23 November 2020

# Sirius Real Estate Limited
# ("Sirius Real Estate", “Sirius” or the "Company")

Condensed consolidated financial results* for the six months ended 30 September 2020

**Resilient trading, strong cash collection driving FFO growth and underpinning dividend increase**

Sirius Real Estate, the leading operator of branded business parks providing conventional space and flexible workspace in Germany, today announces its half year results for the six months ended 30 September 2020.

**HIGHLIGHTS**

- 7.4% growth in funds from operations to €29.1 million (H1 2019: €27.1 million)
- 97.3% cash (rent and service charge) collection rate with €1.9 million outstanding for the period and similar collection rates already seen in the second half
- Profit before tax of €62.2 million (H1 2019: €79.7 million) which when adjusted for valuation gains of €33.5 million (H1 2019: €58.2 million) shows a 33.4% increase in underlying profitability
- 2.8%[1] increase in 1.5x covered dividend per share to 1.82c (H1 2019: 1.77c)
- 4.3% increase in investment property valuation and book value of €1,229.7 million (31 March 2020: €1,179.4 million)
- 5.0% growth in NAV per share to 81.18c (31 March 2020: 77.35c)
- Total enquiries up 17.4% on H1 2019 with strong momentum carried into the second half. Sales conversion rate remained robust at 13.4%
- Acquisition of industrial and office park in Norderstedt for €9.1 million agreed in September and due to complete in December 2020
- Net LTV[2] of 31.6% (31 March 2020: 32.8%) following the draw down of the last tranche of the €50.0 million unsecured Schuldschein debt which has a blended interest rate of 1.60%, an average maturity of 3.2 years and no amortisation
- Total cash balances of €128.4 million including €112.4 million of which is unrestricted providing significant firepower for strong pipeline of acquisitions
- Awarded AA MSCI ESG Rating in October 2020

1 Interim dividend representing 65% of FFO (H1 2019: 67% of FFO).
2 Includes unrestricted cash balances.

**Andrew Coombs, Chief Executive Officer of Sirius Real Estate, said:** “In what has been an unprecedented year with the COVID-19 pandemic causing widespread disruption to businesses the world over, Sirius’ strong first half results are all the more impressive. A combination of the quality and appeal of our assets to tenants, the ongoing operational excellence of our team and its fast response to the crisis, as well as business confidence in the robust and efficient way in which the German government has dealt with the pandemic, have allowed us to deliver year-on-year growth across our key operating metrics and maintain high cash collection rates. However, while the recent news of the potential vaccine has provided some much needed light at the end of the tunnel, we are not out of the woods yet and much uncertainty about the speed of any recovery remains. Nevertheless, I take great confidence from the fact that the wide range of competitively priced flexible and traditional office, storage, as well as industrial and manufacturing spaces we offer will continue to appeal to our growing customer base and drive income growth.

“Looking ahead we have a strong cash position and other liquid resources available to deploy into our healthy pipeline of opportunities as the investment markets begin to open up. Additionally, they allow us to continue to execute our disciplined capital expenditure and asset management programmes, which have delivered highly attractive returns over the years, in order to unlock the potential of our value add assets which comprise just over half of our €1.2 billion portfolio. Through organic and acquisitive growth we believe there is an opportunity to grow our funds from operations over the next few years, which should support a growing dividend.”

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**NOTES TO EDITORS**

**About Sirius Real Estate**

Sirius is a property company listed on the main market and premium segment of the London Stock Exchange and the Main Board of the Johannesburg Stock Exchange. It is a leading operator of branded business parks providing conventional space and flexible workspace in Germany. The Company's core strategy is the acquisition of business parks at attractive yields, the integration of these business parks into its network of sites under the Company's own name as well as offering a range of branded products within those sites, and the reconfiguration and upgrade of existing and vacant space to appeal to the local market, through intensive asset management and investment. The Company's strategy aims to deliver attractive returns for shareholders by increasing rental income and improving cost recoveries and capital values, as well as by enhancing those returns through financing its assets on favourable terms. Once sites are mature and net income and values have been optimised, the Company may take the opportunity to refinance the sites to release capital for investment in new sites or consider the disposal of sites in order to recycle equity into assets which present greater opportunity for the asset management skills of the Company's team.

Sirius also has a venture with clients represented by AXA Investment Managers – Real Assets. Titanium was formed through the acquisition by AXA Investment Managers – Real Assets, on behalf of its clients, from Sirius, of a 65% stake in five business parks across Germany. Sirius retained the remaining 35%. The venture seeks to grow primarily through the acquisition of larger stabilised business park assets and portfolios of assets with strong tenant profiles and occupancy. As well as its equity interest, Sirius acts as operator of the assets in the venture, on a fee basis. Sirius will continue to grow its wholly owned portfolio through acquisitions of more opportunistic assets, where it can capitalise on its asset management expertise to maximise utilisation of the space, grow occupancy and improve quality of the tenants. The strategies have been clearly defined so that the venture does not conflict with Sirius's existing business.

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

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# Business update

## Resilient trading and recovering markets

**In summary:**

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

**Overview**

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

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

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

**Financial performance**

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

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

***Table 1: Earnings per share***

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

The Directors have chosen to disclose EPRA earnings, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Refer to note 2(c) for further information.

With the investment market slowing down and the Company adopting a cautious approach to transactions over the last six months there was no contribution from acquisitions in the period under review. However, with the Norderstedt asset scheduled for

completion in December, €112.4 million of unrestricted cash resources available and assuming markets continuing their recent trend back towards normality, the contribution of acquisitions in the second half of the financial year is expected to be more meaningful.

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

***Table 2: Net assets per share***

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

* See note 11 of the Interim Report.

**Lettings and rent roll development**

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

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

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

***Table 3: Enquiries***

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

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

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

***Table 4: Lettings***

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

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

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

**Cash collection**

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

***Table 5: H1 Cash collection***

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

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

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

**Portfolio valuation**

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

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

* Including assets held for sale of €10.1 million.

***Table 6: Reconciliation of market value to book value***

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

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

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

***Table 7: Movement in book value in the period***

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

* Including assets held for sale of €10.1 million.

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

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

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

***Table 8: Book value valuation metrics***

| | Annualised rent roll €m | Book value €m | NOI €m | Capital value/sqm | Gross yield | Net yield | Vacant space sqm | Rate psm € | Occupancy % |
|---|---|---|---|---|---|---|---|---|---|
| Value-add assets | 53.7 | 703.7 | 46.0 | 699 | 7.6% | 6.5% | 213,449 | 5.87 | 78.1% |
| Mature assets | 35.5 | 521.9 | 32.6 | 1,012 | 6.8% | 6.3% | 23,859 | 6.28 | 95.2% |
| Other | — | — | (1.0) | — | — | — | — | — | — |
| **Total** | **89.2** | **1,225.5** | **77.6** | **805** | **7.3%** | **6.3%** | **237,308** | **6.03** | **83.9%** |

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

**Capex investment programmes**

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

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

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

In addition to the completed space, a total of 43,266 sqm of space is either in progress or awaiting approval to commence. A further €11.9 million is expected to be invested in this space, on top of the €1.8 million already spent, and, based on achieving budgeted

occupancy, incremental annualised rent roll in the region of €2.8 million is expected to be generated, also with further valuation increases.

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

***Table 9: New acquisition capex investment programme***

| New acquisition capex investment programme progress | sqm | Investment budgeted €m | Actual spend €m | Annualised rent roll increase budgeted €m | **Annualised rent roll increase achieved to September 2020 €m** | Occupancy budgeted | Occupancy achieved to September 2020 | Rate per sqm budgeted € | **Rate per sqm achieved to September 2020 €** |
|---|---|---|---|---|---|---|---|---|---|
| Completed | 127,895 | 28.4 | 25.0 | 9.4 | **8.0** | 82% | 71% | 7.49 | **7.33** |
| In progress | 19,080 | 4.8 | 1.8 | 1.2 | **0.1** | 83% | — | 6.49 | **—** |
| To commence in next financial year | 24,186 | 8.9 | — | 1.7 | **—** | 81% | — | 7.10 | **—** |
| **Total** | 171,161 | 42.1 | 26.8 | 12.3 | **8.1** | 82% | — | 7.32 | **—** |

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

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

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

***Table 10: Vacancy summary***

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

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

**Asset recycling, acquisitions and disposals**

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

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

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

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

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

***Table 11: Notarised acquisitions***

| Acquisitions | Total investment (incl. acquisition costs) €000 | Total acquisition sqm | Acquisition occupancy | Acquisition vacant sqm | Annualised acquisition rent roll €000 | Acquisition non-recoverable service charge costs €000 | Acquisition maintenance costs €000 | Annualised acquisition NOI € | EPRA net initial yield |
|---|---|---|---|---|---|---|---|---|---|
| Norderstedt | 9,059 | 12,626 | 100% | - | 783 | (85) | (5) | 693 | 7.6% |
| **Total** | **9,059** | **12,626** | **100%** | **-** | **783** | **(85)** | **(5)** | **693** | **7.6%** |

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

**Smartspace**

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

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

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

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

***Table 12: Smartspace***

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

**Financing and loan to value**

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

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

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

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

Following the final Schuldschein drawdown, the weighted average interest rate at 30 September 2020 was 1.5% (31 March 2020: 1.5%). The Group is subject to various hard and soft covenants with which it complied in the period under review. Interest cover at

EBITDA level amounted to 8.0x while the Company has a total of twelve assets held on an unencumbered basis with a book value of €124.0 million.

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

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

**Principal risks and uncertainties**
The key risks that affect the Group's medium-term performance and the factors that mitigate these risks have not materially changed from those set out in the Group's Annual Report and Accounts 2020. For further information on principal risks and uncertainties, please see note 2(f) of the Interim Report.

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

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

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

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

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

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

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

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

**Andrew Coombs**
***Chief Executive Officer***

**Alistair Marks**
***Chief Financial Officer***
*20 November 2020*

# 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 2020 that have materially affected, and any changes in the related party transactions described in the 2020 Annual Report that could materially affect, the financial position or performance of Sirius Real Estate Limited during the period.

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

- Danny Kitchen, Chairman*
- James Peggie, Senior Independent Director*
- Andrew Coombs, Chief Executive Officer
- Alistair Marks, Chief Financial Officer
- Caroline Britton*^
- Mark Cherry*
- Kelly Cleveland*^

* Non-executive Directors.
^ Appointed 1 June 2020.

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

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

By order of the Board

**Alistair Marks**
***Chief Financial Officer***
*20 November 2020*

# Independent Review Report to Sirius Real Estate Limited

**Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the unaudited consolidated statement of comprehensive income, the unaudited consolidated statement of financial position, the unaudited consolidated statement of changes in equity, the unaudited consolidated statement of cash flow and the related notes 1 to 27. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

**Directors' Responsibilities**

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

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

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

**Our Responsibility**

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

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with:

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

Ernst & Young LLP
London
20 November 2020

# Consolidated statement of comprehensive income

**for the six months ended 30 September 2020**

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

All operations of the Group have been classified as continuing.

# Consolidated statement of financial position

**as at 30 September 2020**

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

The financial statements in this interim report were approved by the Board of Directors on 20 November 2020 and were signed on its behalf by:

**Danny Kitchen**
***Chairman***

Company number: 46442

# Consolidated statement of changes in equity

**for the six months ended 30 September 2020**

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

# Consolidated statement of cash flow

**for the six months ended 30 September 2020**

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

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

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

# Notes forming part of the financial statements

**for the six months ended 30 September 2020**

## 1. General information

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

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

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

## 2. Significant accounting policies

### *(a) Basis of preparation*

The unaudited interim condensed set of consolidated financial statements has been prepared on a historical cost basis, except for investment properties, investment properties held for sale and derivative financial instruments, which have been measured at fair value. The unaudited interim condensed set of consolidated financial statements is presented in euros and all values are rounded to the nearest thousand (€000), except where otherwise indicated.

The financial information in these unaudited interim condensed set of consolidated financial statements does not comprise statutory accounts. These unaudited interim condensed set of consolidated financial statements has been reviewed, not audited, by the Group's auditors, Ernst & Young LLP, which issued an unmodified review opinion. The financial information presented for the year ended 31 March 2020 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 March 2020 were approved by the Board on 29 May 2020. The report of the auditors on those accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Sections 263 (2) or (3) of the Companies (Guernsey) Law, 2008.

As at 30 September 2020 the Group's consolidated interim financial statements reflect changes in the application of accounting policies as described in note 2(b).

### *(b) Changes in accounting policies*

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

### *(c) Non-IFRS measures*

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

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

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, the headline earnings calculation is prepared using the Headline Earnings Circular issued by the South African Institute of Chartered Accountants, resulting in adjustments for the revaluation surplus net of tax and gain/loss on sale of properties/investment in subsidiaries net of related tax. Note 10 to the interim financial statements includes a reconciliation between IFRS and headline earnings.

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

The Directors have chosen to disclose adjusted profit before tax and funds from operations in order to provide an alternative indication of the Group's underlying business performance and to facilitate the calculation of its dividend pool; a reconciliation between profit before tax and funds from operations is included within note 24 to the interim financial statements. Within adjusted profit before tax are adjusting items as described above gross of related tax.

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

### *(d) Statement of compliance*

The unaudited condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of JSE, and IAS 34 "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2020. The unaudited condensed interim financial statements have been prepared on the basis of the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2020 except for the changes in

accounting policies as shown in note 2(b). The financial statements for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB.

***(e) Going concern***

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

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

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

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

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

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

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

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

***(f) Principal risks and uncertainties***

The key risks that could affect the Group's medium-term performance and the factors which mitigate these risks have not materially changed from those set out on pages 38 to 48 of the Group's Annual Report and Accounts 2020 and have been assessed in line with the requirements of the 2016 UK Corporate Governance Code. The risks are reproduced below. The Board is satisfied that the Company continues to operate within its risk profile for the remaining six months of the financial year.

*Principal risks summary*

| Risk category | Principal risk(s) |
|---|---|
| **1 Financing** | • Availability and pricing of debt<br>• Compliance with facility covenants<br>• Availability and pricing of equity capital<br>• Increased reputational risk |
| **2 Valuation** | • Property inherently difficult to value<br>• Susceptibility of property market to change in value |
| **3 Market** | • Reliance on Germany and the German economy<br>• Reliance on specific industries and SME market |
| **4 Acquisitive growth** | • Decrease in number of acquisition opportunities coming to market<br>• Failure to acquire suitable properties with desired returns |
| **5 Organic growth** | • Failure to deliver capex investment programmes<br>• Failure to refuel capex investment programmes<br>• Failure to achieve targeted returns from investments |
| **6 Customer** | • Decline in demand for space<br>• Significant tenant move-outs or insolvencies<br>• 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<br>• Security breaches<br>• Data protection |
| **10 Covid-19** | • Reduction in occupancy due to insolvencies<br>• Delays in cash collection<br>• Impact on business continuity and wellbeing of colleagues |

**3. Operating segments**

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, Germany. All rental and other income is derived from operations in Germany. The majority of the Group's investment properties are multi-tenanted and mixed use and accordingly cannot be evaluated according to separate segments. There is no one tenant that represents more than 10% of Group revenues. The chief operating decision maker is considered to be the Senior Management Team, which is provided with consolidated IFRS information on a monthly basis.

**4. Revenue**

| | **Unaudited six months ended 30 September 2020 €000** | Unaudited six months ended 30 September 2019 €000 |
|---|---|---|
| Rental and other income from investment properties | **46,676** | 43,877 |
| Service charge income from investment properties | **25,932** | 22,562 |
| Rental and other income from managed properties | **4,192** | 3,429 |
| Service charge income from managed properties | **2,488** | 2,322 |
| **Total revenue** | **79,288** | 72,190 |

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

**5. Operating profit**

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

***Direct costs***

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

***Administrative expenses***

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

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

**6. Employee costs and numbers**

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

Included in the costs related to wages and salaries for the period ended 30 September 2020 are expenses of €1,448,000 (30 September 2019: €746,000) relating to the granting or award of shares under LTIPs and SIPs (see note 7). The costs for all periods include those relating to Executive Directors.

All employees are employed directly by one of the following Group subsidiary companies: Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG NOVA GmbH, Sirius Finance (Guernsey) Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the period was 251 (30 September 2019: 241) expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-executive Directors (30 September 2019: five) and two Executive Directors (30 September 2019: two) as at 30 September 2020.

**7. Employee schemes**

***Equity-settled share-based payments***

*2018 LTIP*

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

*June 2020 grant*

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

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

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

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

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

*June 2019 grant*

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

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

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

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

*January 2019 grant*

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

1) the fair value was discounted at the rate of the dividend yield over the projection period in order to ensure consistent treatment for the awards linked to TSR and TNR performance condition; and

2) the level of expected vesting of the TNR outperformance award has been adjusted in accordance with the Company's best estimate.

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

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

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

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

*2019 SIP*

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

*2020 SIP*

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

Movements in the number of awards outstanding are as follows:

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

***Employee benefit schemes***

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

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

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

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

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

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

**9. Taxation**

***Consolidated statement of comprehensive income***

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

***Deferred income tax liability***

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

The Group is mainly subject to taxation in Germany with the income from the Germany-located rental business with a tax rate of 15.825%. It has tax losses of €337,177,000 (31 March 2020: €351,265,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation rule. Deferred tax assets have not been recognised in respect of the revaluation losses on investment properties, the valuation of the Company LTIP and interest rate swaps as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured.

**10. Earnings per share**

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

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

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

| | Notes | **Unaudited six months ended 30 September 2020 €000** | Unaudited six months ended 30 September 2019 €000 |
|---|---|---|---|
| Exceptional items | 5 | **165** | 25 |
| Finance restructuring costs | 8 | **—** | 9,107 |
| Selling costs relating to assets held for sale | | **—** | 65 |
| LTIP and SIP | 5 | **1,448** | 746 |
| **Adjusting items as per note 10** | | **1,613** | 9,943 |

***EPRA earnings***

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

For more information on EPRA earnings refer to Annex 1.

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

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

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

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

**11. Net asset value per share**

| | **Unaudited 30 September 2020 €000** | Year ended 31 March 2020 €000 |
|---|---|---|
| **Net asset value** | | |
| Net asset value for the purpose of assets per share (assets attributable to the owners of the Company) | **845,584** | 801,570 |
| Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation | **46,824** | 42,151 |
| Derivative financial instruments | **1,410** | 1,279 |
| **Adjusted net asset value attributable to the owners of the Company** | **893,818** | 845,000 |
| **Number of shares** | | |
| Number of ordinary shares for the purpose of net asset value per share | **1,041,666,664** | 1,036,257,101 |
| Number of ordinary shares for the purpose of EPRA NTA per share | **1,057,311,414** | 1,048,191,851 |
| **Net assets per share** | **81.18c** | 77.35c |
| **Adjusted net asset value per share** | **85.81c** | 81.54c |
| **EPRA NTA per share** | **84.42c** | 80.44c |
| Net asset value at the end of the period (basic) | **845,584** | 801,570 |
| Derivative financial instruments at fair value | **1,410** | 1,279 |
| Deferred tax in respect of EPRA adjustments | **46,824** | 42,151 |
| Goodwill as per the statement of financial position | **(3,738)** | (3,738) |
| Intangibles as per the IFRS financial position | **(2,203)** | (1,986) |
| Deferred tax in respect of EPRA adjustments in relation to investment in associates | **4,686** | 4,337 |
| **EPRA NTA** | **892,563** | 843,130 |

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

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

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

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

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

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

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

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

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

## 12. Investment properties

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

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

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

| | **Unaudited 30 September 2020 €000** | Year ended 31 March 2020 €000 |
|---|---|---|
| Owned investment properties at market value per valuer's report* | **1,229,740** | 1,179,440 |
| Adjustment in respect of lease incentives | **(4,210)** | (3,357) |
| Leased investment property market value | **17,733** | 17,832 |
| **Total investment properties at book value as at period end*** | **1,243,263** | 1,193,915 |

* Excluding assets held for sale.

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

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

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

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

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

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

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

Included in the gain on revaluation of investment properties reported in the statement of comprehensive income (excluding the revaluation effects in respect of leased investment properties) are gross gains of €42.2 million and gross losses of €10.3 million (31 March 2020: gross gains of €78.2 million and gross losses of €22.4 million). Included in the statement of comprehensive income for the six month period ended 30 September 2019 were gross gains of €62.0 million and gross losses of €3.8 million.

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

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

***As at 30 September 2020***

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

***As at 31 March 2020***

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

The valuation for owned investment properties is (including assets classified as held for sale) performed on a lease-by-lease basis due to the mixed-use nature of the sites. This gives rise to large ranges in the inputs.

As a result of the level of judgement and estimates used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown in the statement of financial position. For example, an increase in market rental values of 5% would lead to an increase in the fair value of the investment properties of €60,590,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €61,810,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €25,130,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €25,000,000.

***Investment properties held for sale***

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

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

## 13. Intangible assets

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

## 14. Right of use assets and lease liabilities

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

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

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

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

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

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

## 15. Investment in associates

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

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

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

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

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

**16. Other non-current assets**

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

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

**17. Trade and other receivables**

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

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

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

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

**18. Cash and cash equivalents**

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

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

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

## 19. Trade and other payables

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

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

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

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

## 20. Interest-bearing loans and borrowings

| | Interest rate % | Loan maturity date | **Unaudited 30 September 2020 €000** | 31 March 2020 €000 |
|---|---|---|---|---|
| **Current** | | | | |
| Bayerische Landesbank | | | | |
| – hedged floating rate facility | Hedged[1] | 19 October 2020 | **22,844** | 23,098 |
| SEB AG | | | | |
| – fixed rate facility | 1.84 | 1 September 2022 | **1,180** | 1,180 |
| – hedged floating rate facility | Hedged[2] | 30 October 2024 | **459** | 458 |
| – capped floating rate facility | Capped[3] | 25 March 2025 | **760** | 760 |
| Berlin Hyp AG/Deutsche Pfandbriefbank AG | | | | |
| – fixed rate facility | 1.66 | 27 April 2023 | **2,944** | 2,920 |
| Berlin Hyp AG | | | | |
| – fixed rate facility | 1.48 | 31 October 2023 | **1,867** | 1,853 |
| – fixed rate facility | 0.90 | 31 October 2023 | **1,460** | 1,454 |
| Saarbrücken Sparkasse | | | | |
| – fixed rate facility | 1.53 | 28 February 2025 | **754** | 748 |
| Deutsche Pfandbriefbank AG | | | | |
| – hedged floating rate facility | Hedged[4] | 31 December 2023 | **1,110** | 1,110 |
| – floating rate facility | Floating[5] | 31 December 2023 | **140** | 140 |
| Capitalised finance charges on all loans | | | **(1,629)** | (1,695) |
| | | | **31,889** | 32,026 |
| **Non-current** | | | | |
| SEB AG | | | | |
| – fixed rate facility | 1.84 | 1 September 2022 | **51,920** | 52,510 |
| – hedged floating rate facility | Hedged[2] | 30 October 2024 | **21,554** | 21,784 |
| – floating rate facility | Floating | 30 October 2024 | **2,000** | 2,000 |
| – capped floating rate facility | Capped[3] | 25 March 2025 | **35,340** | 35,720 |
| Berlin Hyp AG/Deutsche Pfandbriefbank AG | | | | |
| – fixed rate facility | 1.66 | 27 April 2023 | **57,627** | 59,105 |
| Berlin Hyp AG | | | | |
| – fixed rate facility | 1.48 | 31 October 2023 | **61,081** | 62,018 |
| – fixed rate facility | 0.90 | 31 October 2023 | **112,578** | 113,310 |
| Saarbrücken Sparkasse | | | | |
| – fixed rate facility | 1.53 | 28 February 2025 | **15,411** | 15,789 |
| Deutsche Pfandbriefbank AG | | | | |
| – hedged floating rate facility | Hedged[4] | 31 December 2023 | **52,721** | 53,276 |
| – floating rate facility | Floating[4] | 31 December 2023 | **6,451** | 6,521 |
| Schuldschein | | | | |
| – floating rate facility | Floating[5] | 5 December 2022 | **5,000** | 5,000 |
| – floating rate facility | Floating[5] | 6 January 2023 | **10,000** | 10,000 |
| – floating rate facility | Floating[5] | 6 January 2025 | **5,000** | 5,000 |
| – fixed rate facility | 1.70 | 3 March 2025 | **10,000** | 10,000 |
| – fixed rate facility | 1.60 | 3 July 2023 | **20,000** | — |
| Capitalised finance charges on all loans | | | **(3,198)** | (3,831) |
| | | | **463,485** | 448,202 |
| **Total** | | | **495,374** | 480,228 |

(1) This facility is hedged with a swap charged at a rate of 1.66%.
(2) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 2.58%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 2.56%.
(3) This facility is hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan.
(4) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.89%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.74%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 1.40%. The last extension from 30 March 2020 of this facility of €6.5 million and the arrangement fee of €0.5 million are charged with a floating rate of 1.20% over three month EURIBOR (not less than 0%).
(5) This unsecured facility has a floating rate of 1.50% over six month EURIBOR (not less than 0%) for the first two tranches and a floating rate of 1.70% over six month EURIBOR (not less than 0%) for the third tranche.

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

***Bayerische Landesbank***

On 20 October 2015, the Group agreed to a facility agreement with Bayerische Landesbank for €25.4 million. The loan terminates on 19 October 2020. Amortisation is 2% per annum with the remainder due in the fourth year. The full facility has been hedged at a rate of 1.66% until 19 October 2020 by way of an interest rate swap. The facility is secured over four (later three) property assets and is subject to various covenants with which the Group has complied. On 1 April 2020 the Company completed the sale of Weilimdorf asset that acted as security within this facility. As a result, €5 million was held in an escrow account in the period. The facility was repaid in full upon maturity on 19 October 2020; see note 27 – Post balance sheet events.

***SEB AG***

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59.0 million to refinance the two existing Macquarie loan facilities. The loan terminates on 1 September 2022. Amortisation is 2% per annum with the remainder due in the seventh year. The loan facility is charged at a fixed interest rate of 1.84%. This facility is secured over eleven property assets that were previously financed through the Macquarie loan facilities. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for €22.9 million. Tranche 1, totalling €20.0 million, has been hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, has been hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan terminates on 30 October 2024. Amortisation is 2.0% per annum across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over three property assets and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility is not subject to amortisation and is charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. As at 30 September 2020 a total of €2.0 million had been drawn down.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan terminates on 25 March 2025. Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. The loan facility is charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. In accordance with the requirements of the loan facility the Group hedged its exposure to floating interest rates by purchasing a cap in June 2018 which limits the Group's interest rate exposure on the facility to 2.33%. The facility is secured over six property assets and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility is not subject to amortisation and is charged at an interest rate of 1.58%. As at 30 September 2020 the capex facility remained undrawn.

***Berlin Hyp AG/Deutsche Pfandbriefbank AG***

On 31 March 2014, the Group agreed to a facility agreement with Berlin Hyp AG and Deutsche Pfandbriefbank AG for €115.0 million. The original loan was due to terminate on 31 March 2019. Amortisation is 2% p.a. for the first two years, 2.5% for the third year and 3.0% thereafter, with the remainder due in the fifth year. Half of the facility (€55.2 million) is charged interest at 3% plus three months' EURIBOR and is capped at 4.5%, and the other half (€55.2 million) has been hedged at a rate of 4.265% until 31 March 2019. This facility is secured over nine property assets and is subject to various covenants with which the Group has complied. On 28 April 2016, the Group agreed to refinance this facility which had an outstanding balance of €110.4 million at 31 March 2016. The new facility is split in two tranches totalling €137.0 million and terminates on 27 April 2023. Tranche 1, totalling €94.5 million, is charged at a fixed interest rate of 1.66% for the full term of the loan. Tranche 2, totalling €42.5 million, is charged with a floating rate of 1.57% over three month EURIBOR (not less than 0%) for the full term of the loan. Amortisation is set at 2.5% across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over eleven property assets and is subject to various covenants with which the Group has complied.

On 30 June 2017, the Group repaid a total of €5.8 million following the disposal of the Düsseldorf asset. On 30 September 2017, the Group repaid tranche 2 of the loan in full amounting to €40.9 million following the disposal of the Munich Rupert Mayer Strasse asset. The facility is secured over nine property assets.

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

***Berlin Hyp AG***

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend a facility which had an outstanding balance of €39.2 million at 30 September 2016. The new facility totals €70.0 million and terminates on 29 October 2023. Amortisation is 2.5% per annum with the remainder due at maturity. The facility is charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility is secured over six property assets. The loan is subject to various covenants with which the Group has complied. During the prior period the facility was incorporated into the agreement that was entered into on 13 September 2019 as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

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

***Saarbrücken Sparkasse***

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the six month period ended 30 September 2020.

***Deutsche Pfandbriefbank AG***

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0 million. Tranche 1, totalling €21.6 million, has been hedged at a rate of 1.40% until 31 December 2023 by way of an interest rate swap. A first drawdown of tranche 3 totalling €0.5 million is charged at a fixed interest rate of 1.20%. On 3 April 2019 tranche 2 was drawn down,

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

***Schuldschein***

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

## 21. Financial instruments

***Fair values***

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

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

* Excludes loan issue costs.

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

***Fair value hierarchy***

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

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

## 22. Issued share capital

| Authorised | Number of shares | Share capital € |
|---|---|---|
| Ordinary shares of no par value | Unlimited | — |
| **As at 30 September 2020 and 31 March 2020** | **Unlimited** | **—** |

| Issued and fully paid | Number of shares | Share capital € |
|---|---|---|
| **As at 31 March 2019** | 1,022,140,875 | — |
| Issued ordinary shares | 8,774,368 | — |
| Issued Treasury Shares | — | — |
| Shares issued to Employee Benefit Trust | (1,500,000) | — |
| **As at 30 September 2019** | 1,029,415,243 | — |
| Issued ordinary shares | 7,454,578 | — |
| Issued Treasury Shares | — | — |
| Shares issued to Employee Benefit Trust | (612,720) | — |
| **As at 31 March 2020** | 1,036,257,101 | — |
| Issued ordinary shares | 6,981,451 | — |
| Issued Treasury Shares | — | — |
| Shares issued to Employee Benefit Trust | (1,883,980) | — |
| Shares allocated by the Employee Benefit Trust | 312,092 | — |
| **As at 30 September 2020** | **1,041,666,664** | **—** |

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

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

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

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

## 23. Other reserves

***Other distributable reserve***

The other distributable reserve was created for the payment of dividends, share-based payment transactions and the buyback of shares and is €459,004,000 in total at 30 September 2020 (31 March 2020: €470,151,000).

## 24. Dividends

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

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

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

The dividend per share was calculated as follows:

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

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

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

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

Calculations contained in this table are subject to rounding differences.

**25. Related parties**

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

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

| Consolidated statement of financial position | **Unaudited 30 September 2020 €000** | Year ended 31 March 2020 €000 |
|---|---|---|
| Loans to associates | **37,204** | 37,204 |
| Trade and other receivables | **1,444** | 842 |
| **Total** | **38,648** | 38,046 |

| Consolidated statement of comprehensive income | **Unaudited six months ended 30 September 2020 €000** | Unaudited six month ended 30 September 2019 €000 |
|---|---|---|
| Services supplied | **1,045** | 268 |
| Interest income | **1,302** | 184 |
| **Total** | **2,347** | 452 |

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

**26. Capital and other commitments**

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

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

**27. Post balance sheet events**

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

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

# Business analysis

## Non-IFRS measures

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

* See note 10 of the Interim Report.

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

## Original capex investment programmes

| Original capex investment programme progress* | sqm | Investment budgeted €m | Actual spend €m | Annualised rent roll increase budgeted €m | **Annualised rent roll increase achieved to September 2020 €m** | Occupancy budgeted % | **Occupancy achieved to September 2020 %** | Rate per sqm budgeted € | **Rate per sqm achieved to September 2020 €** |
|---|---|---|---|---|---|---|---|---|---|
| Completed | 200,623 | 26.0 | 24.4 | 10.6 | **12.5** | 79 | **80** | 5.57 | **6.48** |
| In progress | 2,242 | 0.3 | 0.1 | 0.1 | **—** | 80 | **—** | 4.60 | **—** |
| To commence in next financial year | 2,277 | 0.4 | — | 0.1 | **—** | 80 | **—** | 5.00 | **—** |
| **Total** | 204,142 | 26.7 | 24.5 | 10.8 | **12.5** | 79 | **—** | 5.55 | **—** |

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

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

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

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

***Table A – EPRA earnings***

| | **Unaudited 30 September 2020 €000** | Unaudited 30 September 2019 €000 |
|---|---|---|
| Basic and diluted earnings attributable to owners of the Company[1] | **56,549** | 70,216 |
| Gain on revaluation of investment properties[2] | **(31,909)** | (58,178) |
| (Gain)/loss on disposal of properties (net of related tax)[3] | **161** | (33) |
| Gain on loss of control of subsidiaries (net of related tax)[4] | **—** | (6,323) |
| Add finance restructuring costs[5] | **—** | 9,107 |
| Change in fair value of derivative financial instruments[6] | **132** | 1,067 |
| Deferred tax in respect of EPRA adjustments[7] | **4,674** | 8,994 |
| NCI in respect of the above[8] | **46** | 29 |
| Deduct revaluation surplus relating to investment in associates[9] | **(1,673)** | (22) |
| Tax in relation to the above[10] | **346** | 64 |
| **EPRA earnings**[11] | **28,326** | 24,921 |

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

***Table B – Adjusted net asset value***

| | **Unaudited 30 September 2020 €000** | 31 March 2020 €000 |
|---|---|---|
| **Net asset value** | | |
| Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)[1] | **845,584** | 801,570 |
| Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation[2] | **46,824** | 42,151 |
| Derivative financial instruments at fair value[3] | **1,410** | 1,279 |
| **Adjusted net asset value attributable to owners of the Company**[4] | **893,818** | 845,000 |

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

***Table C – EPRA net asset measures***

| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NAV |
|---|---|---|---|---|
| | | New measures | | Previous measure |
| | 30 September 2020 € 000 | 30 September 2020 € 000 | 30 September 2020 € 000 | 30 September 2020 € 000 |
| Net asset value at the end of period (basic)[1] | 845,584 | 845,584 | 845,584 | 845,584 |
| **Diluted EPRA net asset value at fair value** | **845,584** | **845,584** | **845,584** | **845,584** |
| **Group** | | | | |
| Derivative financial instruments at fair value[2] | 1,410 | 1,410 | n/a | 1,410 |
| Deferred tax in respect of EPRA adjustments[3] | 46,824 | 46,824* | n/a | 46,824 |
| Goodwill as per the statement of financial position[4] | n/a | (3,738) | (3,738) | n/a |
| Intangibles as per the statement of financial position[5] | n/a | (2,203) | n/a | n/a |
| Fair value of fixed interest rate debt[6] | n/a | n/a | (3,912) | n/a |
| Real estate transfer tax[7] | 96,966 | n/a | n/a | n/a |
| **Investment in associate** | | | | n/a |
| Deferred tax in respect of EPRA adjustments[3(*)] | 4,686 | 4,686* | n/a | n/a** |
| Real estate transfer tax[7] | 6,511 | n/a | n/a | n/a |
| **Total EPRA NRV, NTA, NDV and NAV[8]** | **1,001,981** | **892,563** | **837,934** | **893,818** |

| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NAV |
|---|---|---|---|---|
| | | New measures | | Previous measure |
| | 31 March 2020 € 000 | 31 March 2020 € 000 | 31 March 2020 € 000 | 31 March 2020 € 000 |
| Net asset value at the end of period (basic)[1] | 801,570 | 801,570 | 801,570 | 801,570 |
| **Diluted EPRA net asset value at fair value** | 801,570 | 801,570 | 801,570 | 801,570 |
| **Group** | | | | |
| Derivative financial instruments at fair value[2] | 1,279 | 1,279 | n/a | 1,279 |
| Deferred tax in respect of EPRA adjustments[3] | 42,151 | 41,668 | n/a | 42,151 |
| Goodwill as per the statement of financial position[4] | n/a | (3,738) | (3,738) | n/a |
| Intangibles as per the statement of financial position[5] | n/a | (1,986) | n/a | n/a |
| Fair value of fixed interest rate debt[6] | n/a | n/a | (3,688) | n/a |
| Real estate transfer tax[7] | 93,810 | n/a | n/a | n/a |
| **Investment in associate** | | | | n/a |
| Deferred tax in respect of EPRA adjustments[3] | 4,337 | 4,337* | n/a | n/a** |
| Real estate transfer tax[7] | 6,322 | n/a | n/a | n/a |
| **Total EPRA NRV, NTA, NDV and NAV[8]** | 949,469 | 843,130 | 794,144 | 845,000 |

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

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

Notes:

1. Row 1 presents net asset value extracted from note 11 of the consolidated financial statements.
2. Row 2 presents current derivative financial instrument assets of €46,000 less current derivative financial instrument liabilities of €430,000 less non-current derivative financial instrument liabilities of €1,026,000 as extracted from the consolidated statement of financial position from the consolidated financial statements.
3. Row 3 presents deferred tax expense arising on revaluation gains of €46,903,000 and a credit of €79,000 arising on derivative financial instruments which has been extracted from note 9 of the consolidated financial statements and the deferred tax expense arising on revaluation gains of €4,686,000 related to the investment in associates.
4. Row 4 presents the book value of goodwill reported in the statement of financial position within the consolidated financial statements.
5. Row 5 presents the book value of software in the amount of €2,066,000 and of licences in the amount of €137,000.
6. Row 6 presents the fair value of financial liabilities and assets on the 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 net asset value, EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at 30 September 2020. The EPRA net asset value measurement is no longer recognised by EPRA guidelines from periods commencing in January

2020. The measurement has been retained to provide a bridge between the previous EPRA NAV metric and the new EPRA NRV, NTA and NDV metrics.

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

| | **Unaudited 30 September 2020 €m** | Unaudited 30 September 2019 €m |
|---|---|---|
| **Reported profit before tax**[1] | **62.2** | 79.7 |
| Adjustments for: | | |
| Gain on revaluation of investment properties[2] | **(31.9)** | (58.2) |
| Deficit on revaluation relating to leased investment properties[3] | **(1.6)** | — |
| Gain on disposals of properties[4] | **—** | — |
| Gain on loss of control of subsidiaries[5] | **—** | (6.3) |
| Share of profit of an associate[6] | **—** | (0.3) |
| Deduct revaluation gain on investment property from associates[7] | **(1.3)** | — |
| Other adjusting items[8] | **1.6** | 9.9 |
| Change in fair value of financial derivatives[9] | **0.1** | 1.1 |
| **Adjusted profit before tax**[10] | **29.1** | 25.8 |
| Adjustments for: | | |
| Funds from operations of investment in associates[11] | **—** | 0.3 |
| Depreciation and amortisation (excluding depreciation relating to IFRS 16)[12] | **0.8** | 0.7 |
| Amortisation of financing fees[13] | **0.8** | 0.7 |
| Adjustment in respect of IFRS 16[14] | **(1.0)** | — |
| Current taxes incurred (see note 9)[15] | **(0.9)** | (0.5) |
| Add back current tax relating to disposals and prior year adjustments[16] | **0.3** | — |
| **Funds from operations**[17] | **29.1** | 27.1 |

Notes:

1. Row 1 presents profit before tax which has been extracted from the consolidated financial statements.
2. Row 2 presents the gain on revaluation of investment properties reported in the statement of comprehensive income which has been extracted from note 12 of the consolidated financial statements.
3. Row 3 presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 12 of the consolidated financial statements.
4. Row 4 presents the gain or loss on disposal of properties which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
5. Row 5 presents the gain on loss of control of subsidiaries (including tax) reported in the statement of comprehensive income within the consolidated financial statements.
6. Row 6 presents the share of profit of investment in associates which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
7. Row 7 presents the adjustment to the share of profit of investments consolidated in the financial statements for non-operational effects.
8. Row 8 presents other adjusting items of €1.4 million relating to the LTIP and SIP expense extracted from note 10 and €0.2 million Covid-19 related costs extracted from note 10.
9. Row 9 presents the change in fair value of derivative financial instruments which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
10. Row 10 presents the adjusted profit before tax for the period ended 30 September 2020 and the period ended 30 September 2019.
11. Row 11 presents the share of funds from operations of investment in associates which is the total profit for the period of the associates adjusted for revaluation gains and the related tax, finance fees and depreciation.
12. Row 12 presents depreciation and amortisation as extracted from note 5 of the consolidated financial statements.
13. Row 13 presents amortisation of capitalised finance costs which has been extracted from note 8 of the consolidated financial statements.
14. Row 14 presents the differential between the expense recorded in the statement of comprehensive income for the period ended 30 September 2020 relating to head leases in accordance with IFRS 16 amounting to €2.0 million and the actual cash expense recorded in the statement of cash flow for the period ended 30 September 2020 amounting to €3.0 million.
15. Row 15 presents the total current income tax which has been extracted from note 9 of the consolidated financial statements.
16. Row 16 presents the add-back of current tax relating to disposals and prior year adjustments extracted from note 9 of the consolidated financial statements.
17. Row 17 presents the funds from operations for the period ended 30 September 2020 and the period ended 30 September 2019.

# Glossary of terms

| | |
|---|---|
| **Adjusted earnings** | is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, gain on loss of control of subsidiaries net of related tax, finance restructuring costs net of related tax and adjustment on revaluation expense relating to leased investment properties |
| **Adjusted net asset value** | is the assets attributable to the equity owners of the Company adjusted for derivative financial instruments and deferred tax arising on revaluation gain, financial derivative instruments and LTIP valuation |
| **Adjusted profit before tax** | is the reported profit before tax adjusted for gain on revaluation of investment properties, gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates and adjustment on revaluation in respect of IFRS 16 |
| **Annualised acquisition net operating income** | is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see “annualised rent roll” definition below for further explanatory information |
| **Annualised acquisition rent roll** | is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see “annualised rent roll” definition below for further explanatory information |
| **Annualised rent roll** | is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 30 September 2020. Annualised rent roll should not be interpreted nor used as a forecast or estimate. Annualised rent roll differs from rental income described in note 4 of the Interim Report and reported within revenue in the consolidated statement of comprehensive income for reasons including:<br>• annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms;<br>• rental income as reported within revenue represents rental income recognised in the period under review; and<br>• rental income as reported within revenue includes accounting adjustments including those relating to lease incentives. |
| **Capital value** | is the market value of a property divided by the total sqm of a property |
| **Cumulative total return** | is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time |
| **EPRA earnings** | is earnings after adjusting for property revaluation, changes in fair value of derivative financial instruments, profits and losses on disposals (collectively the “EPRA earnings adjustments”), the gain on loss of control of subsidiaries, finance restructuring costs, revaluation gain on investment property relating to associates, the resulting tax adjustments and deferred tax in respect of these EPRA earnings adjustments |
| **EPRA net asset value** | is the net asset value after adjusting for derivative financial instruments and deferred tax relating to valuation movements and derivatives |
| **EPRA net reinstatement value** | is the net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates |
| **EPRA net tangible assets** | is the net asset value after adjusting for derivative financial instruments, deferred tax relating to valuation movements (just for the part of the portfolio that the Company intend to hold should be excluded) and derivatives, goodwill and intangible assets as per the statement of financial position, including the amounts of the above related to the investment in associates |
| **EPRA net disposal value** | is the net asset value after adjusting for goodwill as per the statement of financial position and the fair value of fixed interest rate debt |
| **EPRA net initial yield** | is the annualised rent roll based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the market value of the property, increased by (estimated) purchasers’ costs |
| **EPRA net yield** | is the net operating income generated by a property expressed as a percentage of its value plus purchase costs |
| **Funds from operations** | is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding prior year adjustments and tax on disposals |
| **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 |
| **Total debt** | is the aggregate amount of the Company's interest-bearing loans and borrowings |
| **Total shareholder accounting return** | is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share plus dividends paid |
| **Total return** | is the return for a set period of time combining valuation movement and income generated |
| **Ungeared IRR** | is an estimate of the rate of return |
| **Weighted average cost of debt** | is the weighted effective rate of interest of loan facilities expressed as a percentage |
| **Weighted average debt expiry** | is the weighted average time to repayment of loan facilities expressed in years |

# Corporate directory

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