Acceleration of organic and acquisitive growth

Sirius Real Estate Limited
Interim Report 2021

Strong balance sheet and inaugural bond supporting growth

Sirius Real Estate Limited is a real estate company with a portfolio of 71 business parks owned or managed across Germany, providing a combination of conventional and flexible workspace.

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OUR HIGHLIGHTS

Strong organic growth, inaugural bond issuance and progress on acquisitions

FFO growth and dividend increase

- 13.4% growth in funds from operations[1] to €33.0 million (30 September 2020: €29.1 million)
- Profit before tax up 25.7% in the six month period to €78.2 million (30 September 2020: €62.2 million)
- 12.1%[2] increase in dividend per share to 2.04c (30 September 2020: 1.82c)

Valuation growth

- NAV per share increased 4.9% to 92.62c (31 March 2021: 88.31c) with adjusted NAV[3] per share increasing by 5.3% to 98.80c (31 March 2021: 93.79c)
- Increase in owned investment property to €1,428.5 million (31 March 2021: €1,347.2 million) including 4.6% like-for-like valuation growth

Inaugural bond issuance

- Completion of €400.0 million oversubscribed corporate bond issuance in June 2021 attracting a coupon of 1.125% until maturity in June 2026
- Repayment of €170.7 million of secured debt and increase in book value of unencumbered properties to €944.1 million (31 March 2021: €245.5 million)
- Weighted average cost of debt reduced to 1.2% (31 March 2021: 1.5%) and weighted average term of debt extended to 3.7 years (31 March 2021: 2.7 years)
- Net LTV of 36.8% (31 March 2021: 31.4%), including unrestricted cash balance of €172.7 million (31 March 2021: €49.3 million)

Progress on acquisitions

- €153.8 million deployed or committed to eight on balance sheet acquisitions including one land parcel
- Two acquisition and one land parcel assets completed in the period amounting to €20.2 million
- Six acquisition assets notarised in the period and expected to complete in the second half of the financial year amounting to €133.6 million
- Completion of the €79.9 million Augsburg asset acquisition within the Titanium venture with AXA IM Alts

€78.2m
↑ 25.7%
Profit before tax

2021	78.2
2020	62.2

€88.4m
↑ 11.5%
Total revenue

2021	88.4
2020	79.3

€33.0m
↑ 13.4%
Funds from operations[1]

2021	33.0
2020	29.1

€99.7m
↑ 11.8%
Total annualised rent roll

2021	99.7
2020	89.2

2.04c per share
↑ 12.1%[2]
Interim dividend

2021	2.04
2020	1.82

6.44c per share
↑ 18.2%
Basic earnings per share

2021	6.44
2020	5.45

1 See note 24 of the Interim Report 2021.
2 Interim dividend representing 65% of FFO (30 September 2020: 65% of FFO).
3 See note 11 of the Interim Report 2021.

BUSINESS UPDATE

Strong organic and acquisitive growth

"Sirius continues to deliver strong FFO growth through a combination of organic and acquisitive growth whilst benefitting from a strong balance sheet."

In summary:

- Positive trading momentum in the first half of the financial year
- Profit before tax of €78.2 million (30 September 2020: €62.2 million)
- 13.4% increase in funds from operations ("FFO") to €33.0 million (30 September 2020: €29.1 million)
- Dividend of 2.04c per share declared, 1.5 times covered by FFO (30 September 2020: 1.82c)
- Completion of €400.0 million inaugural unsecured bond issuance
- €153.9 million of acquisitions completed or notarised in the period

Overview

Sirius has had a positive six month trading period with strong organic growth with revenue increasing 11.5% to €88.4 million (30 September 2020: €79.3 million) resulting in a 2.5% increase in like-for-like annualised rent roll, a 13.4% increase in FFO to €33.0 million (30 September 2020: €29.1 million) and a 4.6% like-for-like uplift in the valuation of its investment property.

The period under review saw the successful completion of the Company's inaugural bond issuance with a €400.0 million placing transforming the Company's balance sheet and increasing the amount of unencumbered assets to €944.1 million. The issuance also resulted in a reduction in the average cost of debt to 1.2% (31 March 2021: 1.5%) and an increase in average debt maturity to 3.7 years (31 March 2021: 2.7 years). The Company made good progress in the deployment of funds generated from the issuance with the acquisition of two assets and one land parcel completing within the period for €20.2 million and the acquisition of six assets notarised for completion after the period end amounting to €133.6 million.

The Company has declared a dividend in respect of the six months ended 30 September 2021 of 2.04c per share representing 65% of FFO. This is a 12.1% increase on the 1.82c declared in relation to the same period in the prior year.

Looking forward, the Company is confident it can continue to grow FFO organically through its intensive asset management initiatives and through acquisitions, as assets that were recently acquired or notarised for completion are integrated into the operating platform in the second half of the financial year.

Financial performance

The Company reported a profit before tax for the six month period of €78.2 million (30 September 2020: €62.2 million) including €51.4 million of gains (30 September 2020: €33.5 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 11.5% to €88.4 million (30 September 2020: €79.3 million).

FFO for the six months grew to €33.0 million (3.14c per share) compared to €29.1 million (2.80c per share) for the same period in the prior year, an increase of 12.1% on a per share basis, which feeds through to the increase in dividend pay-out. Basic earnings of €67.7 million and 6.44c per share increased by 18.2% on a per share basis from 5.45c reflecting the increases in valuations, organic growth and the impact of acquisitions compared to the same period in the prior year. Similarly, adjusted EPS, which excludes valuation movements as well as exceptional items, increased 7.3% to 2.93c per share from 2.73c reflecting the positive year on year operational development. The following table sets out the key earnings per share metrics:

Table 1: Earnings per share

	30 Sept 2021 earnings €000	**30 Sept 2021 no. of shares**	**30 Sept 2021 cents per share**	30 Sept 2020 earnings €000	30 Sept 2020 no. of shares	30 Sept 2020 cents per share	Change %
Basic EPS	**67,738**	**1,052,600,936**	**6.44**	56,549	1,037,394,967	5.45	18.2%
Diluted EPS	**67,738**	**1,070,514,305**	**6.33**	56,549	1,053,039,717	5.37	17.9%
Adjusted EPS	**30,862**	**1,052,600,936**	**2.93**	28,322	1,037,394,967	2.73	7.3%
Basic EPRA EPS	**32,550**	**1,052,600,936**	**3.09**	28,326	1,037,394,967	2.73	13.2%
Diluted EPRA EPS	**32,550**	**1,070,514,305**	**3.04**	28,326	1,053,039,717	2.69	13.0%

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.

As the investment market continued to open up, the Company was able to deploy or commit a total of €153.9 million on acquisitions. Due to the timing of completions the impact from acquisitions in the six month period to 30 September 2021 was not material; however, based on estimated completion dates of notarised assets the contribution for the second half of the financial year is expected to be more significant.

Net asset value per share ("NAV") grew by 4.9% to 92.62c (31 March 2021: 88.31c) in the period whilst adjusted net asset value per share ("adjusted NAV") increased by 5.3% to 98.80c (31 March 2021: 93.79c). EPRA net tangible assets ("EPRA NTA") per share increased by 5.1% to 97.02c (31 March 2021: 92.29c) with the main driver of these increases attributable to valuation uplift more than offsetting the dividend paid to shareholders in the period. The valuation metrics are described in more detail below and the movement in net asset value per share in the period can be seen in the following table:

Table 2: Net assets per share

	cents per share
NAV as at 31 March 2021	88.31
Profit after tax	2.89
Gain on revaluation of investment properties	4.86
Deferred tax charge	(0.82)
Scrip and cash dividend paid	(2.08)
Adjusting items	(0.54)
NAV per share as at 30 September 2021	**92.62**
Deferred tax and adjustments to financial derivatives*	6.18
Adjusted NAV per share as at 30 September 2021	**98.80**
EPRA adjustments*	(1.78)
EPRA NTA per share as at 30 September 2021	**97.02**

* See note 11 of the Interim Report.

BUSINESS UPDATE CONTINUED

Lettings and rental growth

Like-for-like annualised rent roll increased by 2.5% to €98.9 million (31 March 2021: €96.5 million*) driven by a 2.6% increase in like-for-like average rental rate to €6.33 per sqm from €6.17 per sqm highlighting strong occupier demand and realisation of some potential within the portfolio whilst total annualised rent roll increased by 3.3% to €99.7 million (31 March 2021: €96.5 million*). Like-for-like occupancy remained broadly flat at 86%, whilst total occupancy reduced to 85% (31 March 2021: 87%) primarily as a result of the acquisition of 21,000 sqm of vacant space within the Essen and Öhringen assets that completed within the period. The movement in annualised rent roll is described in more detail below:

Table 3: Annualised rent roll

	€m
Annualised rent roll as at 31 March 2021*	96.5
Acquisitions	0.8
Move-outs	(5.7)
Move-ins	6.8
Contracted uplifts	1.3
Annualised rent roll as at 30 September 2021	**99.7**

* Excludes €0.7 million of annualised rent roll relating to the expected Daimler move-out in the Fellbach 2 asset that was acquired in March 2021.

Sirius generated a total of 8,036 enquiries** during the period compared to 8,284 for the same period in the prior year. Analysis of the enquiries showed an increase in demand for commercial and self-storage spaces as onshoring of production and the related impact on supply chains continues to gain momentum. The monthly development of like-for-like enquiries compared to the same period in the prior year is detailed in the table below:

** Includes enquiries relating to assets under operating and management contracts and Titanium.

Table 4: Enquiries

	No. of enquiries six months to Sept 2020	**No. of enquiries six months to Sept 2021**	Change %
April	1,202	**1,235**	2.7%
May	1,248	**1,333**	6.8%
June	1,368	**1,341**	(2.0%)
July	1,367	**1,305**	(4.5%)
August	1,477	**1,435**	(2.9%)
September	1,622	**1,387**	(14.5%)
Total	8,284	**8,036**	(3.0%)

Whilst the six months to September 2021 saw a similar number of leasing deals to the same period in the prior year the volume of square metres let in the period increased to 83,757 from 74,095 whilst the average deal size increased to 82 sqm from 67 sqm. Conversion rates remained stable at 13.1% compared to 13.4% for the same period in the prior year. Details of monthly letting numbers and square metre volumes compared to the same period in the previous year are set out in the table below:

Table 5: Lettings

	New lettings six months to Sept 2020	**New lettings six months to Sept 2021**	sqm six months to Sept 2020	**sqm six months to Sept 2021**	Average sqm six months to Sept 2020	**Average sqm six months to Sept 2021**
April	115	**219**	8,025	**13,463**	70	**61**
May	130	**170**	11,282	**15,953**	87	**94**
June	165	**166**	11,242	**12,629**	68	**76**
July	215	**139**	13,170	**15,185**	61	**109**
August	259	**182**	15,324	**11,877**	59	**65**
September	226	**175**	15,052	**14,650**	67	**84**
Total	1,110	**1,051**	74,095	**83,757**	69	**82**

Tenant retention in the period was encouraging with 71% of square metres up for renewal in the period being successfully extended (30 September 2020: 68%), especially given the changeable economic environment during the period. The consistency in renewals, enquiry levels and sales conversion levels demonstrates the capability of the Company's internal operating platform to create value in a variety of market conditions. Furthermore, with a number of new acquisition assets expected to complete in the second half of the financial year, the Company is well placed to take advantage of the opportunity those assets present to increase occupancy and operating income.

Cash collection

The Company benefits from an experienced in-house team of cash collection professionals who maintain close relationships with tenants. During the period under review Sirius worked with its tenants as they continued to adapt to new ways of working and related space requirements whilst actively managing their debt. The Group's cash collection performance in the six month period to 30 September 2021 relating to rent and service charge prepayments (excluding VAT) is detailed in the following table:

Table 6: Cash collection to 30 September 2021

	Invoiced €000	Outstanding €000	Collection %
April	12,551	179	98.6%
May	12,488	220	98.2%
June	12,747	232	98.2%
July	12,895	284	97.8%
August	12,932	373	97.1%
September	13,113	722	94.5%
Total	**76,726**	**2,010**	**97.4%**

In the six month period to 30 September 2021 the Company billed a total of €76.7 million (excluding VAT) to tenants of which €74.7 million or 97.4% was collected. The Company expects to collect the majority of the €2.0 million outstanding debt from the period through its regular collection activities over the coming months. Write-offs with a value of less than €50,000 relating to the period under review were recorded. The rolling twelve month cash collection rate was 98.2% in line with the 98.2% reported for the twelve month period to 31 March 2021. This consistency in cash collection demonstrates the benefits of a well-diversified portfolio and tenant base that represents a wide range of industries combined with the asset management expertise of the Company's internal operating platform. Further, the Group continued to collect cash from rent and service charge invoices that were outstanding as at 31 March 2021.

Portfolio valuation

Demand from investors for industrial and office business parks in Germany has increased as vaccination rates accelerate and markets return to growth. Domestic and foreign sources of capital are again active in the market and competing for assets that provide well-diversified, attractive cash flows and growth potential. Whilst yield movement has been a strong feature of valuation development in recent periods, the upgrading and repositioning of assets through the Company's capex investment programmes and the resulting organic rental growth continue to be a major driver of value for the Company.

The portfolio of owned investment properties, which excludes leased investment properties and the assets within Titanium, comprised 62 assets as at 30 September 2021 and was independently valued by Cushman & Wakefield LLP at €1,432.0 million (31 March 2021: €1,350.8 million), converting to a book value of €1,428.5 million (31 March 2021: €1,347.2 million) after allowing for the provision for lease incentives.

The movement in book value for the period relating to owned investment properties can be reconciled as follows:

Table 7: Reconciliation of market value to book value

	30 September 2021 €m	31 March 2021 €m
Owned investment properties at market value	**1,432.0**	1,350.8
Adjustment in respect of lease incentives	**(3.5)**	(3.6)
Book value as at period end	**1,428.5**	1,347.2

BUSINESS UPDATE CONTINUED

Portfolio valuation continued

Taking into account investment property relating to leased assets the total investment property book value as at 30 September 2021 was €1,444.8 million (31 March 2021: €1,362.2 million). The movement in book value in the period is set out in the table below:

Table 8: 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 2021	1,347,167	15,025	1,362,192
Additions	20,221	4,378	24,599
Capex investment and capitalised broker fees	9,574	—	9,574
Disposals	—	—	—
Surplus on revaluation above capex investment and broker fees	51,445	—	51,445
Deficit on revaluation relating to leased investment properties	—	(3,083)	(3,083)
Adjustment in respect of lease incentives	52	—	52
Investment properties at book value as at 30 September 2021	**1,428,459**	**16,320**	**1,444,779**

The positive movement in owned investment property of €81.3 million was made up of €20.2 million of acquisitions and a net €51.0 million valuation uplift, after taking into account €9.6 million of capital expenditure and a €0.1 million adjustment in respect of lease incentives. In accordance with IFRS 16, the Group recognises lease liabilities of €14.7 million relating to leases on assets meeting the definition of investment property. Accordingly, an expense of €3.1 million representing the fair value adjustment in the year was recorded in the statement of comprehensive income. During the period under review the Group entered into a ground lease agreement meeting the definition of investment property as a result of acquisition activity. Accordingly, an addition to leased investment property was recorded amounting to €4.4 million.

Whilst the valuation uplift for the period relating to owned investment properties was €61.0 million, the net valuation gain after taking into account €9.6 million of capital expenditure and adjustments for broker fees was €51.5 million. 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 €48.4 million.

The book value of the like-for-like assets increased by €62.1 million or 4.6% from €1,347.2 million to €1,409.3 million. The assets that were acquired in the period were revalued at €0.3 million above the property purchase prices paid but €1.1 million less than the total acquisition costs paid for them.

Table 9: Book value valuation metrics

Owned properties	Annualised rent roll €m	Book value €m	NOI €m	Capital value/sqm	Gross yield	Net yield	Vacant space sqm	Rate per sqm €	Occupancy %
Value-add assets	62.4	851.1	54.6	794	7.3%	6.4%	204,936	6.23	80.3%
Mature assets	37.3	577.4	35.8	1,103	6.5%	6.2%	23,620	6.49	95.3%
Other	—	—	(1.3)	—	—	—	—	—	—
Total	**99.7**	**1,428.5**	**89.1**	**895**	**7.0%**	**6.2%**	**228,556**	**6.33**	**85.2%**

The 30 September 2021 book value of owned properties of €1,428.5 million represents an average gross yield of 7.0% (31 March 2021: 7.2%) which translates to a net yield of 6.2% (31 March 2021: 6.5%). The valuation increase compared to 31 March 2021 was primarily driven by organic increases in annualised rent roll of €2.4 million reflecting the ability of the operating platform to consistently grow income. Gross yield compression was approximately 20 bps.

Importantly, just over 60% of the total portfolio relates to assets with value-add potential which can be unlocked by utilising the Company's platform to undertake intensive asset management and selective capex investment. With average occupancy of 80.3% and valuations at a gross yield of 7.3%, significant income and capital value growth within the value-add assets can be achieved in future periods. Whilst the average occupancy of the mature assets has now increased to 95.3%, they are valued at a yield that is around 80 bps lower than the value-add assets highlighting the scope for growth in the value-add assets.

The average capital value per sqm of the portfolio of €895 per sqm remains well below replacement cost and illustrates the potential for further growth from transformative investment within the Group's capex investment programmes.

Capex investment programmes

The Group's capex investment programmes have historically been focused on the transformation of underutilised vacant space that is typically acquired at low cost due to it being considered as structurally void by former owners, and is subject to ongoing capex investment programmes. The take up of this space has resulted in significant improvements in service charge cost recovery and therefore increased operating income and consistently makes a strong contribution to the valuation increases the Company has been recording now for many years. The completed original capex programme included an investment of €25.7 million into 204,182 sqm which, at 30 September 2021, was generating €12.8 million in annualised rent roll representing a return on cost of 49.8%.

The new acquisition programme which began in 2017 now extends to 185,180 sqm of space that is subject to a budgeted investment of €40.3 million from which the Company expects to generate €13.2 million in annualised rent roll. As at 30 September 2021 a total of 154,905 sqm had been transformed with an investment of €30.8 million which, at 72% occupancy, was generating annualised rent roll of €10.0 million. In addition to the space that has been completed and let or is currently being marketed, a total of approximately 30,275 sqm of space is either in progress of being transformed or is awaiting approval to commence transformation. A further €4.9 million is expected to be invested into this space on top of the €0.8 million already spent, and, based on achieving budgeted occupancy, incremental annualised rent roll in the region of €1.9 million is expected to be generated. Further information on the new acquisition capex programme is detailed below:

Table 10: 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 2021 €m**	Occupancy budgeted	Occupancy achieved to September 2021	Rate per sqm budgeted €	**Rate per sqm achieved to September 2021 €**
Completed	154,905	34.6	30.8	11.2	**10.0**	82%	72%	7.31	**7.49**
In progress	13,934	2.3	0.8	0.9	**0.1**	95%	–	5.65	
To commence in next financial year	16,341	3.4	–	1.1	**–**	80%	–	7.01	**–**
Total	185,180	40.3	31.6	13.2	**10.1**	83%	–	7.14	**–**

Whilst the income returns expected to be achieved on the more recent projects are less than those of the original programme, the extent of transformative work involved suggests the impact on valuations may be more pronounced. The capex investment programmes have been one of the key income and valuation growth drivers over the last few years and, as a result, the Company continues to seek to acquire assets with sub-optimal vacancy in order to refuel them.

In addition to the capex investment programmes Sirius also looks for opportunities to upgrade recently vacated space that is returned each year as a result of move-outs. Within the existing vacancy at 30 September 2021, the Company has identified approximately 34,273 sqm of recently vacated space that has potential to be upgraded. This space can be upgraded with an investment of €7.2 million and generate €2.8 million in annualised rent roll when re-let. This selective investment into vacated space allows the Company to capture reversionary potential whilst significantly enhancing the desirability and value of lower quality space.

The Company's headline 85% occupancy rate means that in total 228,556 sqm of space is vacant as at 30 September 2021. When excluding the vacancy, which is subject to investment (4% of total space), and the structural vacancy, which is not economically viable to develop (3% of total space), the Company's occupancy rate based on space that is readily lettable is approximately 92%.

BUSINESS UPDATE CONTINUED

Capex investment programmes continued

The analysis below details the underutilised space and vacancy at 30 September 2021 and highlights the opportunity from developing this space.

Table 11: Vacancy

	% of total space	sqm	Capex investment €m	ERV (post investment)
Subject to capex investment programmes	2%	28,821	(4.9)	1.9
Recently vacated space	2%	34,273	(7.2)	2.8
Total space subject to investment	**4%**	**63,094**	**(12.1)**	**4.7**
Lettable vacancy				
Structural vacancy	**3%**	**40,090**	**–**	**–**
Smartspace vacancy	2%	26,116	–	2.6
Other vacancy	6%	99,256	(0.9)	6.3
Total lettable space	**8%**	**125,372**	**(0.9)**	**8.9**
Total vacancy	**15%**	**228,556**	**(13.0)**	**13.6**

The opportunity within the vacant space as at 30 September 2021 can be summarised as follows:

» 63,094 sqm of sub-optimal and recently vacated space, which requires €12.1 million of capex and will have an ERV of €4.7 million when completed; and

» 125,372 sqm of lettable space, which requires €0.9 million of capex and has an ERV of €8.9 million.

Whilst the capex investment programmes are a key part of Sirius' strategy, they represent one of several ways in which the Company can organically grow income and capital values. A wide range of asset management capabilities including the capturing of contractual rent increases, uplifts on renewals and the re-letting of space at higher rates are expected to continue to make a strong contribution to the Company's annualised rent roll growth.

Excellent progress with acquisitions

Building on the momentum achieved when the investment markets in Germany gathered momentum at the end of last year, the Company made good progress in terms of capital deployment in the period. A total of €153.4 million was committed to eight business park acquisitions, with two assets completing in the period and the remaining six notarised for completion post period end. In addition, the Company completed the purchase of a land parcel adjacent to an existing business park asset for €0.5 million.

The Company also completed the previously announced acquisition of a business park in Augsburg for €79.9 million through its Titanium venture with AXA IM Alts, which comprises seven assets with a combined value of €333.3 million for the period ended 30 September 2021 (31 March 2021: €244.2 million).

A summary of acquisitions is set out in the table below:

Table 12: Acquisitions

Completed 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
Essen I	10,706	14,711	80%	2,897	829	(125)	(13)	691	6.5%
Öhringen	9,023	18,010	0%	18,010	–	(609)	(32)	(641)	(7.1%)
Sub-total	**19,729**	**32,721**	**36%**	**20,907**	**829**	**(734)**	**(45)**	**50**	**0.3%**
Notarised acquisitions									
Oberhausen	39,843	77,605	63%	28,680	3,218	(795)	(90)	2,334	5.9%
Heiligenhaus	14,237	45,081	77%	10,269	1,396	(233)	(41)	1,123	7.9%
Frankfurt III	21,245	10,187	54%	4,696	849	(209)	(43)	598	2.8%
Essen II	12,151	11,709	81%	2,248	954	(92)	(11)	851	7.0%
Erfurt	11,679	22,333	81%	4,143	766	(123)	(20)	623	5.3%
Neckartenzlingen	34,485	54,514	80%	10,705	2,196	(237)	(22)	1,937	5.6%
Sub-total	**133,640**	**221,429**	**73%**	**60,741**	**9,379**	**(1,689)**	**(227)**	**7,466**	**5.6%**
Core portfolio total	**153,369**	**254,150**	**68%**	**81,648**	**10,208**	**(2,423)**	**(272)**	**7,515**	**4.9%**
Notarised acquisitions (Titanium venture)									
Augsburg	79,896	112,784	90%	11,481	5,426	(569)	(71)	4,786	6.0%
Titanium venture sub-total	**79,896**	**112,784**	**90%**	**11,481**	**5,426**	**(569)**	**(71)**	**4,786**	**6.0%**
Grand total	**233,265**	**366,934**	**75%**	**93,129**	**15,635**	**(2,992)**	**(342)**	**12,301**	**5.3%**

The acquisition assets are located in markets underpinned by strong demand dynamics that in some cases are complementary to the Company's existing business parks. With total annualised net operating income of €7.5 million, the acquisition assets provide attractive and well-diversified cash flows that, once fully integrated, will make a significant contribution to the Company's FFO growth. Additionally, with approximately 82,000 sqm of vacant space these acquisition assets provide opportunity for the Company to make selective investments that upgrade the space and drive income growth. Further information on the acquisition assets is detailed below:

» The Essen I asset completed in May 2021 was acquired for total acquisition costs of €10.7 million and provides a mix of production, storage and office space located in the heart of Germany's industrial Rhein-Ruhr region. Whilst the acquisition represents the Company's first of two investments in Essen during the period, the Company knows the location well through its long-standing management of an asset located in the city.

» The Öhringen asset was completed in August 2021 for total acquisition costs of €9.0 million. Located in the town of Öhringen in Baden-Württemberg, the asset provides approximately 18,000 sqm of lettable space including 15,800 sqm of warehouse space. The site includes a land parcel that may be considered for future light industrial development amounting to 11,600 sqm. The asset, having been acquired wholly vacant has already benefited from integration into the Sirius operating platform with occupancy increasing to approximately 50% as at 30 September 2021.

» The Oberhausen business park notarised for €39.8 million, and once completed will be one of the Company's physically larger assets, and is located in a well-developed commercial area of the city of Oberhausen, in the northwest of Germany's Rhein-Ruhr region. The asset offers a wide mix of uses with approximately 77,600 sqm of lettable space, comprising around 47,400 sqm of offices, 19,200 sqm of warehouse space, 4,600 sqm of storage and 6,400 sqm of other space. The asset is 63% occupied and provides strong day one cash flows with the opportunity to grow income through the letting of vacant space and reduction of service charge costs supported by targeted investment and refurbishment.

Excellent progress with acquisitions continued

» The multi-tenanted business park at Heiligenhaus, Nord Rhein-Westfalen, was notarised in the period under review for total acquisition costs amounting to €14.2 million. The asset provides approximately 45,000 sqm of lettable space consisting of around 23,200 sqm of office space, 11,400 sqm of warehouse space, 7,800 sqm of production space and 2,600 sqm of other space. The town of Heiligenhaus is located between the cities of Essen, Duisburg, Düsseldorf and Wuppertal and benefits from good autobahn and public transport links. The property currently generates annualised net operating income of €1.1 million per annum at 77% occupancy and, with an undemanding average rent of €2.44 per sqm (excluding parking and other income), provides the opportunity to capture reversionary income growth.

» The Company notarised the acquisition of its third asset in Frankfurt, a multi-tenanted office tower comprising total lettable area of approximately 10,000 sqm for total acquisition costs of €21.2 million. The property generates annualised net operating income of €598,000 per annum at 54% occupancy at an average rent of €11.02 per sqm (excluding parking and other income) and has a remaining WALE of 2.9 years. The property benefits from its location close to two of this major city's main autobahns and aligns to the Company's strategy of providing a range of flexible out of town office products that it expects to appeal to the local market.

» Following on from the completion of the Company's first investment in Essen in May 2021 the Company was able to build scale in the local market through the notarisation of the Essen II property for total acquisition costs of €12.2 million in August 2021. The Essen II asset comprises 11,709 sqm of office and production space and, at 81% occupancy, generates annualised net operating income of €851,000.

» The notarisation of the multi-tenanted business park in Erfurt represents the Company's first investment into this key logistics location. With total acquisition costs of €11.7 million the asset consists of 14,000 sqm of industrial space, 7,400 sqm of office space and 760 sqm of other space. The site generates €623,000 of annualised net operating income at 81% occupancy providing opportunity to grow income through the letting of vacant space and potential investment into an 18,000 sqm development land parcel that formed part of the acquisition.

» The Company notarised the acquisition of the high quality Neckartenzlingen property, located to the south of Stuttgart, for total acquisition costs of €34.5 million shortly before the period end. The asset comprises 54,515 sqm of predominantly production and warehouse space with net operating income of €1.9 million and WALE of 8.1 years providing stable, long-term cash flows with the opportunity to grow income coming from the let up of vacant space which amounts to more than 10,000 sqm at the date of notarisation.

» The Company completed the acquisition of Augsburg within the Titanium venture with AXA IM Alts (of which Sirius owns 35%) which it had notarised in the prior year for total acquisition costs of €79.9 million. The business park is located in one of the most well-known industrial areas in Bavaria and benefits from strong public transportation connections to the city centre. The asset provides stable day one cash flows through its 90% occupancy rate whilst providing opportunity for Sirius to add value through redevelopment and active asset management. The site generates annualised rent roll of €5.4 million and has total lettable space of 112,784 sqm of which 11,300 sqm is vacant, and produces an average rate per sqm of €4.46.

In addition, the Company has also completed the acquisition of an approximately 16,000 sqm land parcel adjacent to its asset in Neuruppin for €0.5 million (total acquisition cost), to assist in its plans to expand and develop the existing property.

Inaugural bond issuance

As previously communicated to shareholders the Company had been assessing opportunities to optimise its funding structure to support its future growth ambitions. The Company's inaugural bond issuance was significantly oversubscribed and successfully completed in June 2021 following the award of a BBB stable investment grade credit rating from Fitch in May 2021. Bonds totalling €400.0 million, listed on the Luxembourg stock exchange, were issued attracting a coupon of 1.125% with a maturity date of June 2026.

The bond issuance, coupled with the repayment of €170.7 million of existing secured debt, provides the Group with a number of benefits including:

» strong financial capacity to fund acquisitions and other investment opportunities;

» reduction in the Group's weighted average cost of debt to 1.2% (31 March 2021: 1.5%) and increase in weighted average term of debt to 3.7 years (31 March 2021: 2.7 years); and

» increase in the number of unencumbered assets to 48, with a book value of approximately €944.1 million.

Following the bond issuance and related secured debt repayments, the Group holds total debt amounting to €698.2 million of which €450.0 million or 65% is unsecured (31 March 2021: 11%). The transformation of the Group's financing arrangements is expected to provide positive support to Sirius' operations and notably will make asset recycling much easier and less expensive. Net LTV, which excludes restricted cash balances, was 36.8% (31 March 2021: 31.4%) whilst interest cover at EBITDA level was 9.8x as at 30 September 2021 (31 March 2021: 9.9x). All covenants were complied with in full during the period. A summary of the movement in the Group's debt is set out below:

Table 13: Movement in debt*

	€m
Total debt as at 31 March 2021	472,032
Bond issuance	400,000
Repayment of secured facilities	(170,709)
Scheduled amortisation	(3,081)
Total debt as at 30 September 2021	**698,242**

* Excludes loan issue costs.

Well-diversified income and tenant base

Against the backdrop of the pandemic the combination of having a well-diversified tenant base and wide range of products underpinned by an established operating platform has proven to be beneficial. Sirius' portfolio includes production, storage and out of town office space that caters to multiple usages and a range of sizes and types of tenants. The Company's tenant base is well diversified providing stability through its large long-term anchor tenants and opportunity through the flexible SME and private customers.

The Group's large anchor tenants are typically multinational corporations occupying production, storage and related office space. The balance comprises primarily SME tenants and private customers who occupy space on both conventional and flexible basis including space marketed under the Company's popular Smartspace brand which provides tenants with a fixed cost and maximum flexibility. The Company's largest single tenant contributes 2.5% of total annualised rent roll whilst 7.9% of its annualised rent roll comes from government tenants.

The wide range of tenants that the Sirius marketing and sales team is able to attract is a key competitive advantage for the Company and results in a significantly de-risked business model when compared to other owners of multi-tenanted light industrial and business park assets.

The table below illustrates the diverse nature of tenant mix within the Sirius portfolio at the end of the reporting period:

Table 14: Tenant breakdown

	No. of tenants as at 30 September 2021	Occupied sqm	% of occupied sqm	Annualised rent income* €m	% of total annualised rent income* %	Rate per sqm €
Top 50 anchor tenants[1]	**50**	571,860	44%	39.3	39%	5.72
Smartspace SME tenants[2]	**2,921**	68,198	5%	7.1	7%	8.69
Other SME tenants[3]	**2,829**	673,011	51%	53.3	54%	6.60
Total	**5,800**	1,313,069	100%	99.7	100%	6.33

1 Mainly large national/international private and public tenants.

2 Mainly small and medium-sized private and public tenants.

3 Mainly small and medium-sized private and retail tenants.

* See glossary section of the Interim Report 2021.

BUSINESS UPDATE CONTINUED

Smartspace

A key differentiator for Sirius continues to be the ability to provide a variety of flexible products that meet local market demand. The Company's Smartspace products are specifically designed to provide tenants with a range of options in terms of type and size of space, price, lease length and the provision of services. As the pandemic has necessitated businesses to adapt to new and still evolving ways of working the Company's Smartspace products have proven popular with occupancy increasing to 72% from 69% and rate increasing by 4.1% to €8.69 per sqm within the six month period to 30 September 2021. The range of products and ability of the Sirius operating platform to increase occupancy and rate within this segment position the Company well as working patterns continue to shift. Smartspace now contributes total annualised rent roll of €7.1 million, an increase of 9.3% from the beginning of the period. A summary of Smartspace products and their contribution to the Group is set out below:

Table 15: 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	5,117	2,979	58%	760,000	11%	21.26
SMSP Office	31,171	23,631	76%	2,617,000	36%	9.23
SMSP Workbox	6,997	5,926	85%	409,000	6%	5.75
SMSP Storage	44,952	33,267	74%	2,884,000	41%	7.22
SMSP Containers	—	—	—	230,000	3%	—
SMSP sub-total	**88,237**	**65,803**	**75%**	**6,900,000**	**97%**	**8.74**
SMSP Flexilager	6,077	2,395	39%	214,000	3%	7.45
SMSP total	**94,314**	**68,198**	**72%**	**7,114,000**	**100%**	**8.69**

In addition, having identified at an early stage an increase in demand for storage products, the Group has grown its storage container investment and is generating annualised rent roll of €230,000 as at 30 September 2021 (€168,000 as at 31 March 2021) on its otherwise non-income-producing land.

Environmental, social and governance ("ESG")

During the period under review the Company continued to develop its ESG programme and to integrate it into its strategy and business processes. Operating sustainably, recognising the importance of environmental responsibility, and creating long-term social and financial value are essential elements of the Company's purpose. The business is built on the recycling of working spaces and refurbishing and revitalising of older buildings. Sirius is committed to developing a carbon reduction strategy that will be based on solid analysis and delivered within a timeframe that is financially and sustainably viable. People also remain at the heart of the business, both our own employees and those of our tenants, and the Company has continued to enhance its engagement with these key stakeholders during the first half of the financial year. The Company looks forward to providing further information and more detailed reporting as part of its Annual Report and Accounts 2022.

Outlook

Sirius is pleased with the trading momentum achieved in the first six months of the financial year which came predominantly as a result of organic growth and resulted in a 12.1% increase in dividend to 2.04c per share compared to the same period in the prior year. The inaugural €400.0 million bond issuance that completed in June 2021 has resulted in an improvement in the Company's financial position and balance sheet strength whilst also providing significant firepower for acquisitive growth. The Company has made good progress in deploying or committing funds raised through the bond issuance and looks forward to continuing to integrate acquisition assets into its platform in the second half of the financial year. The Company remains committed to delivering attractive risk-adjusted returns to shareholders and continues to assess a wide range of future growth opportunities, including planned acquisitions.

Andrew Coombs
Chief Executive Officer

Alistair Marks
Chief Financial Officer
5 November 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 2021 that have materially affected, and any changes in the related party transactions described in the 2021 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:

» Daniel Kitchen, Chairman*

» James Peggie, Senior Independent Director*

» Andrew Coombs, Chief Executive Officer

» Alistair Marks, Chief Financial Officer

» Caroline Britton*^

» Mark Cherry*

» Kelly Cleveland*^

» Joanne Kenrick*°

* Non-Executive Directors.

^ Appointed 1 June 2020.

° Appointed 1 September 2021.

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

Andrew Coombs
Chief Executive Officer

Alistair Marks
Chief Financial Officer
5 November 2021

INDEPENDENT REVIEW REPORT
to Sirius Real Estate Limited

Conclusion

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 2021 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.

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the South African Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council of South Africa.

Basis for Conclusion

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards. 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".

Responsibilities of 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.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

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 UK 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.

Ernst & Young LLP
London
5 November 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2021

	Notes	**Unaudited six months ended 30 September 2021 €000**	Unaudited six months ended 30 September 2020 €000
Revenue	4	**88,352**	79,288
Direct costs	5	**(38,843)**	(35,377)
Net operating income		**49,509**	43,911
Gain on revaluation of investment properties	12	**48,414**	31,909
Loss on disposal of properties		**(400)**	(10)
Gain on loss of control of subsidiaries		**94**	—
Administrative expenses	5	**(12,311)**	(11,864)
Share of profit of associates	16	**2,463**	2,096
Operating profit		**87,769**	66,042
Finance income	8	**1,596**	1,317
Finance expense	8	**(11,347)**	(5,036)
Change in fair value of derivative financial instruments	8	**160**	(132)
Net finance costs		**(9,591)**	(3,851)
Profit before tax		**78,178**	62,191
Taxation	9	**(10,386)**	(5,593)
Profit and total comprehensive income for the period after tax		**67,792**	56,598
Profit and total comprehensive income attributable to:			
Owners of the Company		**67,738**	56,549
Non-controlling interest		**54**	49
Total comprehensive income for the period after tax		**67,792**	56,598
Earnings per share			
Basic earnings per share	10	**6.44c**	5.45c
Diluted earnings per share	10	**6.33c**	5.37c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

	Notes	**Unaudited 30 September 2021 €000**	31 March 2021 €000
Non-current assets			
Investment properties	12	**1,444,779**	1,362,192
Plant and equipment		**2,623**	2,682
Intangible assets	13	**7,175**	6,568
Right of use assets	14	**1,659**	1,919
Other non-current assets	15	**47,585**	44,960
Investment in associates	16	**19,665**	17,202
Total non-current assets		**1,523,486**	1,435,523
Current assets			
Trade and other receivables	17	**95,599**	18,731
Derivative financial instruments		**—**	70
Cash and cash equivalents	18	**187,606**	65,674
Total current assets		**283,205**	84,475
Total assets		**1,806,691**	1,519,998
Current liabilities			
Trade and other payables	19	**(49,175)**	(50,527)
Interest-bearing loans and borrowings	20	**(4,786)**	(9,114)
Lease liabilities	14	**(3,915)**	(5,857)
Current tax liabilities		**(3,487)**	(2,063)
Derivative financial instruments		**(234)**	(414)
Total current liabilities		**(61,597)**	(67,975)
Non-current liabilities			
Interest-bearing loans and borrowings	20	**(684,345)**	(458,940)
Lease liabilities	14	**(12,519)**	(9,130)
Derivative financial instruments		**(273)**	(797)
Deferred tax liabilities	9	**(65,037)**	(56,331)
Total non-current liabilities		**(762,174)**	(525,198)
Total liabilities		**(823,771)**	(593,173)
Net assets		**982,920**	926,825
Equity			
Issued share capital	22	**—**	—
Other distributable reserve	23	**437,053**	449,051
Own shares held	22	**(2,597)**	(2,903)
Retained earnings		**548,123**	480,385
Total equity attributable to the owners of the Company		**982,579**	926,533
Non-controlling interest		**341**	292
Total equity		**982,920**	926,825

The financial statements on pages 15 to 49 were approved by the Board of Directors on 5 November 2021 and were signed on its behalf by:

Daniel Kitchen
Chairman

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2021

	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 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		–	–	(1,613)	–	(1,613)	–	(1,613)
Own shares allocated		–	–	225	–	225	–	225
Dividends paid		6,043	(18,638)	–	–	(12,595)	(63)	(12,658)
Transfer of share capital		(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
Share-based payment transactions		–	1,700	–	–	1,700	–	1,700
Own shares purchased		–	–	–	–	–	–	–
Own shares allocated		–	–	–	–	–	–	–
Dividends paid		7,126	(18,779)	–	–	(11,653)	–	(11,653)
Transfer of share capital		(7,126)	7,126	–	–	–	–	–
Total comprehensive income for the period		–	–	–	90,902	90,902	60	90,962
As at 31 March 2021		–	449,051	(2,903)	480,385	926,533	292	926,825
Share-based payment transactions	7	–	1,403	–	–	1,403	–	1,403
Value of shares withheld to settle employee tax obligations	7	–	(2,020)	–	–	(2,020)	–	(2,020)
Own shares purchased	22	–	–	–	–	–	–	–
Own shares allocated	22	–	–	306	–	306	–	306
Dividends paid	24	9,195	(20,576)	–	–	(11,381)	(5)	(11,386)
Transfer of share capital	24	(9,195)	9,195	–	–	–	–	–
Total comprehensive income for the period		–	–	–	67,738	67,738	54	67,792
As at 30 September 2021 (unaudited)		**–**	**437,053**	**(2,597)**	**548,123**	**982,579**	**341**	**982,920**

CONSOLIDATED STATEMENT OF CASH FLOW
for the six months ended 30 September 2021

	Notes	**Unaudited six months ended 30 September 2021 €000**	Unaudited six months ended 30 September 2020 €000
Operating activities			
Profit for the period after tax		**67,792**	56,598
Taxation	9	**10,386**	5,593
Loss on disposal of properties		**400**	10
Share-based payments	7	**1,403**	1,448
Gain on revaluation of investment properties	12	**(48,414)**	(31,909)
Change in fair value of derivative financial instruments	8	**(160)**	132
Depreciation of property, plant and equipment	5	**349**	317
Amortisation of intangible assets	5	**564**	462
Depreciation of right of use assets	5	**260**	260
Share of profit of associates	16	**(2,463)**	(2,096)
Finance income	8	**(1,596)**	(1,317)
Finance expense	8	**11,347**	5,036
Changes in working capital			
Increase in trade and other receivables		**(2,598)**	(721)
Decrease in trade and other payables		**(2,053)**	(1,502)
Taxation paid		**(256)**	(228)
Cash flows from operating activities		**34,961**	32,083
Investing activities			
Purchase of investment properties		**(20,221)**	–
Prepayments relating to new property acquisitions		**(75,771)**	(871)
Capital expenditure on investment properties		**(10,494)**	(17,005)
Purchase of plant and equipment and intangible assets		**(1,461)**	(1,211)
Increase in loan receivable due from associates		**(1,124)**	–
Interest received		**1,596**	940
Cash flows used in investing activities		**(107,475)**	(18,147)
Financing activities			
Shares purchased		**–**	(1,613)
Payment relating to exercise of share options		**(2,020)**	–
Dividends paid to owners of the Company		**(11,381)**	(12,595)
Dividends paid to non-controlling interest		**(5)**	(63)
Proceeds from loans		**400,000**	20,000
Repayment of loans		**(173,791)**	(5,585)
Payment of principal portion of lease liabilities		**(2,931)**	(2,827)
Exit fees/prepayment of financing penalties		**(3,697)**	–
Capitalised loan issue cost		**(7,559)**	(133)
Finance expenses paid		**(4,170)**	(3,954)
Cash flows from/(used in) financing activities		**194,446**	(6,770)
Increase in cash and cash equivalents		**121,932**	7,166
Cash and cash equivalents at the beginning of the period		**65,674**	121,263
Cash and cash equivalents as at the period end	18	**187,606**	128,429

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the six months ended 30 September 2021

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the six month period to 30 September 2021.

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 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 Company has chosen to prepare its interim condensed set of consolidated financial statements in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") as a result of the primary listing on the JSE. See also note 2(d) for statement of compliance.

The financial information in these unaudited interim condensed set of consolidated financial statements does not comprise statutory accounts. This 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 2021 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 March 2021 were approved by the Board on 4 June 2021. 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 2021 the Group's consolidated interim condensed financial statements reflect consistent accounting policies and methods of computation as used in the previous financial year, except for the 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 2021 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.

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, headline earnings are calculated using basic earnings adjusted for revaluation gain net of related tax, gain/loss on sale of properties net of related tax, gain/loss on loss of control of subsidiaries net of related tax, NCI relating to revaluation and revaluation gain/loss on investment property relating to associates 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 certain adjusting items stated within administrative expenses in note 5 and certain finance costs in note 8.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

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 Limited, IAS 34 "Interim Financial Reporting" and Companies (Guernsey) Law, 2008. 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 2021. 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 2021 except for the changes in accounting policies as shown in note 2(b). The financial statements for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB.

(e) Going concern

The Group has prepared its going concern assessment for the period to the end of January 2023 (the "going concern period"), a period chosen in order to consider the repayment of €15 million of the Schuldschein facility in December 2022 and January 2023. The Group's going concern assessment is based on the same financial model that supported the Group's going concern and viability statement detailed within its Annual Report and Accounts 2021, 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 and unsecured debt structure within its financial covenants.

In considering going concern, the Directors reviewed a detailed base case scenario and a severe but plausible downside scenario provided by Management. The severe but plausible downside scenario takes into account a potential downturn in the Group's performance, including the potential impact of Covid-19 on the Group's financial position and future prospects. The cash flow projections incorporate assumptions on future trading performance, and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value, debt service cover and occupancy ratios set out within the respective loan agreements.

The impact of Covid-19 on the business within the six month period to 30 September 2021 indicated no deterioration in the Group's income streams or asset values, both of which increased in the period. The assumptions on which the base case and severe but plausible downside scenario relating to the going concern period are based included:

Base case and severe but plausible downside scenario

» continuation of forecast capex investment;

» continuation of forecast dividend payments;

» payment of loan interest and loan repayment amounts, including €15 million of the Schuldschein facility in December 2022 and January 2023;

» no acquisitions over and above those contractually committed to; and

» sale of assets notarised for sale.

Severe but plausible downside scenario

» reduction in occupancy of 5% per annum;

» reduction in service charge recovery of 5% per annum; and

» reduction in property valuations of 5% per annum.

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants with no breaches forecast, continue to operate within the terms of its facilities and have sufficient cash reserves, with a lowest cash position forecast in the going concern period of approximately €110 million in January 2023. As disclosed in note 27, subsequent to year end a €75 million revolving credit facility was entered into, comprising a €25 million tranche with a two year term which may be extended for two additional one year terms, and a €50 million tranche with a six month term. This facility is available in addition to the forecast cash position of €110 million under the severe but plausible downside scenario.

2. Significant accounting policies continued

(e) Going concern continued

The Directors also considered the impact of the planned acquisition of all shares of Helix Investments Limited held by BizSpace Group Limited (hereinafter referred to as "Bizspace") on the cash flow forecasts prepared for the base case scenario and severe but plausible downside scenario and its impact on the going concern assumption. The acquisition is conditional upon a successful equity raise of approximately €150 million.

Bizspace had external debt facilities of approximately €173 million which mature in July 2022. Consent from the existing lenders relating to the change of control of Bizspace is a condition precedent of the transaction. The Directors have also considered the likelihood of being able to access refinancing options for the Bizspace external debt facility and the €50 million tranche of the revolving credit facility with a six month term ahead of their maturity dates, including accessing the corporate bond market and refinancing with Bizspace's existing lender, who have provided the Directors with a non-binding term sheet to refinance the loan facility prior to its expiration.

The assessment of the probability of completing the refinancing of Bizspace's €173 million external debt facility, should the planned acquisition complete, and the refinancing of the €50 million tranche of the revolving credit facility in May 2022 is a significant judgement made by the Directors in assessing going concern. This judgement has been made by the Directors by assessing the refinancing options available to the Group, its history of refinancing debt facilities including accessing the corporate bond market, discussions with its advisers and its evaluation of the availability of debt financing from lenders and investors and ability to complete the refinancing in the approximately six months available subsequent to the approval of these financial statements.

Having considered these factors the Directors have concluded that should the Bizspace acquisition proceed, following a successful equity raise, the Group has sufficient available cash and facilities to complete the transaction and there is a remote likelihood of not being able to arrange the required refinancing of the loan facilities in the timeframe required within the going concern period. As such, 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 duration of the going concern period. In each of the scenarios considered for going concern, including the impact of the planned acquisition of Bizspace, the Company is not dependent on any mitigating actions which would be available to the Group and include restricting dividends, reducing capital expenditure or the disposal of unencumbered assets that have a book value of €944.1 million as at 30 September 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 47 of the Group's Annual Report and Accounts 2021 (except for the principal risks and uncertainties related to the planned acquisition referred to in note 2(e)) and have been assessed in line with the requirements of the 2018 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

2. Significant accounting policies continued
(f) Principal risks and uncertainties continued
Principal risks summary

Risk category	Principal risk(s)
1. Financing	» Availability and pricing of debt » Compliance with facility covenants » Availability and pricing of equity capital » Increased reputational risk
2. Valuation	» Property inherently difficult to value » Susceptibility of property market to change in value
3. Market	» Reliance on Germany and the German economy » Reliance on specific industries and the SME market
4. Acquisitive growth	» Decrease in number of acquisition opportunities coming to market » Failure to acquire suitable properties with desired returns
5. Organic growth	» Failure to deliver capex investment programmes » Failure to refuel capex investment programmes » Failure to achieve targeted returns from investments
6. Customer	» Decline in demand for space » Significant tenant move-outs or insolvencies » Exposure to tenants' inability to meet rental and other lease commitments
7. Regulatory and tax	» Non-compliance with tax or regulatory obligations
8. People	» Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9. Systems and data	» System failures and loss of data » Security breaches » Data protection
10. Covid-19	» Reduction in occupancy due to insolvencies » Delays in cash collection » Impact on business continuity and wellbeing of colleagues
11. ESG	» Climate change – physical and transition risks » Ethics and governance » Diversity and inclusion

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 revenue 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 2021 €000	Unaudited six months ended 30 September 2020 €000
Rental and other income from investment properties	**50,082**	46,676
Service charge income from investment properties	**26,639**	25,932
Rental and other income from managed properties	**5,321**	4,192
Service charge income from managed properties	**6,310**	2,488
Total revenue	**88,352**	79,288

4. Revenue continued

Other income relates primarily to income associated with conferencing and catering of €1,265,000 (30 September 2020: €972,000) and fee income from managed properties of €1,782,000 (30 September 2020: €1,044,000).

5. Operating profit

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

Direct costs

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Service charge costs relating to investment properties	**29,803**	30,335
Costs relating to managed properties	**7,296**	3,377
Non-recoverable maintenance	**1,744**	1,665
Direct costs	**38,843**	35,377

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Audit and non-audit fees to audit firm	**379**	390
Legal and professional fees	**1,683**	1,293
Expected credit loss provision	**(1,081)**	(255)
Other administration costs	**521**	1,168
LTIP and SIP	**1,403**	1,448
Employee costs	**6,934**	5,397
Director fees and expenses	**271**	253
Depreciation of plant and equipment	**349**	317
Amortisation of intangible assets	**564**	462
Depreciation of right of use assets (see note 14)	**260**	260
Marketing	**1,036**	966
Exceptional items	**(8)**	165
Administrative expenses	**12,311**	11,864

The expected credit loss provision has decreased during the period mainly due to the successful cash collection of outstanding trade receivables that were previously provided for. Exceptional items relate to a legal claim accrual adjustment (30 September 2020: costs directly attributable to Covid-19 which were mainly costs for signage and hygiene products). 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 2021 €000	Unaudited six months ended 30 September 2020 €000
Wages and salaries	**9,940**	8,816
Social security costs	**1,556**	1,358
Pension	**148**	125
Other employment costs	**39**	26
Total	**11,683**	10,325

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

6. Employee costs and numbers continued

Included in the costs related to wages and salaries for the period are expenses of €1,403,000 (30 September 2020: €1,448,000) 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 (Cyprus) Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the period was 270 (30 September 2020: 251) expressed in full-time equivalents. In addition, as at 30 September 2021, the Board of Directors consists of six Non-Executive Directors (30 September 2020: five) and two Executive Directors (30 September 2020: two).

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. The employees' tax obligation will be determined upon the vesting date of the share issue.

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 €405,000 is recognised in the half year consolidated statement of comprehensive income to 30 September 2021.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards 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 share options granted on 15 June 2020 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.

7. Employee schemes continued

Equity-settled share-based payments continued

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 2021.

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 share options granted on 16 June 2019 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 January 2019 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 3,266,210 shares with a weighted average share price of €1.20 at the date of exercise. 1,433,790 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting.

2021 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2021. 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 restricted period of two years when shares acquired on exercise cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. The employees' tax obligation will be determined upon the vesting date of the share issue.

August 2021 grant

4,154,119 ordinary share awards were granted under the scheme on 2 August 2021 with a total charge for the award of €4,705,196. 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 2 August 2021 LTIP grant an expense of €261,000 is recognised in the half year consolidated statement of comprehensive income to 30 September 2021.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

7. Employee schemes continued

Equity-settled share-based payments continued

August 2021 grant continued

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 2 August 2021:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.39	1.39
Exercise price – €	nil	nil
Expected volatility – %	40.5	40.5
Expected life – years	2.91	2.91
Performance projection period – years	2.66	2.66
Expected dividend yield – %	2.79	2.79
Risk-free rate based on European treasury bonds rate of return – %	(0.817) p.a.	(0.817) p.a.
Fair value per share – €	1.28*	0.84**

* In accordance with IFRS 2, TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

** In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies, the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant.

The weighted average fair value of share options granted on 2 August 2021 is €1.13.

Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

2019 SIP

A 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 2,784,750 shares were granted (with an additional 70,000 allocated in the 2021 financial year), subject to performance criteria, and an expense including related costs of €284,000 was recognised in the half year consolidated statement of comprehensive income to 30 September 2021.

During the period 180,000 shares were forfeited due to employees in the scheme leaving the employment of the Company.

2020 SIP

Another SIP for the benefit of senior employees of the Company was approved in July 2020. The July 2020 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 95,537 shares with a weighted average share price of €1.26 at the date of exercise. 24,463 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting.

2021 SIP

Another SIP for the benefit of senior employees of the Company was approved in 2021. Awards granted under the SIP are made in the form of a conditional right to receive a specified number of shares for nil cost which vest after the three year performance period with vested awards being subject to a further restricted period of one year when shares cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. The employees' tax obligation will be determined upon the vesting date of the share issue.

7. Employee schemes continued

Equity-settled share-based payments continued

September 2021 grant

3,174,500 ordinary share awards were granted under the scheme on 7 September 2021 with a total charge for the award of €3,857,195. 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 7 September 2021 SIP grant an expense of €70,000 is recognised in the half year consolidated statement of comprehensive income to 30 September 2021.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 7 September 2021:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.49	1.49
Exercise price – €	n/a	n/a
Expected volatility – %	40.7	40.7
Expected life – years	3.48	3.48
Performance projection period – years	2.56	2.56
Expected dividend yield – %	2.60	2.60
Risk-free rate based on European treasury bonds rate of return – %	(0.737) p.a.	(0.737) p.a.
Fair value per share – €	1.36*	0.92**

* In accordance with IFRS 2, TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

** In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies, the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant.

The weighted average fair value of share options granted on 7 September 2021 is €1.21.

Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

Movements in the number of awards outstanding are as follows:

	Unaudited six months ended 30 September 2021		31 March 2021	
	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)	**15,584,750**	**–**	11,934,750	–
Maximum granted during the period	**7,328,619**	**–**	3,790,000	–
Forfeited during the period	**(180,000)**	**–**	(140,000)	–
Exercised during the period	**(3,361,747)**	**–**	–	–
Shares surrendered to cover employee tax obligations	**(1,458,253)**	**–**	–	–
Balance outstanding as at period end (nil exercisable)	**17,913,369**	**–**	15,584,750	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

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 comprehensive income is as follows:

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Charge relating to 2018 LTIP – January 2019 grant	**—**	447
Charge relating to 2018 LTIP – June 2019 grant	**383**	383
Charge relating to 2018 LTIP – June 2020 grant	**405**	240
Charge relating to 2021 LTIP – August 2021 grant	**261**	—
Charge relating to 2019 SIP – August 2019 grant	**284**	352
Charge relating to 2020 SIP – July 2020 grant	**—**	26
Charge relating to 2021 SIP – September 2021 grant	**70**	—
Total consolidated statement of comprehensive income charge relating to LTIP and SIP	**1,403**	1,448

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

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Bank interest income	**42**	15
Finance income from associates	**1,554**	1,302
Finance income	**1,596**	1,317
Bank loan interest expense	**(4,136)**	(3,779)
Interest expense related to lease liabilities (see note 14)	**(143)**	(188)
Bank charges and bank interest expense on deposits	**(473)**	(235)
Amortisation of capitalised finance costs	**(1,016)**	(834)
Refinancing costs, exit fees and prepayment penalties	**(5,579)**	—
Finance expense	**(11,347)**	(5,036)
Change in fair value of derivative financial instruments	**160**	(132)
Net finance expense	**(9,591)**	(3,851)

Included within refinancing costs in the six month period ended 30 September 2021 were exit fees and early prepayment penalties of €5,579,000 that directly related to the early repayment of loans.

The change in fair value of derivative financial instruments of €160,000 (30 September 2020: (€132,000)) reflects the change in the market valuation of these financial instruments.

9. Taxation

Consolidated statement of comprehensive income

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Current income tax		
Current income tax charge	**(1,773)**	(636)
Current income tax charge relating to disposals of investment properties	**—**	(151)
Adjustment in respect of prior periods	**93**	(132)
Total current income tax	**(1,680)**	(919)
Deferred tax		
Relating to origination and reversal of temporary differences	**(8,706)**	(4,674)
Total deferred tax	**(8,706)**	(4,674)
Income tax charge reported in the statement of comprehensive income	**(10,386)**	(5,593)

Deferred income tax liability

	Unaudited 30 September 2021 €000	31 March 2021 €000
Balance as at beginning of the period	**(56,331)**	(42,151)
Release due to disposals	**—**	483
Taxes on the revaluation of investment properties and derivative financial instruments	**(8,706)**	(14,663)
Balance as at period end	**(65,037)**	(56,331)

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% (31 March 2021: 15.825%). It has tax losses of €338,289,000 (31 March 2021: €325,257,000) that are for an indefinite period of time 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 SIP, interest rate swaps and IFRS 16 "Leases" as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured. However, the available losses have been considered in the calculation of the deferred tax liability in relation to the revaluation of investment properties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

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 2021 €000	Unaudited six months ended 30 September 2020 €000
Earnings attributable to the owners of the Company		
Basic earnings	67,738	56,549
Diluted earnings	67,738	56,549
EPRA earnings	32,550	28,326
Diluted EPRA earnings	32,550	28,326
Headline earnings	27,035	28,246
Diluted headline earnings	27,035	28,246
Adjusted		
Basic earnings	67,738	56,549
Deduct gain on revaluation of investment properties	(48,414)	(31,909)
Add loss on sale of properties	400	10
Deduct gain on loss of control of subsidiaries	(94)	—
Tax in relation to the gain on revaluation of investment properties and loss on sale of properties above	8,610	4,877
Non-controlling interest ("NCI") relating to revaluation, net of related tax	42	46
Deduct revaluation gain on investment property relating to associates	(1,665)	(1,673)
Tax in relation to the revaluation gain on investment property relating to associates above	418	346
Headline earnings after tax	27,035	28,246
Add change in fair value of derivative financial instrument, net of related tax and NCI	(64)	80
Deduct revaluation expense relating to leased investment properties	(3,083)	(1,617)
Add adjusting items, net of related tax and NCI*	6,974	1,613
Adjusted earnings after tax	30,862	28,322
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	1,052,600,936	1,037,394,967
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	1,070,514,305	1,053,039,717
Basic earnings per share	6.44c	5.45c
Diluted earnings per share	6.33c	5.37c
Basic EPRA earnings per share	3.09c	2.73c
Diluted EPRA earnings per share	3.04c	2.69c
Headline earnings per share	2.57c	2.72c
Diluted headline earnings per share	2.53c	2.68c
Adjusted earnings per share	2.93c	2.73c
Adjusted diluted earnings per share	2.88c	2.69c

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

10. Earnings per share continued

	Notes	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Exceptional items	5	**(8)**	165
Refinancing costs, exit fees and prepayment penalties	8	**5,579**	—
LTIP and SIP	5	**1,403**	1,448
Adjusting items as per note 10		**6,974**	1,613

The following table shows the reconciliation of basic to headline earnings, separately disclosing the impact before tax (gross column) and after tax (net column):

	Unaudited six months ended 30 September 2021 €000		Unaudited six months ended 30 September 2020 €000	
	Gross	**Net**	Gross	Net
Basic earnings		**67,738**		56,549
Deduct gain on revaluation of investment properties	**(48,414)**	**(39,804)**	(31,909)	(27,183)
Add loss on sale of properties	**400**	**400**	10	161
Deduct gain on loss of control of subsidiaries	**(94)**	**(94)**	—	—
NCI relating to revaluation	**50**	**42**	46	46
Deduct revaluation gain on investment property relating to associates	**(1,665)**	**(1,247)**	(1,673)	(1,327)
Headline earnings		**27,035**		28,246

EPRA earnings

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Basic and diluted earnings attributable to owners of the Company	**67,738**	56,549
Gain on revaluation of investment properties	**(48,414)**	(31,909)
Add loss on disposal of properties (including tax)	**400**	161
Deduct gain on loss of control of subsidiaries	**(94)**	—
Refinancing costs, exit fees and prepayment penalties	**5,579**	—
Change in fair value of derivative financial instruments	**(160)**	132
Deferred tax in respect of EPRA earnings adjustments	**8,706**	4,674
NCI in respect of the above	**42**	46
Deduct revaluation gain on investment property relating to associates	**(1,665)**	(1,673)
Tax in relation to the revaluation gain on investment property relating to associates	**418**	346
EPRA earnings	**32,550**	28,326

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 3,295,750 own shares held (30 September 2020: 3,684,608), which are held by an Employee Benefit Trust on behalf of the Group.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
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10. Earnings per share continued
EPRA earnings continued

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 2021	Unaudited six months ended 30 September 2020
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,052,600,936**	1,037,394,967
Effect of grant of SIP shares	**5,709,250**	2,894,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,070,514,305**	1,053,039,717

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 the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), the gain on loss of control of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI 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.

11. Net asset value per share

	Unaudited 30 September 2021 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	**982,579**	926,533
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation	**65,037**	56,331
Derivative financial instruments at fair value	**507**	1,141
Adjusted net asset value attributable to the owners of the Company	**1,048,123**	984,005
Number of shares		
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,060,888,489**	1,049,132,259
Number of ordinary shares for the purpose of EPRA NTA per share	**1,078,801,858**	1,064,717,009
Net asset value per share	**92.62c**	88.31c
Adjusted net asset value per share	**98.80c**	93.79c
EPRA NTA per share	**97.02c**	92.29c
Net asset value at the end of the period (basic)	**982,579**	926,533
Derivative financial instruments at fair value	**507**	1,141
Deferred tax in respect of EPRA earnings adjustments	**65,037**	56,331
Goodwill as per note 13	**(3,738)**	(3,738)
Intangibles as per note 13	**(3,437)**	(2,830)
Deferred tax in respect of EPRA adjustments in relation to investment in associates	**5,676**	5,212
EPRA NTA	**1,046,624**	982,649

11. Net asset value per share continued

	EPRA NRV 30 September 2021 €000	EPRA NTA 30 September 2021 €000	EPRA NDV 30 September 2021 €000
Net asset value as at period end (basic)	**982,579**	**982,579**	**982,579**
Diluted EPRA net asset value at fair value	**982,579**	**982,579**	**982,579**
Group			
Derivative financial instruments at fair value	**507**	**507**	**n/a**
Deferred tax in respect of EPRA earnings adjustments	**65,037**	**65,037***	**n/a**
Goodwill as per note 13	**n/a**	**(3,738)**	**(3,738)**
Intangibles as per note 13	**n/a**	**(3,437)**	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(12,253)**
Real estate transfer tax	**112,700**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	**5,676**	**5,676***	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(3,757)**
Real estate transfer tax	**8,684**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV	**1,175,183**	**1,046,624**	**962,831**
EPRA NRV, NTA and NDV per share	**108.93c**	**97.02c**	**89.25c**

	EPRA NRV 31 March 2021 €000	EPRA NTA 31 March 2021 €000	EPRA NDV 31 March 2021 €000
Net asset value as at period end (basic)	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments	56,331	56,331*	n/a
Goodwill as per note 13	n/a	(3,738)	(3,738)
Intangibles as per note 13	n/a	(2,830)	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,485)
Real estate transfer tax	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	5,212	5,212*	n/a
Fair value of fixed interest rate debt	n/a	n/a	(1,772)
Real estate transfer tax	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV	1,102,263	982,649	917,538
EPRA NRV, NTA and NDV per share	103.53c	92.29c	86.18c

* 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 period end.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

11. Net asset value per share continued

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

	Unaudited 30 September 2021	31 March 2021
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,060,888,489**	1,049,132,259
Effect of grant of SIP shares	**5,709,250**	2,834,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	**1,078,801,858**	1,064,717,009

The number of shares has been reduced by 3,295,750 own shares held (31 March 2021: 3,684,608 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 2021 €000	31 March 2021 €000
Total investment properties at book value as at the beginning of the period	**1,362,192**	1,193,915
Additions – owned investment properties	**20,221**	35,484
Additions – leased investment properties	**4,378**	1,518
Capital expenditure and broker fees	**9,574**	31,720
Disposals	**—**	(30)
Gain on revaluation above capex and broker fees	**51,445**	104,156
Adjustment in respect of lease incentives	**52**	(246)
Deficit on revaluation relating to leased investment properties	**(3,083)**	(4,325)
Total investment properties at book value as at period end	**1,444,779**	1,362,192

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 2021 €000	31 March 2021 €000
Owned investment properties at market value per valuer's report	**1,432,010**	1,350,770
Adjustment in respect of lease incentives	**(3,551)**	(3,603)
Leased investment property market value	**16,320**	15,025
Total investment properties at book value as at period end	**1,444,779**	1,362,192

The fair value (market value) of the Group's owned investment properties at 30 September 2021 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (31 March 2021: 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 methodology and assumptions used to determine the fair value of the properties are consistent with the previous year.

The weighted average lease expiry remaining across the whole portfolio at 30 September 2021 was 2.7 years (31 March 2021: 2.9 years).

The fair value (market value) of the Group's leased investment properties as at 30 September 2021 has been arrived at on the basis of a valuation carried out by management using discounted cash flows similar to the approach of Cushman & Wakefield LLP.

12. Investment properties continued

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

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Gain on revaluation above capex and broker fees	**51,445**	34,379
Adjustment in respect of lease incentives	**52**	(853)
Deficit on revaluation relating to leased investment properties	**(3,083)**	(1,617)
Gain on revaluation of investment properties reported in the statement of comprehensive income	**48,414**	31,909

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 €55.9 million and gross losses of €7.5 million (30 September 2020: gross gains of €42.2 million and gross losses of €10.3 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.

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 period. 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).

The valuation for owned investment properties is performed on a lease-by-lease basis due to the mixed-use nature of the sites using the discounted cash flow technique. This gives rise to large ranges in the inputs.

30 September 2021

	Market value (€000)	Current rental rate per sqm (€)		Market rental rate per sqm (€)		Occupancy (%)		Gross initial yield (%)		Discount factor (%)		Void period (months)	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks													
Mature	**341,010**	**2.67**	**8.29**	**2.65**	**8.46**	**87.9**	**100.0**	**4.0**	**8.6**	**3.6**	**5.8**	**6**	**12**
Value add	**476,540**	**2.14**	**6.46**	**3.41**	**6.91**	**49.4**	**96.4**	**4.0**	**9.1**	**4.1**	**7.5**	**9**	**18**
Total traditional business parks	**817,550**	**2.14**	**8.29**	**2.65**	**8.46**	**49.4**	**100.0**	**4.0**	**9.1**	**3.6**	**7.5**	**6**	**18**
Modern business parks													
Mature	**220,190**	**5.05**	**10.14**	**3.66**	**9.92**	**93.9**	**100.0**	**4.7**	**10.1**	**3.6**	**5.3**	**6**	**15**
Value add	**154,200**	**3.76**	**7.54**	**4.36**	**8.24**	**77.2**	**90.6**	**5.4**	**8.3**	**4.6**	**5.6**	**9**	**18**
Total modern business parks	**374,390**	**3.76**	**10.14**	**3.66**	**9.92**	**77.2**	**100.0**	**4.7**	**10.1**	**3.6**	**5.6**	**6**	**18**
Office													
Mature	**17,480**	**7.72**	**9.70**	**9.19**	**9.30**	**86.6**	**89.9**	**4.6**	**6.6**	**4.5**	**4.8**	**9**	**9**
Value add	**222,590**	**0.86**	**11.27**	**5.98**	**10.30**	**17.9**	**92.0**	**1.1**	**9.9**	**4.8**	**6.8**	**9**	**15**
Total office	**240,070**	**0.86**	**11.27**	**5.98**	**10.30**	**17.9**	**92.0**	**1.1**	**9.9**	**4.5**	**6.8**	**9**	**15**
Total	**1,432,010**	**0.86**	**11.27**	**2.65**	**10.30**	**17.9**	**100.0**	**1.1**	**10.1**	**3.6**	**7.5**	**6**	**18**

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12. Investment properties continued

31 March 2021

	Market value (€000)	Current rental rate per sqm (€)		Market rental rate per sqm (€)		Occupancy (%)		Gross initial yield (%)		Discount factor (%)		Void period (months)	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks													
Mature	326,650	2.67	8.16	2.65	8.46	91.3	100.0	4.7	8.8	3.8	5.9	6	12
Value add	439,100	1.99	6.44	3.33	6.91	49.5	97.3	4.7	9.3	4.3	7.4	9	18
Total traditional business parks	765,750	1.99	8.16	2.65	8.46	49.5	100.0	4.7	9.3	3.8	7.4	6	18
Modern business parks													
Mature	209,600	4.78	10.01	3.63	9.79	91.6	100.0	5.4	10.0	3.8	5.4	6	15
Value add	144,400	3.61	7.09	4.35	8.24	77.2	88.2	5.9	8.6	5.0	5.9	9	24
Total modern business parks	354,000	3.61	10.01	3.63	9.79	77.2	100.0	5.4	10.0	3.8	5.9	6	24
Office													
Mature	17,080	7.81	9.70	9.19	9.21	91.6	94.0	4.7	6.9	4.6	4.8	9	9
Value add	213,940	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	4.9	6.9	9	15
Total office	231,020	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	4.6	6.9	9	15
Total	1,350,770	1.99	11.35	2.65	10.30	49.5	100.0	2.6	10.4	3.8	7.4	6	24

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 valuations shown in the statement of financial position. Key inputs are considered to be interrelated whereby changes in one key input can result in changes in other key inputs. The impact of changes in relation to the key inputs is also shown in the table below:

30 September 2021

	Market value (€000)	Change of 5% in market rental rates (€000)		Change of 0.25% in discount rates (€000)		Change of 0.5% in gross initial yield (€000)	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	**817,550**	**40,990**	**(41,270)**	**(16,910)**	**17,250**	**(66,605)**	**80,237**
Total modern business parks	**374,390**	**18,270**	**(18,250)**	**(7,800)**	**8,050**	**(27,258)**	**32,114**
Total office	**240,070**	**12,480**	**(12,220)**	**(4,910)**	**5,060**	**(21,561)**	**30,568**
Market value	**1,432,010**	**71,740**	**(71,740)**	**(29,620)**	**30,360**	**(115,424)**	**142,919**

12. Investment properties continued

31 March 2021

	Market value (€000)	Change of 5% in market rental rates (€000)		Change of 0.25% in discount rates (€000)		Change of 0.5% in gross initial yield (€000)	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	765,750	38,310	(38,000)	(15,030)	15,950	(58,824)	69,947
Total modern business parks	354,000	17,350	(17,190)	(7,560)	7,960	(24,479)	28,561
Total office	231,020	11,680	(11,480)	(4,520)	4,850	(18,859)	23,308
Market value	1,350,770	67,340	(66,670)	(27,110)	28,760	(102,162)	121,816

13. Intangible assets

	Unaudited 30 September 2021 €000	31 March 2021 €000
Goodwill	**3,738**	3,738
Software and licences	**3,437**	2,830
Balance as at period end	**7,175**	6,568

14. Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets (excluding those classified as investment properties) recognised and the movements during the period:

	Office €000	Total €000
As at 31 March 2020	2,440	2,440
Additions	—	—
Depreciation expense	(260)	(260)
As at 30 September 2020 (unaudited)	2,180	2,180
Additions	—	—
Depreciation expense	(261)	(261)
As at 31 March 2021	1,919	1,919
Additions	—	—
Depreciation expense	(260)	(260)
As at 30 September 2021 (unaudited)	**1,659**	**1,659**

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 €16,320,000 (31 March 2021: €15,025,000) are classified as investment properties, of which €6,355,000 (31 March 2021: €9,355,000) relate to commercial property.

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

	Unaudited 30 September 2021 €000	31 March 2021 €000
Balance as at the beginning of the period	**(14,987)**	(19,150)
Accretion of interest	**(143)**	(349)
Additions	**(4,378)**	(1,518)
Payments	**3,074**	6,030
Balance as at period end	**(16,434)**	(14,987)
Current lease liabilities as at period end	**(3,915)**	(5,857)
Non-current lease liabilities as at period end	**(12,519)**	(9,130)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
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14. Right of use assets and lease liabilities continued

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities:

30 September 2021	Within 1 year €000	1–5 years €000	5+ years €000	Total €000
Commercial property*	(3,159)	(945)	(653)	(4,757)
Long-term leasehold*	(234)	(978)	(8,753)	(9,965)
Office space	(522)	(1,190)	—	(1,712)
Total	(3,915)	(3,113)	(9,406)	(16,434)

31 March 2021	Within 1 year €000	1–5 years €000	5+ years €000	Total €000
Commercial property*	(5,208)	(1,364)	(776)	(7,348)
Long-term leasehold*	(133)	(560)	(4,977)	(5,670)
Office space	(516)	(1,453)	—	(1,969)
Total	(5,857)	(3,377)	(5,753)	(14,987)

* These lease liabilities relate to right of use assets recorded as investment properties.

The overall weighted average discount rate used for the period is 1.9% (31 March 2021: 1.9%).

15. Other non-current assets

	Unaudited 30 September 2021 €000	31 March 2021 €000
Guarantees and deposits	3,307	1,806
Loans to associates	44,278	43,154
Balance as at period end	47,585	44,960

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2026, are fully subordinated and are charged at a fixed interest rate.

16. Investment in associates

The principal activity of the associates is the investment in, and development of, commercial property located in Germany and to provide conventional and flexible workspace. Since the associates are individually immaterial the Group is disclosing aggregated information for the associates.

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

	Unaudited 30 September 2021 €000	31 March 2021 €000
Current assets	18,603	31,183
Non-current assets	332,451	244,289
Current liabilities	(8,346)	(10,224)
Non-current liabilities	(291,380)	(221,756)
Equity	51,328	43,492
Unrecognised accumulated losses	4,858	5,657
Sub-total	56,186	49,149
Group's share in equity – 35%	19,665	17,202

16. Investment in associates continued

	Unaudited six months ended 30 September 2021 €000	31 March 2021 €000
Net operating income	**9,934**	14,063
Gain on revaluation of investment properties	**5,717**	12,693
Administrative expense	**(1,448)**	(1,976)
Operating profit	**14,203**	24,780
Net finance costs	**(4,744)**	(9,078)
Profit before tax	**9,459**	15,702
Taxation	**(1,624)**	(2,590)
Unrecognised (profit)/loss	**(799)**	1,109
Total comprehensive income for the period after tax	**7,036**	14,221
Group's share of profit for the period – 35%	**2,463**	4,977

Included within the non-current liabilities are shareholder loans amounting to €126,509,000 (31 March 2021: €123,296,000). As at period end no contingent liabilities existed (31 March 2021: none). The associates had contracted capital expenditure for development and enhancements of €2,783,000 as at period end (31 March 2021: €296,000).

The following table illustrates the movement in investment in associates:

	Unaudited 30 September 2021 €000	31 March 2021 €000
Balance as at the beginning of the period	**17,202**	12,306
Dividend received	**—**	(81)
Share of profit	**2,463**	4,977
Balance as at period end	**19,665**	17,202

17. Trade and other receivables

	Unaudited 30 September 2021 €000	31 March 2021 €000
Gross trade receivables	**10,968**	11,758
Expected credit loss provision (refer to note 5)	**(4,350)**	(5,431)
Net trade receivables	**6,618**	6,327
Other receivables	**10,914**	11,334
Prepayments	**78,067**	1,070
Balance as at period end	**95,599**	18,731

Other receivables include lease incentives of €3,551,000 (31 March 2021: €3,603,000).

Prepayments include costs totalling €75,771,000 (31 March 2021: €nil) relating to the acquisitions of new sites in Oberhausen, Frankfurt, Essen, Heiligenhaus and Neckartenzlingen that were notarised before 30 September 2021 and are expected to complete in the second half of the financial year (see note 27).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

18. Cash and cash equivalents

	Unaudited 30 September 2021 €000	31 March 2021 €000
Cash at bank	**172,715**	49,305
Restricted cash	**14,891**	16,369
Balance as at period end	**187,606**	65,674

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at period end is €187,606,000 (31 March 2021: €65,674,000).

The following table illustrates the breakdown of cash held in restricted accounts:

	Unaudited 30 September 2021 €000	31 March 2021 €000
Deposits received from tenants	**13,551**	12,736
Office rent deposits	**–**	131
Cash reserved for future bank loan interest and amortisation payments of the Group's banking facilities	**–**	2,192
Deposit for bank guarantees	**1,340**	1,310
Total	**14,891**	16,369

19. Trade and other payables

	Unaudited 30 September 2021 €000	31 March 2021 €000
Trade payables	**6,130**	7,107
Accrued expenses	**18,891**	19,034
Interest and amortisation payable	**1,495**	489
Tenant deposits	**13,551**	12,736
Unearned revenue	**4,373**	4,642
Other payables	**4,735**	6,519
Balance as at period end	**49,175**	50,527

Accrued expenses include costs totalling €8,789,000 (31 March 2021: €9,465,000) relating to service charge costs that have not been invoiced to the Group.

Included within other payables are mainly credit balances due to tenants in relation to over collections of service charge in amount of €2,260,000 (31 March 2021: €3,830,000).

Unearned revenue includes service charge amounts of €952,000 (31 March 2021: €1,068,000). 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 2021 €000	31 March 2021 €000
Current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	**–**	1,180
– hedged floating rate facility	Hedged[1]	30 October 2024	**–**	459
– capped floating rate facility	Capped[2]	25 March 2025	**–**	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	**–**	2,968
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**1,895**	1,881
– fixed rate facility	0.90	31 October 2023	**1,473**	1,467
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**766**	760
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged[3]	31 December 2023	**1,110**	1,110
– floating rate facility	Floating[3]	31 December 2023	**140**	140
Capitalised finance charges on all loans			**(598)**	(1,611)
			4,786	9,114

1 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%. The capex facility is charged with a floating rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. The facility was repaid in full during the six month period ended 30 September 2021.

2 This facility is hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. The facility was repaid in full during the six month period ended 30 September 2021.

3 Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.40%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.25%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%. €6.5 million and €0.5 million are charged with a floating rate of 1.20% over three month EURIBOR (not less than 0%).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
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20. Interest-bearing loans and borrowings continued

	Interest rate %	Loan maturity date	Unaudited 30 September 2021 €000	31 March 2021 €000
Non-current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	**–**	51,330
– hedged floating rate facility	Hedged[1]	30 October 2024	**–**	21,325
– floating rate facility	Floating[1]	30 October 2024	**–**	2,000
– capped floating rate facility	Capped[2]	25 March 2025	**–**	34,960
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	**–**	56,135
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**59,186**	60,137
– fixed rate facility	0.90	31 October 2023	**111,105**	111,843
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**14,645**	15,030
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged[3]	31 December 2023	**51,611**	52,166
– floating rate facility	Floating[3]	31 December 2023	**6,311**	6,381
Schuldschein				
– floating rate facility	Floating[4]	5 December 2022	**5,000**	5,000
– floating rate facility	Floating[4]	6 January 2023	**10,000**	10,000
– floating rate facility	Floating[4]	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**	20,000
Capitalised finance charges on all loans			**(8,513)**	(2,367)
			684,345	458,940
Total			**689,131**	468,054

1 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%. The capex facility is charged with a floating rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. The facility was repaid in full during the six month period ended 30 September 2021.

2 This facility is hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. The facility was repaid in full during the six month period ended 30 September 2021.

3 Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.40%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.25%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%. €6.5 million and €0.5 million are charged with a floating rate of 1.20% over three month EURIBOR (not less than 0%).

4 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 tranche 3.

The Group has pledged 15 (31 March 2021: 42) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 15 (31 March 2021: 42) properties had a combined valuation of €484,329,000 as at period end (31 March 2021: €1,101,689,000).

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59.0 million to refinance two existing Macquarie loan facilities. The loan was scheduled to terminate on 1 September 2022. Amortisation was charged at 2% per annum with the remainder scheduled to be due in the seventh year. The loan facility was charged at a fixed interest rate of 1.84%. This facility was secured over eleven property assets that were previously financed through the Macquarie loan facilities. The facility was subject to various covenants with which the Group had complied. The facility was repaid in full during the six month period ended 30 September 2021.

20. Interest-bearing loans and borrowings continued

SEB AG continued

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, was hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, was hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan was scheduled to terminate on 30 October 2024. Amortisation was 2.0% per annum across the full facility with the remainder scheduled to be due in one instalment on the final maturity date. The facility was secured over three property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility was not subject to amortisation and was charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. The capex facility is no longer available following the repayment of the SEB AG debt facilities during the six month period ended 30 September 2021.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan was scheduled to terminate on 25 March 2025. Amortisation was 2% per annum with the remainder scheduled to be due in one instalment on the final maturity date. The loan facility was 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 limited the Group's interest rate exposure on the facility to 2.33%. The facility was secured over six property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility was not subject to amortisation and was charged at an interest rate of 1.58%. The capex facility was undrawn and is no longer available following the repayment of the SEB AG debt facilities during the six month period ended 30 September 2021.

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. Amortisation was 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) was charged interest at 3% plus three months' EURIBOR and was capped at 4.5%, and the other half (€55.2 million) was hedged at a rate of 4.265% until 31 March 2019. This facility was secured over nine property assets and was 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 was split into two tranches totalling €137.0 million and was scheduled to terminate on 27 April 2023. Tranche 1, totalling €94.5 million, was charged at a fixed interest rate of 1.66% for the full term of the loan. Tranche 2, totalling €42.5 million, was charged with a floating rate of 1.57% over three month EURIBOR (not less than 0%) for the full term of the loan. Amortisation was set at 2.5% across the full facility with the remainder scheduled to be due in one instalment on the final maturity date.

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.

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 facility was repaid in full during the six month period ended 30 September 2021.

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 facility totals €70.0 million and was scheduled to terminate on 29 October 2023. Amortisation was 2.5% per annum with the remainder due at maturity. The facility was charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility was secured over six property assets. The loan was subject to various covenants with which the Group had complied. On 13 September 2019, the facility was incorporated into the agreement as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
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20. Interest-bearing loans and borrowings continued

Berlin Hyp AG continued

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 2021.

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 2021.

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 was 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 3 of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan has been treated as a new loan and is charged with a floating interest rate of 1.20% plus three month EURIBOR (not less than 0%). 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 2021.

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 fully drawn down unsecured facility amounts to €50.0 million spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 2.6 years with no amortisation. The Schuldschein 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 2021.

Corporate bond

On 22 June 2021, the Group raised its inaugural corporate bond for €400.0 million. The bond has a term of five years and an interest rate of 1.125% due annually on its anniversary date, with the principal balance coming due on 22 June 2026. The funds from the bond have been partially utilised to repay the SEB AG and Berlin Hyp AG/Deutsche Pfandbriefbank AG loans and fund acquisitions. The corporate bond is subject to various covenants with which the Group has complied.

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:

		Unaudited 30 September 2021		31 March 2021	
	Fair value hierarchy level	**Carrying amount €000**	**Fair value €000**	Carrying amount €000	Fair value €000
Financial assets					
Cash and cash equivalents		**187,606**	**187,606**	65,674	65,674
Trade and other receivables		**17,288**	**17,288**	15,864	15,864
Loans to associates	**2**	**44,278**	**44,278**	43,154	43,154
Derivative financial instruments	**2**	**—**	**—**	70	70
Financial liabilities					
Trade and other payables		**25,911**	**25,911**	26,851	26,851
Derivative financial instruments	**2**	**507**	**507**	1,211	1,211
Interest-bearing loans and borrowings*					
Floating rate borrowings	**2**	**26,451**	**26,451**	28,521	28,521
Floating rate borrowings – hedged**	**2**	**52,721**	**52,721**	75,060	75,060
Floating rate borrowings – capped**	**2**	**—**	**—**	35,720	35,720
Fixed rate borrowings	**2**	**619,070**	**631,323**	332,731	336,216

* Excludes loan issue costs.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED
for the six months ended 30 September 2021

22. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	–
As at 30 September 2021 and 31 March 2021	**Unlimited**	**–**

Issued and fully paid	Number of shares	Share capital €
As at 31 March 2020	1,036,257,101	–
Issued ordinary shares	6,981,451	6,043,000
Transfer of share capital to other distributable reserves	–	(6,043,000)
Issued Treasury Shares	–	–
Shares issued to the Employee Benefit Trust	(1,883,980)	–
Shares allocated by the Employee Benefit Trust	312,092	–
As at 30 September 2020	1,041,666,664	–
Issued ordinary shares	7,465,595	7,126,000
Transfer of share capital to other distributable reserves	–	(7,126,000)
Issued Treasury Shares	–	–
Shares issued to the Employee Benefit Trust	–	–
Shares allocated by the Employee Benefit Trust	–	–
As at 31 March 2021	1,049,132,259	–
Issued ordinary shares	11,367,372	9,195,000
Transfer of share capital to other distributable reserves	–	(9,195,000)
Issued Treasury Shares	–	–
Shares issued to the Employee Benefit Trust	–	–
Shares allocated by the Employee Benefit Trust	388,858	–
As at 30 September 2021	**1,060,888,489**	**–**

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 14 June 2021, the Company issued 8,101,162 ordinary shares at an issue price of £1.00432 resulting in the Company's overall issued share capital being 1,064,184,239 ordinary shares. In addition, the Company issued 3,266,210 shares in relation to the exercise of the LTIP 2019 (January 2019 grant) as per note 7.

During the period no shares were acquired and 388,858 were allocated by the Employee Benefit Trust. A total of 3,295,750 shares purchased at an average share price of €0.7880 are held by the Employee Benefit Trust (31 March 2021: 3,684,608 shares purchased at an average share price of €0.7878). The total number of shares with voting rights was 1,064,184,239 (31 March 2021: 1,052,816,867). 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 2021: none) and there are no Treasury Shares held at the period end (31 March 2021: none).

23. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends and the transfer of share capital in regard to scrip dividends, share-based payment transactions and the buyback of shares and is €437,053,000 in total at period end (31 March 2021: €449,051,000).

24. Dividends

On 7 June 2021, the Company announced a dividend of 1.98c per share, with a record date of 9 July 2021 for UK and South African shareholders and payable on 19 August 2021. On the record date, 1,054,755,527 shares were in issue. Since there were no shares held in treasury, 1,054,755,527 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 476,206,726 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €9,429,000 (€9,195,000 as at settlement date) while holders of 578,548,801 shares opted for a cash dividend with a value of €11,455,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,388,000 (€11,381,000 as at settlement date). The total dividend was €20,817,000 (€20,576,000 as at settlement date).

The Group's profit attributable to the owners of the Company for the period was €67.7 million (30 September 2020: €56.5 million). The Board has authorised a dividend relating to the six month period ended 30 September 2021 of 2.04c per share, representing 65% of FFO*.

It is expected that, for the dividend authorised relating to the six month period ended 30 September 2021, the ex-dividend date will be 14 December 2021 for shareholders on the South African register and 16 December 2021 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 17 December 2021 and the dividend will be paid on 20 January 2022. A detailed dividend announcement will be made on 29 November 2021, including details of a scrip dividend alternative.

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

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

The dividend per share was calculated as follows:

	Unaudited six months ended 30 September 2021 €m	Unaudited six months ended 30 September 2020 €m
Reported profit before tax	**78.2**	62.2
Adjustments for:		
Gain on revaluation of investment properties	**(48.4)**	(31.9)
Deficit on revaluation expense relating to leased investment properties	**(3.1)**	(1.6)
Loss on disposals of properties	**0.4**	—
Gain on loss of control of subsidiaries	**(0.1)**	—
Deduct revaluation gain on investment property from associates and related tax	**(1.5)**	(1.3)
Other adjusting items*	**7.0**	1.6
Change in fair value of financial derivatives	**(0.2)**	0.1
Adjusted profit before tax	**32.3**	29.1
Adjustments for:		
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	**0.9**	0.8
Amortisation of financing fees	**1.0**	0.8
Adjustment in respect of IFRS 16	**0.5**	(1.0)
Current taxes incurred (see note 9)	**(1.7)**	(0.9)
Add back current tax relating to disposals	**—**	0.3
Funds from operations, six months ended 30 September	**33.0**	29.1
Dividend pool, six months ended 30 September**	**21.6**	19.0
Dividend per share, six months ended 30 September	**2.04c**	1.82c

* Includes expense relating to share awards and refinancing costs, exit fees and prepayment penalties. See note 10 for details.

** Calculated as 65% of FFO of 3.14c per share (30 September 2020: 2.80c per share using 65% of FFO), based on average number of shares outstanding of 1,052,600,936 (30 September 2020: 1,037,394,967).

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.

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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:

Consolidated statement of financial position	**Unaudited 30 September 2021 €000**	31 March 2021 €000
Loans to associates	**44,278**	43,154
Trade and other receivables	**2,014**	3,371
Total	**46,292**	46,525

Trade and other receivables relate to amounts owed from the services supplied to the associates and are due to be settled 14 days after being invoiced.

As a result of unchanged credit quality no material impairments have been recognised in the period.

Consolidated statement of comprehensive income	**Unaudited six months ended 30 September 2021 €000**	Unaudited six months ended 30 September 2020 €000
Services supplied	**5,568**	1,045
Interest income	**1,554**	1,302
Total	**7,122**	2,347

Services provided to related parties primarily relate to the provision of property and asset management services. A performance fee arrangement is in place between the associates and the Group. The performance fee was €nil during the period.

26. Capital and other commitments

As at period end, the Group had contracted capital expenditure for development and enhancements on existing properties of €8,389,000 (31 March 2021: €8,666,000) and capital commitments in relation to the notarised asset of €52,150,000.

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

27. Post balance sheet events

On 1 October 2021, the Group completed the acquisition of a business park at Heiligenhaus, North Rhine-Westphalia. The total acquisition cost amounted to €14.2 million. The property is a multi-tenant business park, providing approximately 45,000 sqm of lettable space consisting of around 23,200 sqm of office space, 11,400 sqm of warehouse space, 7,800 sqm of production space and 2,600 sqm of other space. The property currently generates annualised net operating income of €1.12 million per annum on 77% occupancy.

On 1 November 2021, the Group completed the acquisition of a business park in Frankfurt, a multi-tenanted office tower comprising total lettable area of approximately 10,000 sqm for €21.2 million. The property generates annualised net operating income of €0.6 million per annum at 54% occupancy and has a remaining weighted average lease term of 2.9 years.

On 1 November 2021, the Group completed the acquisition of a business park in Erfurt. The total acquisition cost amounted to €11.7 million. The multi-tenant park consists of 14,000 sqm of lettable industrial space with an office portion of c.7,400 sqm and 760 sqm of other space. The property currently generates annualised net operating income of €0.6 million per annum at 81% occupancy.

On 1 November 2021, the Group completed the acquisition of a business park in Essen. The total acquisition cost amounted to €12.2 million. The property generates annualised net operating income of €0.8 million per annum at 81% occupancy.

27. Post balance sheet events continued

On 29 October 2021, the Company notarised for the disposal of an asset in Magdeburg for a sale price of €13.8 million. The transaction is expected to complete in the second half of the financial year.

On 4 November 2021 the Company agreed a €75.0 million bilateral revolving credit facility with HSBC Trinkaus & Burkhardt. The loan facility is charged with a variable interest rate tied to the Company's Fitch credit rating as follows: (a) BBB+ (1.2%); (b) BBB (1.2%); and (c) BBB- or lower (1.5%) with a 0% EURIBOR floor. In addition, the facility's loan covenants are consistent with the corporate bond covenants described in note 20. The loan facility is comprised of: (i) a €25.0 million bilateral credit facility which has a two year term and which may be extended twice for an additional year per extension; and (ii) a €50 million bilateral top-up credit facility which is repayable in full six months after draw down. At the approval date of the Interim Report, no drawdowns of this facility have been made.

BUSINESS ANALYSIS

Non-IFRS measures

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Total comprehensive income for the period attributable to the owners of the Company	**67,738**	56,549
Gain on revaluation of investment properties	**(48,414)**	(31,909)
Loss on disposal of properties (net of related tax)	**400**	161
Gain on loss of control of subsidiaries (net of related tax)	**(94)**	–
Add finance restructuring costs	**5,579**	–
Change in fair value of derivative financial instruments	**(160)**	132
Deferred tax in respect of EPRA earnings adjustments	**8,706**	4,674
NCI in respect of the above	**42**	46
Deduct revaluation gain relating to investment in associates	**(1,665)**	(1,673)
Tax in relation to the above	**418**	346
EPRA earnings	**32,550**	28,326
Add change in deferred tax relating to derivative financial instruments	**(96)**	52
Add change in fair value of derivative financial instruments	**160**	(132)
Deduct finance restructuring costs	**(5,579)**	–
NCI in respect of the above	**–**	–
Headline earnings after tax	**27,035**	28,246
Add change in fair value of derivative financial instruments (net of related tax)	**(64)**	80
Deduct revaluation expense relating to leased investment properties	**(3,083)**	(1,617)
Add adjusting items* (net of related tax)	**6,974**	1,613
Adjusted earnings after tax	**30,862**	28,322

* See note 10 of the Interim Report.

For more information on EPRA earnings refer to Annex 1.

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
EPRA earnings	**32,550**	28,326
Weighted average number of ordinary shares	**1,052,600,936**	1,037,394,967
EPRA earnings per share (cents)	**3.09**	2.73
Headline earnings after tax	**27,035**	28,246
Weighted average number of ordinary shares	**1,052,600,936**	1,037,394,967
Headline earnings per share (cents)	**2.57**	2.72
Adjusted earnings after tax	**30,862**	28,322
Weighted average number of ordinary shares	**1,052,600,936**	1,037,394,967
Adjusted earnings per share (cents)	**2.93**	2.73

ANNEX 1 – NON-IFRS MEASURES

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, gains and losses on disposals of properties (including tax), the gain on loss of control of subsidiaries, refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties (including 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 at fair value 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 at fair value, 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 at fair value, deferred tax relating to valuation movements (excluding that relating to assets held for sale) and derivatives, goodwill and intangible assets as per the note reference in the consolidated 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 note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt (for the entire consolidated Group including wholly owned entities and investment in associates). 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 and related tax and includes the deficit on revaluation expense relating to leased investment properties. 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, funds from operations excludes depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding tax on disposals. The reconciliation for funds from operations is detailed in table D below.

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 Financial 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.

ANNEX 1 – NON-IFRS MEASURES CONTINUED

Basis of preparation continued

The Non-IFRS measures included in the Interim Report 2021 have not been reviewed nor reported on by the independent reporting accountant. The starting point for all the Non-IFRS Financial Information has been extracted from the Group's consolidated financial statements for the six months ended 30 September 2021 ("consolidated financial statements").

Table A – EPRA earnings

	Unaudited six months ended 30 September 2021 €000	Unaudited six months ended 30 September 2020 €000
Basic and diluted earnings attributable to owners of the Company[1]	**67,738**	56,549
Gain on revaluation of investment properties[2]	**(48,414)**	(31,909)
Add loss on disposal of properties (including tax)[3]	**400**	161
Deduct gain on loss of control of subsidiaries[4]	**(94)**	–
Refinancing costs, exit fees and prepayment penalties[5]	**5,579**	–
Change in fair value of derivative financial instruments[6]	**(160)**	132
Deferred tax in respect of EPRA earnings adjustments[7]	**8,706**	4,674
NCI in respect of the above[8]	**42**	46
Deduct revaluation gain on investment property relating to associates[9]	**(1,665)**	(1,673)
Tax in relation to the revaluation gain on investment property relating to associates[10]	**418**	346
EPRA earnings[11]	**32,550**	28,326

Notes:

1. 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 2021 (the "consolidated financial statements").
2. Row 2 presents the gain on revaluation of investment properties which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
3. Row 3 presents the gain or loss on disposal of properties (including tax) which has been extracted from note 10 within the consolidated financial statements.
4. Row 4 presents the gain on loss of control of subsidiaries which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
5. Row 5 presents the refinancing costs, exit fees and prepayment penalties which have been extracted from note 8 within the consolidated financial statements.
6. Row 6 presents the change in fair value of derivative financial instruments which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
7. 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 within the consolidated financial statements.
8. Row 8 presents the non-controlling interest relating to gain on revaluation and gain or loss on sale of properties (including tax) which has been extracted from note 10 within the consolidated financial statements.
9. Row 9 presents the revaluation gain on investment property relating to associates which has been extracted from note 10 within the consolidated financial statements.
10. Row 10 presents tax in relation to the revaluation gain on investment property relating to associates which has been extracted from note 10 within the consolidated financial statements.
11. Row 11 presents the EPRA earnings for the period.

Basis of preparation continued

Table B – Adjusted net asset value

	Unaudited 30 September 2021 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)[1]	**982,579**	926,533
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation[2]	**65,037**	56,331
Derivative financial instruments at fair value[3]	**507**	1,141
Adjusted net asset value attributable to the owners of the Company[4]	**1,048,123**	984,005

Notes:

1. 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 unaudited consolidated statement of financial position within the consolidated financial statements.
2. Row 2 presents deferred tax expense arising on revaluation gains of €65,094,000 (31 March 2021: €56,484,000) and a credit of €57,000 (31 March 2021: €153,000) arising on derivative financial instruments which have been extracted from note 9 within the consolidated financial statements. There is no deferred tax on the LTIP valuation.
3. Row 3 presents current derivative financial instrument assets of €nil (31 March 2021: €70,000) less current derivative financial instrument liabilities of €234,000 (31 March 2021: €414,000) less non-current derivative financial instrument liabilities of €273,000 (31 March 2021: €797,000) which have been extracted from the unaudited consolidated statement of financial position from the consolidated financial statements.
4. Row 4 presents the adjusted net asset value attributable to the owners of the Company as at period end.

Table C – EPRA net asset measures

	EPRA NRV	EPRA NTA	EPRA NDV
		New measures	
	30 September 2021 €000	30 September 2021 €000	30 September 2021 €000
Net asset value as at period end (basic)[1]	**982,579**	**982,579**	**982,579**
Diluted EPRA net asset value at fair value	**982,579**	**982,579**	**982,579**
Group			
Derivative financial instruments at fair value[2]	**507**	**507**	**n/a**
Deferred tax in respect of EPRA earnings adjustments[3]	**65,037**	**65,037***	**n/a**
Goodwill as per note 13[4]	**n/a**	**(3,738)**	**(3,738)**
Intangibles as per note 13[5]	**n/a**	**(3,437)**	**n/a**
Fair value of fixed interest rate debt[6]	**n/a**	**n/a**	**(12,253)**
Real estate transfer tax[7]	**112,700**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments[3]	**5,676**	**5,676***	**n/a**
Fair value of fixed interest rate debt[6]	**n/a**	**n/a**	**(3,757)**
Real estate transfer tax[7]	**8,684**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV[8]	**1,175,183**	**1,046,624**	**962,831**

ANNEX 1 – NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table C – EPRA net asset measures continued

	EPRA NRV	EPRA NTA	EPRA NDV
	New measures		
	31 March 2021 €000	31 March 2021 €000	31 March 2021 €000
Net asset value as at period end (basic)[1]	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value[2]	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments[3]	56,331	56,331*	n/a
Goodwill as per note 13[4]	n/a	(3,738)	(3,738)
Intangibles as per note 13[5]	n/a	(2,830)	n/a
Fair value of fixed interest rate debt[6]	n/a	n/a	(3,485)
Real estate transfer tax[7]	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments[3]	5,212	5,212*	n/a
Fair value of fixed interest rate debt[6]	n/a	n/a	(1,772)
Real estate transfer tax[7]	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV[8]	1,102,263	982,649	917,538

* 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 period end.

Notes:

1. 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 unaudited consolidated statement of financial position within the consolidated financial statements.
2. Row 2 presents current derivative financial instrument assets of €nil (31 March 2021: €70,000) less current derivative financial instrument liabilities of €234,000 (31 March 2021: €414,000) less non-current derivative financial instrument liabilities of €273,000 (31 March 2021: €797,000) which have been extracted from the unaudited consolidated statement of financial position within the consolidated financial statements.
3. Row 3 presents for the Group deferred tax expense arising on revaluation gains of €65,094,000 (31 March 2021: €56,484,000) and a credit of €57,000 (31 March 2021: €153,000) arising on derivative financial instruments which have been extracted from note 9 of the consolidated financial statements and for EPRA NTA only the additional credit adjustment for the deferred tax expense relating to assets held for sale of €nil (31 March 2021: €nil). For investment in associates the deferred tax expense arising on revaluation gains amounted to €5,676,000 (31 March 2021: €5,212,000). There is no deferred tax on the LTIP valuation.
4. Row 4 presents the net book value of goodwill which has been extracted from note 13 within the consolidated financial statements.
5. Row 5 presents the net book value of software and licences with definite useful life which has been extracted from note 13 within the consolidated financial statements.
6. Row 6 presents the fair value of financial liabilities and assets on the unaudited consolidated statement of financial position, net of any related deferred tax.
7. 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.
8. Row 8 presents the EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at period end.

Basis of preparation continued

Table D – Adjusted profit before tax and funds from operations

	Unaudited six months ended 30 September 2021 €m	Unaudited six months ended 30 September 2020 €m
Reported profit before tax[1]	**78.2**	62.2
Adjustments for:		
Gain on revaluation of investment properties[2]	**(48.4)**	(31.9)
Deficit on revaluation relating to leased investment properties[3]	**(3.1)**	(1.6)
Loss on disposals of properties[4]	**0.4**	—
Gain on loss of control of subsidiaries[5]	**(0.1)**	—
Deduct revaluation gain on investment property from associates and related tax[6]	**(1.5)**	(1.3)
Other adjusting items[7]	**7.0**	1.6
Change in fair value of financial derivatives[8]	**(0.2)**	0.1
Adjusted profit before tax[9]	**32.3**	29.1
Adjustments for:		
Depreciation and amortisation (excluding depreciation relating to IFRS 16)[10]	**0.9**	0.8
Amortisation of financing fees[11]	**1.0**	0.8
Adjustment in respect of IFRS 16[12]	**0.5**	(1.0)
Current taxes incurred (see note 9)[13]	**(1.7)**	(0.9)
Add back current tax relating to disposals[14]	**—**	0.3
Funds from operations[15]	**33.0**	29.1

Notes:

1. Row 1 presents profit before tax which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
2. Row 2 presents the gain on revaluation of investment properties which has been extracted from the unaudited statement of comprehensive income within the consolidated financial statements.
3. Row 3 presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 12 within the consolidated financial statements.
4. Row 4 presents the gain or loss on disposal of properties which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
5. Row 5 presents the gain on loss of control of subsidiaries which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
6. Row 6 presents the revaluation gain on investment property relating to associates and related tax which has been extracted from note 10 within the consolidated financial statements and non-FFO related depreciation and amortisation of finance costs totalling €237,000 (30 September 2020: €nil) relating to associates.
7. Row 7 presents the total adjusting items which has been extracted from note 10 within the consolidated financial statements.
8. Row 8 presents the change in fair value of derivative financial instruments which has been extracted from the unaudited consolidated statement of comprehensive income within the consolidated financial statements.
9. Row 9 presents the adjusted profit before tax for the period.
10. Row 10 presents depreciation of plant and equipment and amortisation of intangible assets which have been extracted from note 5 within the consolidated financial statements.

Basis of preparation continued

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

11. Row 11 presents amortisation of capitalised finance costs which has been extracted from note 8 within the consolidated financial statements.
12. Row 12 presents the differential between the expense recorded in the unaudited consolidated statement of comprehensive income for the period relating to head leases in accordance with IFRS 16 amounting to €3.6 million (30 September 2020: €2.0 million) and the actual cash expense recorded in the unaudited consolidated statement of cash flow for the period amounting to €3.1 million (30 September 2020: €3.0 million).
13. Row 13 presents the total current income tax which has been extracted from note 9 within the consolidated financial statements.
14. Row 14 presents the current income tax charge relating to disposals of investment properties which has been extracted from note 9 within the consolidated financial statements.
15. Row 15 presents the funds from operations for the period.

GLOSSARY OF TERMS

Adjusted earnings	is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation gains/losses 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 owners of the Company adjusted for derivative financial instruments at fair value 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 owned 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 related tax
Annualised acquisition net operating income	is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised acquisition rent roll	is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised rent roll	is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 30 September 2021. 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 unaudited consolidated statement of comprehensive income for reasons including: » annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms; » rental income as reported within revenue represents rental income recognised in the period under review; and » 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 the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), the gain on loss of control of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI 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
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments at fair value, 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 at fair value, deferred tax relating to valuation movements (just the part of the portfolio that the Company intends to hold should be excluded) and derivatives, goodwill and intangible assets as per the note reference in the unaudited consolidated statement of financial position, including the amounts of the above related to the investment in associates

GLOSSARY OF TERMS CONTINUED

EPRA net disposal value	is the net asset value after adjusting for goodwill as per the note reference in the unaudited consolidated statement of financial position and the fair value of fixed interest rate debt including the amounts of the above related to the investment in associates
EPRA net initial yield	is the annualised rent roll based on the cash rents passing as at the reporting 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 tax on disposals
Geared 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
Senior management team	as set out on page 52 of the Group's Annual Report and Accounts 2021
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
WALE	is the weighted average lease expiry remaining
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

CORPORATE DIRECTORY

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LSE (GBP) Share Code: SRE
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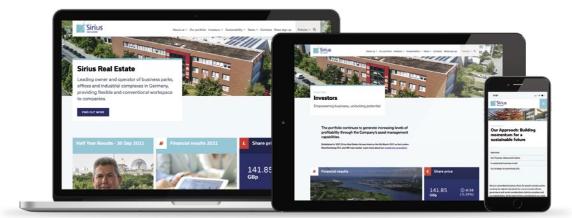

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