detailed in table C below.
- » EPRA net disposal value ("EPRA NDV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NDV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NDV represents net asset value after adjusting for goodwill as per the statement of financial position and the fair value of fixed interest rate debt. The reconciliation for EPRA NDV is detailed in table C below.
- » Adjusted profit before tax in order to provide an alternative indication of Sirius Real Estate Limited and its subsidiaries' (the "Group") underlying business performance. Accordingly, it excludes the effect of the gain on revaluation of investment properties, other adjusting items, gains/losses on sale of properties, change in fair value of financial derivatives, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates, share of profit of associate and adjustment on revaluation in respect of IFRS 16. The reconciliation for adjusted profit before tax is detailed in table D below.
- » Funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from funds from operations. Accordingly, it excludes funds from operations of investment in associates, depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding prior year adjustments and tax on disposals. The reconciliation for funds from operations is detailed in table D below.



Basis of preparation continued

The Non-IFRS Financial Information has not been prepared using the accounting policies of Sirius and does not comply with IFRS. The Non-IFRS Financial Information is presented in accordance with the JSE Listing Requirements and the guide on pro forma financial information issued by SAICA. The Non-IFRS Financial Information is the responsibility of the Directors. The Non-IFRS Information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result of operations.

The Non-IFRS measures included in the Interim Report 2020 have not been reviewed nor reported on by the independent reporting accountant.

Table A – EPRA earnings

	Unaudited 30 September 2020 €000	Unaudited 30 September 2019 €000
Basic and diluted earnings attributable to owners of the Company ¹	56,549	70,216
Gain on revaluation of investment properties ²	(31,909)	(58,178)
(Gain)/loss on disposal of properties (net of related tax) ³	161	(33)
Gain on loss of control of subsidiaries (net of related tax) ⁴	—	(6,323)
Add finance restructuring costs ⁵	—	9,107
Change in fair value of derivative financial instruments ⁶	132	1,067
Deferred tax in respect of EPRA adjustments ⁷	4,674	8,994
NCI in respect of the above ⁸	46	29
Deduct revaluation surplus relating to investment in associates ⁹	(1,673)	(22)
Tax in relation to the above ¹⁰	346	64
EPRA earnings¹¹	28,326	24,921

Notes:

- Row 1 presents the profit and total comprehensive income attributable to owners of the Company which has been extracted from the unaudited consolidated statement of comprehensive income within the condensed set of consolidated financial statements for the six months ended 30 September 2020 (the "consolidated financial statements").
- Row 2 presents the gain on revaluation of investment properties reported in the statement of comprehensive income which has been extracted from note 12 within the consolidated financial statements.
- Row 3 presents the gain or loss on disposal of properties (net of related tax) which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
- Row 4 presents the gain on loss of control of subsidiaries (net of related tax) reported in the statement of comprehensive income within the consolidated financial statements.
- Row 5 presents the finance restructuring costs which have been extracted from note 8 of the consolidated financial statements.
- Row 6 presents the change in fair value of derivative financial instruments which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
- Row 7 presents deferred tax relating to origination and reversal of temporary differences of the EPRA earnings adjustments which has been extracted from note 9 of the consolidated financial statements.
- Row 8 presents the non-controlling interest relating to gain on revaluation and gain on sale of properties net of related tax which has been extracted from note 10 of the consolidated financial statements.
- Row 9 presents the gain on revaluation of investment properties relating to investment in associates.
- Row 10 presents deferred tax relating to origination and reversal of temporary differences relating to investment in associates.
- Row 11 presents the EPRA earnings for the period ended 30 September 2020.



Basis of preparation continued

Table B – Adjusted net asset value

	Unaudited 30 September 2020 €000	Year ended 31 March 2020 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company) ¹	845,584	801,570
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation ²	46,824	42,151
Derivative financial instruments at fair value ³	1,410	1,279
Adjusted net asset value attributable to owners of the Company⁴	893,818	845,000

Notes:

- Row 1 presents net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated financial statements.
- Row 2 presents deferred tax expense arising on revaluation gains of €46,903,000 and a credit of €79,000 arising on derivative financial instruments which has been extracted from note 9 of the consolidated financial statements. There is no deferred tax on the LTIP valuation.
- Row 3 presents current derivative financial instrument assets of €46,000 less current derivative financial instrument liabilities of €430,000 less non-current derivative financial instrument liabilities of €1,026,000 as extracted from the consolidated statement of financial position from the consolidated financial statements.
- Row 4 presents the adjusted net asset value as at 30 September 2020.

Table C – EPRA net asset measures

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	30 September 2020 €000	30 September 2020 €000	30 September 2020 €000	30 September 2020 €000
Net asset value at the end of period (basic) ¹	845,584	845,584	845,584	845,584
Diluted EPRA net asset value at fair value	845,584	845,584	845,584	845,584
Group				
Derivative financial instruments at fair value ²	1,410	1,410	n/a	1,410
Deferred tax in respect of EPRA adjustments ³	46,824	46,824*	n/a	46,824
Goodwill as per the statement of financial position ⁴	n/a	(3,738)	(3,738)	n/a
Intangibles as per the statement of financial position ⁵	n/a	(2,203)	n/a	n/a
Fair value of fixed interest rate debt ⁶	n/a	n/a	(3,912)	n/a
Real estate transfer tax ⁷	96,966	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA adjustments ^{3*}	4,686	4,686*	n/a	n/a**
Real estate transfer tax ⁷	6,511	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV⁸	1,001,981	892,563	837,934	893,818



Basis of preparation continued

Table C – EPRA net asset measures continued

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000
Net asset value at the end of period (basic) ¹	801,570	801,570	801,570	801,570
Diluted EPRA net asset value at fair value	801,570	801,570	801,570	801,570
Group				
Derivative financial instruments at fair value ²	1,279	1,279	n/a	1,279
Deferred tax in respect of EPRA adjustments ³	42,151	41,668	n/a	42,151
Goodwill as per the statement of financial position ⁴	n/a	(3,738)	(3,738)	n/a
Intangibles as per the statement of financial position ⁵	n/a	(1,986)	n/a	n/a
Fair value of fixed interest rate debt ⁶	n/a	n/a	(3,688)	n/a
Real estate transfer tax ⁷	93,810	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA adjustments ³	4,337	4,337*	n/a	n/a**
Real estate transfer tax ⁷	6,322	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV⁸	949,469	843,130	794,144	845,000

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at 30 September 2020.

** While the previous definition of EPRA NAV included this adjustment, in prior periods it has not been considered sufficiently material to adjust. As the value of this difference is expected to become more material in future periods, the adjustment will now be included in the calculation of the EPRA measures where appropriate.

Notes:

- Row 1 presents net asset value extracted from note 11 of the consolidated financial statements.
- Row 2 presents current derivative financial instrument assets of €46,000 less current derivative financial instrument liabilities of €430,000 less non-current derivative financial instrument liabilities of €1,026,000 as extracted from the consolidated statement of financial position from the consolidated financial statements.
- Row 3 presents deferred tax expense arising on revaluation gains of €46,903,000 and a credit of €79,000 arising on derivative financial instruments which has been extracted from note 9 of the consolidated financial statements and the deferred tax expense arising on revaluation gains of €4,686,000 related to the investment in associates.
- Row 4 presents the book value of goodwill reported in the statement of financial position within the consolidated financial statements.
- Row 5 presents the book value of software in the amount of €2,066,000 and of licences in the amount of €137,000.
- Row 6 presents the fair value of financial liabilities and assets on the statement of financial position, net of any related deferred tax.
- Row 7 presents the add-back of purchasers' costs in order to reflect the value prior to any deduction of purchasers' costs, as shown in the Valuation Certificate of Cushman & Wakefield LLP.
- Row 8 presents the EPRA net asset value, EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at 30 September 2020. The EPRA net asset value measurement is no longer recognised by EPRA guidelines from periods commencing in January 2020. The measurement has been retained to provide a bridge between the previous EPRA NAV metric and the new EPRA NRV, NTA and NDV metrics.



Basis of preparation continued

Table D – Adjusted profit before tax and funds from operations

	Unaudited 30 September 2020 €m	Unaudited 30 September 2019 €m
Reported profit before tax¹	62.2	79.7
Adjustments for:		
Gain on revaluation of investment properties ²	(31.9)	(58.2)
Deficit on revaluation relating to leased investment properties ³	(1.6)	—
Gain on disposals of properties ⁴	—	—
Gain on loss of control of subsidiaries ⁵	—	(6.3)
Share of profit of an associate ⁶	—	(0.3)
Deduct revaluation gain on investment property from associates ⁷	(1.3)	—
Other adjusting items ⁸	1.6	9.9
Change in fair value of financial derivatives ⁹	0.1	1.1
Adjusted profit before tax¹⁰	29.1	25.8
Adjustments for:		
Funds from operations of investment in associates ¹¹	—	0.3
Depreciation and amortisation (excluding depreciation relating to IFRS 16) ¹²	0.8	0.7
Amortisation of financing fees ¹³	0.8	0.7
Adjustment in respect of IFRS 16 ¹⁴	(1.0)	—
Current taxes incurred (see note 9) ¹⁵	(0.9)	(0.5)
Add back current tax relating to disposals and prior year adjustments ¹⁶	0.3	—
Funds from operations¹⁷	29.1	27.1

Notes:

- Row 1 presents profit before tax which has been extracted from the consolidated financial statements.
- Row 2 presents the gain on revaluation of investment properties reported in the statement of comprehensive income which has been extracted from note 12 of the consolidated financial statements.
- Row 3 presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 12 of the consolidated financial statements.
- Row 4 presents the gain or loss on disposal of properties which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
- Row 5 presents the gain on loss of control of subsidiaries (including tax) reported in the statement of comprehensive income within the consolidated financial statements.
- Row 6 presents the share of profit of investment in associates which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
- Row 7 presents the adjustment to the share of profit of investments consolidated in the financial statements for non-operational effects.
- Row 8 presents other adjusting items of €1.4 million relating to the LTIP and SIP expense extracted from note 10 and €0.2 million Covid-19 related costs extracted from note 10.
- Row 9 presents the change in fair value of derivative financial instruments which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
- Row 10 presents the adjusted profit before tax for the period ended 30 September 2020 and the period ended 30 September 2019.



Basis of preparation continued

Table D – Adjusted profit before tax and funds from operations continued

11. Row 11 presents the share of funds from operations of investment in associates which is the total profit for the period of the associates adjusted for revaluation gains and the related tax, finance fees and depreciation.
12. Row 12 presents depreciation and amortisation as extracted from note 5 of the consolidated financial statements.
13. Row 13 presents amortisation of capitalised finance costs which has been extracted from note 8 of the consolidated financial statements.
14. Row 14 presents the differential between the expense recorded in the statement of comprehensive income for the period ended 30 September 2020 relating to head leases in accordance with IFRS 16 amounting to €2.0 million and the actual cash expense recorded in the statement of cash flow for the period ended 30 September 2020 amounting to €3.0 million.
15. Row 15 presents the total current income tax which has been extracted from note 9 of the consolidated financial statements.
16. Row 16 presents the add-back of current tax relating to disposals and prior year adjustments extracted from note 9 of the consolidated financial statements.
17. Row 17 presents the funds from operations for the period ended 30 September 2020 and the period ended 30 September 2019.



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 (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, gain on loss of control of subsidiaries net of related tax, finance restructuring costs net of related tax and adjustment on revaluation expense relating to leased investment properties
Adjusted net asset value	is the assets attributable to the equity owners of the Company adjusted for derivative financial instruments and deferred tax arising on revaluation gain, financial derivative instruments and LTIP valuation
Adjusted profit before tax	is the reported profit before tax adjusted for gain on revaluation of investment properties, gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates and adjustment on revaluation in respect of IFRS 16
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	<p>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 2020. Annualised rent roll should not be interpreted nor 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:</p> <ul style="list-style-type: none"> » 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
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA earnings	is earnings after adjusting for property revaluation, changes in fair value of derivative financial instruments, profits and losses on disposals (collectively the "EPRA earnings adjustments"), the gain on loss of control of subsidiaries, finance restructuring costs, revaluation gain on investment property relating to associates, the resulting tax adjustments and deferred tax in respect of these EPRA earnings adjustments
EPRA net asset value	is the net asset value after adjusting for derivative financial instruments and deferred tax relating to valuation movements and derivatives
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates



EPRA net tangible assets	is the net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements (just for the part of the portfolio that the Company intend to hold should be excluded) and derivatives, goodwill and intangible assets as per the statement of financial position, including the amounts of the above related to the investment in associates
EPRA net disposal value	is the net asset value after adjusting for goodwill as per the statement of financial position and the fair value of fixed interest rate debt
EPRA net initial yield	is the annualised rent roll based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the market value of the property, increased by (estimated) purchasers' costs
EPRA net yield	is the net operating income generated by a property expressed as a percentage of its value plus purchase costs
Funds from operations	is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding prior year adjustments and tax on disposals
Gearred IRR	is an estimate of the rate of return taking into consideration debt
Gross loan to value ratio	is the ratio of principal value of total debt to the aggregated value of investment property
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 made in relation to annualised rent roll, 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 rental and other income from investment properties 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
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
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 accounting return	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
Ungeared IRR	is an estimate of the rate of return
Weighted average cost of debt	is the weighted effective rate of interest of loan facilities expressed as a percentage
Weighted average debt expiry	is the weighted average time to repayment of loan facilities expressed in years

**SIRIUS REAL ESTATE LIMITED**

(Incorporated in Guernsey)
Company Number: 46442
JSE Share Code: SRE
LSE (EUR) Share Code: ESRE
LSE (GBP) Share Code: SRE
ISIN Code: ISIN GG00B1W3VF54

Registered office

Trafalgar Court
2nd Floor
East Wing
Admiral Park
St Peter Port
Guernsey GY1 3EL
Channel Islands

Registered number

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

Company Secretary**A Gallagher**

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Channel Islands

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JSE sponsor**PSG Capital Proprietary Limited**

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120 London Wall
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Joint broker**Berenberg**

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London EC2R 8HP

Property valuer**Cushman & Wakefield LLP**

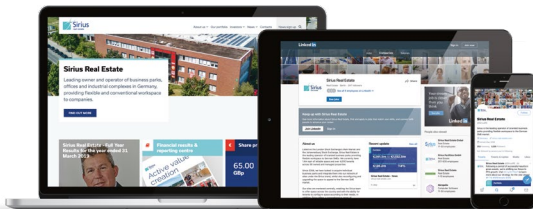
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