Sirius Real Estate Limited
(Incorporated in Guernsey)
Company number: 46442
Share code: SRE
ISIN: GG00B1W3VF54
("Sirius", "the Group" or "the Company")

Condensed consolidated financial results for the twelve months ended 31 March 2018

Record Organic Rental Growth whilst Recycling and Reinvesting in Assets for the Future

Successful recycling and investment for the future

- Intensive period of asset acquisition and recycling:
  - Completed the sale of three mature assets generating EUR6.7 million net operating income on 90% occupancy for EUR103.0 million
  - Acquired thirteen new assets for EUR163.7 million (including two assets completed on 1 April 2018) generating EUR8.3 million net operating income on 58% occupancy
  - Disposal of non-core sites progressing well with the completion of the sale of the Bremen Brinkmann asset post period end leaving one last non-core site to be disposed
- New assets provide the Company with approximately 80,000sqm of vacant or sub-optimal space in which to invest and continue generating returns

Operating platform delivers new organic sales record

- Total income increased to EUR72.1 million (2017: EUR68.8 million)
- Total annualised rental income increased by 12% to EUR79.5 million (2017: EUR71.0 million) (including two acquisitions completed on 1 April 2018)
- Like for like annualised rental income record increase of 6.2%
- Like for like occupancy increased from 79.8% to 82.5% (total occupancy 79.7% including acquisitions)
- Signed 160,133 sqm of new lettings at 6.01 per sqm (2017: 151,320 sqm at EUR5.60 per sqm) from 14,805 lettings enquiries at a conversion rate of 14%
- Average rental rate increase of 3.6% to EUR5.46 per sqm (including two acquisitions completed on 1 April 2018) from EUR5.27 per sqm as at 31 March 2017

Increased profits and dividend

- Profit before tax in the period grew 17% to EUR89.6 million (2017: EUR76.4 million) including revaluation gains net of capex of EUR63.5 million
- Funds from operations ("FFO") grew by 4% to EUR38.4 million (2017: EUR37.1 million) despite loss of income relating to disposed assets and timing of acquisitions
- Pay-out ratio at 75% of FFO (2017: 65%) in order to maintain positive dividend growth and offset the impact on earnings of recycling activity
- Dividend of 1.60c per share for the six months to 31 March 2018 represents a 4.6% increase in the same period in the prior year (2017: 1.53c). Total dividend for the year of 3.16c, an increase of 8.2% on the 2.92c total dividend for the year ended 31 March 2017
- Total shareholder return based on adjusted NAV and dividends paid of 17.0% (2017: 15.3%)

Portfolio value increased by EUR126.1 million driven by transactional activity and strong uplifts

- Book value of portfolio including assets held for sale and two acquisitions that completed on 1 April 2018 increased to EUR967.3 million
- Like for like valuation increase of EUR84.4 million or 11.6% (2017:7.7%)
- Valuation uplift of EUR84.2 million (EUR63.5 million net of capex) recorded in the period reflective of increases in income and yield compression of approximately 37bps
- Gross yield of portfolio of 8.1% remains high compared to recent transactional evidence

Original capex investment programme substantially complete and new acquisition programme in progress

- Original capex investment programme substantially complete:
  - Transformed 186,621 sqm (90% of total space in programme) of vacant and sub optimal space
  - Invested EUR18.8 million to date
  - Generated annualised rental income of EUR10.9 million
- New acquisitions capex investment programme for assets acquired since 1 April 2016 initiated:
  - Targeting 121,065 sqm of vacant and sub optimal space
  - Proposed investment of EUR26.1 million
  - Target rental income of EUR8.1 million

Andrew Coombs, Chief Executive Officer of Sirius Real Estate, said:

"We are delighted to have delivered a 17% total shareholder return based on adjusted NAV and dividends paid in the year. Equally, a record 6.2% increase in like for like annualised rental growth, the highest performance in the Group's history, in a period when our key focus was on recycling and reinvesting is an exceptional performance and reflects well on the strength of our in-house sales and marketing platform.

Sirius has continued to grow while recycling mature and non-core assets into thirteen new business parks with much greater potential for income and capital growth into the future. We still have the financial capacity to acquire over EUR100 million of assets for which we have a healthy pipeline of opportunities located in our target areas around Germany's big seven cities where we have extensive market knowledge and expertise".

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Background to 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 industrial and office 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.

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

Images of the Sirius property portfolio are available from: https://www.flickr.com/photos/sirius_re/.

Chairman's Statement

Introduction

Sirius's core objective remains the delivery of attractive risk-adjusted returns through a mix of dividend yield and capital value appreciation. This is achieved by maximising the opportunities across its portfolio of 54 business parks it owns and manages. Key to this is the in-house model and operating platform which has significantly reduced the Company's reliance on third party contractors leading to market expertise and experience being built up and maintained within the business which represents a key point of difference for Sirius. The year under review saw Sirius commence its capital recycling programme and replace two mature assets and one non-core site with new assets with greater scope for income and capital growth. Many of the new assets that have been acquired have high levels of vacancy providing the Company with a prime opportunity to apply its proven ability to transform vacant and sub-optimal space and create significant future value.

In December 2017, Neil Sachdev stepped down from the Board and the Company is making good progress in its search for a new Chairman. In the interim period the Board has appointed me as Acting Chairman.

FY 17/18 highlights

It is a pleasure to be able to report on an excellent twelve months of trading for Sirius, during which the Company continued to grow earnings whilst successfully recycling EUR103.0 million of capital from disposals, together with fund raising proceeds and bank lending, into thirteen new assets with greater future growth potential. The Company delivered a profit before tax of EUR89.6 million, up 17% on the prior year, whilst funds from operations ("FFO") increased by 4% to EUR38.4 million despite the earnings lag relating to disposed assets. The increase was mainly driven by the 6.2% like-for-like annualised rental income growth that was generated on the existing portfolio* which drove the total annualised rental income, including the two acquisitions which completed on 1 April 2018, to EUR79.5 million (2017: EUR71.0 million). This performance demonstrates the strength of the Company's operating platform to drive organic growth and the appeal of conventional and flexible workspace solutions to the German market especially the burgeoning Mittelstand market made up of small to medium-sized enterprises.

* Excludes disposals and acquisitions.

Shareholder returns

The Company's stated policy is to pay dividends based on 65% of the Group's FFO but as we indicated last year, due to the high level of disposals and the desire to maintain positive dividend growth, the Board would consider temporarily increasing the pay-out ratio. As a result, the Board has declared a final dividend of 1.60c per share representing 75% of FFO, a 4.6% increase on the same period last year. The total dividend for the year is 3.16c, an increase of 8.2% on the 2.92c total dividend for the year ended 31 March 2017.

Financial year	Dividend per share
2015-2016	2.22
2016-2017	2.92
2017-2018	3.16

The Sirius business model continues to deliver not only progressive income returns but also attractive capital growth as measured by adjusted net asset value per share ("adjusted NAV"). Combining the growth in adjusted NAV and dividends paid, the Company has consistently delivered an annual return in excess of 15% for the last three years and this year was no exception with a return of 17.0% being recorded. Whilst income contributed approximately one-third and capital growth two-thirds of those total shareholder returns, it is pleasing to note that the valuation movement of our underlying investment property is heavily derived from organic increases in income rather than yield movement. This focus on growing income at property level positions the Company well for the future irrespective of the prevailing market conditions.

Financial year	Total shareholder return
2015-2016	16.0%
2016-2017	15.3%
2017-2018	17.0%

* Using adjusted NAV per share which excludes provisions for deferred tax and financial derivatives and includes dividends paid.

Governance and culture

The Board is fully committed to the UK Corporate Governance Code ("UK Code") as published in June 2016 by the Financial Reporting Council as well as the King IV Report on Corporate Governance for South Africa 2016 ("King IV Code") as issued by the Institute of Directors in Southern Africa NPC in November 2016. I am pleased to report that we are compliant with all principles of the UK Code. The JSE has granted the Company dispensation not to report on its application of the King IV Code, provided that Sirius continues to comply with the mandatory corporate governance provisions pursuant to paragraph 3.84 of the JSE Listing Requirements. One positive development arising from the King IV Code has been the establishment of a new Social & Ethics Committee which will help ensure we continue to conduct our business in a manner that upholds the principles of integrity and equality in everything we do.

Ensuring our Board has the right expertise to support and challenge the business is of paramount importance. We regularly review the composition of the Board to ensure our combined skill set is aligned to the strategic priorities of the business. We were delighted to welcome Jill May onto the Board in November 2017 as a Non-executive Director. As a former panel member of the Competition and Markets Authority and a current Non-executive Director of the Institute of Chartered Accountants (ICAEW), as well as two listed investment companies, Ruffer and JP Morgan Claverhouse, Jill brings a wealth of experience in financial and capital markets.

In September 2017, after more than ten years of distinguished service, Robert Sinclair formally stepped down from the Board. We remain ever grateful for the stewardship the Company benefited from during Robert's service and we warmly send him our best wishes.

KPMG LLP, London will not offer themselves up for re-election as the Company's auditors at the next Annual General Meeting. The Board considered that in light of new regulation regarding the rotation of auditors, and, in line with best practice, and due to the length of time KPMG had acted as audit firm to the Company that a formal audit tender process would be undertaken during the reporting period. Following the completion of the audit tender process the Company advises that KPMG LLP will resign as auditors at the completion of this year's audit and Ernst & Young LLP will be appointed. The Board is recommending that Ernst & Young LLP be re-appointed as auditor from the date of the AGM in September 2018. We would like to thank KPMG for their long and dedicated service to the Company since it was first formed.

Thank you and outlook

As the Group expands so does the number of stakeholders in the Company, all of whom contribute to its ongoing success. On behalf of the Board I would like to thank all those connected to Sirius for their efforts and hard work without which the Company could not have achieved what it has in the year to March 2018. Having refuelled the business with 13 new assets, including Saarbrücken and Dusseldorf II which completed on April 1 2018, the Company's annualised rental income was EUR79.5 million which suggests the Company is well set to continue increasing recurring revenues and capital values into the next year. Whilst we remain cautious about the market and economic conditions in Germany and Europe, its proven track record of adding value through intensive asset management activity gives us confidence of another busy and successful year ahead.

James Peggie
Acting Chairman

Asset management review

Asset recycling and our operating platform prepare for the next phase of growth

Introduction

The Sirius in-house asset and property management model continues to be a significant driver of value across the business and one of the key reasons that the Company is able to make the level of returns on its assets that it does. While common practice is to outsource many of the key functions of asset and property management, Sirius continues to reap the rewards that come with being able to manage its portfolio with its own dedicated resources. This is conducted through a highly specialised operating platform with a substantial IT infrastructure and over 230 full-time employees, and continues to focus on acquisitions, disposals, financing, capital investment and development, lettings, service charge recovery, supplier management, debt collection, lease management, financial reporting and many other aspects of portfolio management. Progress on all elements has been made in the year under review, which has seen the Company's strong track record in growing profits and adding significant value to the portfolio continue.

Asset recycling, acquisitions and disposals

The Company has been through an intensive asset acquisition and recycling plan this financial year through which the following has been achieved:

- the completion of the sale of three assets with proceeds totalling EUR103.0 million in the first half of the financial year.
- the completion of two equity raises; EUR25.0 million in August 2017 and EUR40.0 million in March 2018.
- the acquisition of EUR163.7 million of new assets (including two assets that completed on 1 April 2018).

The acquisitions were funded by a combination of new equity, three new banking facilities as well as the proceeds from disposals.

The recycling will prove to be accretive to shareholders because mature assets with little opportunity remaining for further improvement have been replaced with assets with substantially more opportunity for income and valuation enhancement through the Company's asset management initiatives. This is highlighted by the fact that the three assets sold for EUR103.0 million were contributing EUR6.7 million of net operating income on 90% occupancy whereas the thirteen assets acquired cost a total of EUR163.7 million including acquisition costs but were generating EUR8.3 million of net operating income from only 58% occupancy at the time of acquisition. These new assets provide the Company with close to 80,000sqm of vacant and sub-optimal space to invest into.

A summary of the disposal activity in the year to 31 March 2018 is included in the table below:

Disposals	Total Proceeds EURm	Total Sqm	Occupancy %	Vacant Sqm	Annualised Rental Income EURm	Non-Recoverable Service Costs EUR000	Maintenance Costs EUR000	Annualised Acquisition NOI EURm	EPRA Net Initial Yield* %
Munich RMS	85.0	71.8	88%	7,027	5.4	(98)	(40)	5.3	5.9%
Düsseldorf	11.0	16.6	96%	657	0.9	(23)	(10)	0.8	7.2%
Kiel	7.0	10.1	90%	1,006	0.6	(22)	(10)	0.6	7.4%
Total	103.0	98.4	90%	8,690	6.9	(143)	(60)	6.7	6.2%

* Includes estimated purchasers costs

The two assets sold in Munich and Düsseldorf were considered mature assets, having been owned and subject to intensive asset management for several years whilst the Kiel asset was considered to be in a non-core location where favourable pricing made for an attractive exit. The three assets which were disposed of generated EUR103.0 million of proceeds representing a blended EPRA net initial purchaser's yield of 6.2%.

A summary of the acquisition activity in the year to 31 March 2018 is included in the table below:

Acquisitions	Total investment (incl. acquisition costs) EUR000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rental income EUR000	Acquisition non-recoverable service charge costs EUR000	Acquisition maintenance costs EUR000	Annualised acquisition NOI EUR	EPRA net initial yield %
Completed									
Cologne	22,904	20,342	100%	105	2,038	(171)	(18)	1,849	8.1
Grasbrunn	18,075	14,791	4%	14,279	97	(319)	(17)	(239)	-1.3
Mahlsdorf II	6,394	12,826	62%	4,845	531	(136)	(8)	387	6.1
Neuss	16,093	18,258	38%	11,344	670	(296)	(14)	360	2.2
Neu-Isenburg	9,635	7,996	41%	4,692	472	(117)	(7)	348	3.6
Frankfurt	4,498	4,064	28%	2,926	153	(107)	(2)	44	1.0
Frankfurt II	6,079	5,035	87%	673	499	(49)	(5)	445	7.3
Krefeld III	9,161	10,398	72%	2,875	729	(106)	(9)	614	6.7
Hamburg	8,412	11,223	0%	11,223	-	(215)	(7)	(222)	-2.6
Schenefeld	15,118	42,220	71%	12,164	1,460	(261)	(19)	1,180	7.8
Frickenhausen	11,149	28,594	50%	14,423	800	(323)	(26)	451	4.0
Subtotal	127,518	175,747	55%	79,549	7,449	(2,100)	(132)	5,217	4.1
Completed post period									
Saarbrücken	28,065	47,350	65%	16,744	3,057	(491)	(43)	2,523	9.0
Düsseldorf II	8,084	8,672	80%	1,704	627	(83)	(8)	536	6.6
Subtotal	36,149	56,022	67%	18,448	3,684	(574)	(51)	3,059	8.5
Total	163,667	231,769	58%	97,997	11,133	(2,674)	(183)	8,276	5.1

The acquisitions in general have much more opportunity than those acquired over the previous two years but some assets, like those located in Cologne, Frankfurt II and Düsseldorf II are characterised by high occupancy and stable income and have been acquired in order to combine with the opportunistic assets to make portfolios more suitable for bank financing. Frankfurt II was used as replacement for the Kiel asset within the original SEB loan facility whilst the Cologne and Düsseldorf assets act as the anchor assets within the new SEB 3 facility which completed in March 2018.

The Company's management has been focusing on acquiring assets in the areas outlying Germany's "big seven" cities and reducing those assets owned outside of these areas and this is certainly reflected in the asset recycling programme to date. All assets acquired, with the exception of Saarbrücken, are located either around the Berlin, Munich, Frankfurt, Stuttgart, Cologne and Düsseldorf markets where benefits from operational synergies can be made, and tenant demand is at its strongest. Additionally, two assets were acquired in the Hamburg area which is a market that the Company has been seeking to enter for some time. The Hamburg Lademannbogen and Schenefeld sites are located in areas with attractive fundamentals and together provide an excellent mix of stability in the logistics space and opportunity within the office space.

In addition to the empty office building in Hamburg Lademannbogen, most of the opportunity within the acquisition portfolio lies within the assets located in Neuss (Düsseldorf), Neu-Isenburg (Frankfurt), Grasbrunn (Munich), Frickenhausen (Stuttgart), Mahlsdorf II (Berlin) and Frankfurt I, which combined have a blended occupancy of around 39%. This provides the Company with real opportunity to grow income, and hence values, by utilising the capability of its operating platform and take advantage of the high occupier demand for office and light industrial space that these markets are experiencing as well as benefiting from the operational synergies mentioned above.

Market conditions are making it more challenging to access higher occupied properties which fit the Company's investment profile at the prices that are desired and as a result of that the number of year on year acquisition opportunities reviewed increased by 20%. The change in the market conditions are reflected in the significant yield compression seen in the German market over the last few years, particularly for portfolio deals. Whilst this is good for further asset recycling, our acquisition focus has shifted towards assets offering investor returns based upon solid IRR's over a three to five year period rather than 75% plus occupied properties with good net initial yields. This is because at this point in the cycle we believe the best way in which we can generate attractive and consistent risk-adjusted returns for shareholders is to acquire properties typically with less than 80% occupancy where the Company can make use of its central platform to fill vacancy and improve the yields going forward. In summary it is the IRR that has become the focus rather that the net initial yield.

Substantial work and resource continues to be devoted is required to finding assets and accurately determining potential returns. In the reported year and conducted deep reviews including micro-market analysis and detailed asset-level business plans on 84 acquisition opportunities. As a result of this activity we acquired 13 new assets including the two which completed immediately after the year end. The benefits from executing our investment process in such a disciplined way are we believe so significant that the efforts in relation to identifying investments are justified. Of the sites acquired in the year under review annualised rental income had already increased by 4% or EUR469,000 by 31 March 2018, providing encouraging evidence of how the operating platform can quickly begin to realise the potential value established from its due diligence.

Looking forward, the Group still has the proceeds from the EUR40.0 million equity raise completed in March 2018 to invest as well as funds from three disposal transactions which have completed or are expected to complete after the financial year end. These are classified as assets held for sale as at 31 March 2018 and are detailed in the table below.

Assets held for sale Site	Book value March 2018 EUR'000
Bremen Brinkmann	15,500
Rostock land	1,200
Markgröningen residential building	625
Total	17,325

The sale of the non-core Bremen Brinkmann asset is significant because this is one of two non-core sites (both in Bremen) identified within the portfolio that have been earmarked for disposal for a number of years. With 48,699sqm of vacant space at 31 March 2018 and a short lease expiry profile, the sale of Brinkmann, the much more valuable of the two, provides a good opportunity to recycle capital out of an asset in a challenging location into other opportunities where our equity can be utilised to greater effect.

In the period the Company also notarised for sale a piece of non-income producing land located in Rostock for EUR1.2 million as well as a derelict residential apartment block in Markgröningen for EUR0.6 million. The proceeds from the Rostock and Markgröningen sales will be redeployed into our capex investment programme.

The combination of the activity outlined above, along with new banking facilities, provides the Company with the resources to acquire over EUR100.0 million of additional assets.

Rental growth and new lettings

The year under review was an exceptional one from an organic rental growth perspective with the Company reporting a 6.2% like-for-like annualised rental income increase. This is the highest ever annual organic annualised rental income increase that the Company has achieved and partly indicative of a strong market, but more importantly how well Sirius's asset management platform is functioning. Total Company annualised rental income grew from EUR71.0 million at the start of the period to EUR79.5 million when factoring in the two acquisitions that completed on 1 April 2018. The increase in annualised rental income of EUR8.5 million is explained as follows:

- a loss of EUR7.1 million from disposals;
- a gain of EUR11.6 million from acquisitions;
- a loss of EUR0.7 million from non-core assets held for sale; and
- a gain of EUR4.7 million from organic growth on the existing portfolio not held for sale.

Like-for-like organic growth, excluding Bremen Brinkman, has come from a combination of move ins of 159,938sqm at an average rate of EUR5.77 per sqm compared to move outs of 115,554sqm at an average rate of EUR5.72 per sqm as well as a further EUR1.5 million of annualised rental income from contracted rent increases and uplifts upon renewal. The contractual and renewal increases represent a 2.4% elevation on the rents at the start of the financial year. Together this has resulted in the average rate of passing rents for the like-for-like portfolio increasing by 2.9% from EUR5.11 to EUR5.26 per sqm. The total portfolio, including when combined with the acquisitions including Saarbrücken and Düsseldorf II, has an average rate of EUR5.46 per sqm (31 March 2017: EUR5.27).

The occupancy across the portfolio including Saarbrücken and Düsseldorf II has remained flat at 79% despite selling assets with 98,425sqm of net lettable area and 90% occupancy and replacing them with assets containing 231,769sqm of net lettable area but only 58% occupancy. Following the completion of the Bremen Brinkman disposal, the Company's occupancy increased to 81% based on 31 March 2018 data.

One of the main drivers behind the strong lettings performance has been the capability of the Company's internal sales and marketing platform to generate 14,805 enquiries for the year of which 81% came from the Company's internally developed websites and large number of online portals through which Sirius advertises. Improving the quality of leads is a continuing focus and in the period Sirius was able to improve the enquiry to new lettings conversion ratio to 14% which also represents a historical high for the Company and resulted in 2,132 new deals being signed in the year. Sirius is also developing its external broker channels to focus mainly on larger lettings and having so many different options for the generation of new lettings allows the Company to be flexible in space configuration and development which provides much more optionality to tenants. Capturing and understanding the demand dynamics of the market can only truly be achieved when enquiries are dealt with internally, like Sirius does, and this knowledge and understanding is utilised very effectively in both acquisition and ongoing asset management activities.

Capex investment programmes

The Group's capex investment programmes are continuing to be a key driver of growing rental income and valuations. In the year EUR7.0 million was invested into sub-optimal vacancy and a further EUR3.8 million annualised rental income was contracted in the period.

The capex investment programmes are specifically designed to unlock income and value through the transformation of vacant and sub-optimal space into both higher quality conventional space and the Company's innovative range of smartspace products. This allows Sirius to develop and realise much more from space that other owners and operators would often consider structural vacancy. Some asset level examples of how such exceptional returns are generated from the capex investment programme can be seen in the case study section of the Annual Report.

The original capex investment programme commenced in January 2014 and was focused on just over 200,000sqm of sub-optimal space suitable for transformation. We are pleased to report that as at 31 March 2018 this programme is substantially complete with a total of 186,621sqm of this space completely refurbished and the remaining 17,400sqm either in the process of being refurbished or awaiting permissions to proceed. A total of EUR18.8 million has been invested into the completed space and, at 82% occupancy, it is generating EUR10.9 million of annualised rental income representing an income return on investment of 58%. This return does not include the additional benefit of improved cost recovery from letting this space or the valuation increases that have been generated as a result of the improved income returns.

More detail on the programme to date is provided in the following table:

Original Capex Investment Programme Progress	Sqm	Investment budgeted EURm	Actual spend EURm	Annualised rental income increase budgeted EURm	Annualised rental income increase achieved to March 18 EURm	Occupancy budgeted	Occupancy Achieved to March 18	Rate per sqm budgeted EUR	Rate Per sqm Achieved to March 18 EUR
Completed	186,621	22.5	18.8	9.9	10.9	80%	82%	5.50	5.93
In Progress	9,134	2.4	0.2	0.9	-	90%	-	8.95	-
To Commence in Next Financial Year	8,266	1.0	0.1	0.4	-	80%	-	4.73	-
Total	204,021	25.9	19.1	11.2	10.9	81%	-	5.60	-

The original capex investment programme has further potential for increasing rents and values mainly from the remaining 17,400 sqm of space that has not been fully renovated. This space is expected to be completed and available for letting in the new financial year. In order to complete the entire original capex investment programme a further EUR4.4 million of investment is required and EUR1.3 million more annualised rental income is expected as a result when it is completed.

Furthermore, the investment programme is expected to be delivered well within the original capex investment budget, a reflection

of the Company's increased operational efficiency and effectiveness in delivering a wide range of investment projects.

A follow-on acquisitions capex investment programme has been developed over the last two years relating to assets acquired since April 2016. The Company has identified 121,065sqm of sub-optimal and vacant space suitable for investment within 19 assets acquired as part of this second programme. The Company expects to invest a total of EUR26.1 million to generate EUR8.1 million of incremental annualised rental income on a blended occupancy of 76% as highlighted below:

New acquisition capex investment programme progress	Sqm	Investment budgeted EURm	Actual spend EURm	Annualised rental income increase budgeted EURm	Annualised rental income increase achieved to March 18 EURm	Occupancy budgeted	Occupancy achieved to March 18	Rate per sqm budgeted EUR	Rate Per sqm achieved to March 18 EUR
Completed	24,382	3.0	2.0	1.8	1.7	87%	59%	7.10	9.99
In progress	15,042	4.5	1.0	1.2	0.1	83%	-	8.04	-
To commence in next financial year	81,641	18.6	-	5.1	-	71%	-	7.41	-
Total	121,065	26.1	3.0	8.1	1.8	76%	-	7.39	-

With the occupier market being as strong as it is, the speed at which this space can be transformed is important for delivering the target returns expected from these properties. As at 31 March 2018 24,382sqm of the 121,065sqm space identified was fully converted with an investment of EUR2.0 million generating incremental annualised rental income of EUR1.7 million leaving EUR22.87 million left to invest into the remaining 96,683sqm to generate a further EUR7.0 million annualised rental income from the programme over the next three years. As can be seen, the expected returns, from an income perspective, on the new acquisitions investment programme are lower than those achieved from the original capex investment programme. However due to the condition of the relevant space being of a lower standard and, therefore requiring higher levels of investment, the value initially attributed to this space is also lower which means that the returns from a valuation perspective are expected to be higher. Therefore the total shareholder returns at the site level should be similar to those achieved by the original capex investment programme.

Stable portfolio with substantial opportunity

Whilst the portfolio has seen a lot of asset recycling and tenant churn in the period, the make-up of the Company's rental income has remained strong. The stable income which comes from the top 50 anchor tenants accounts for around 45% of total annualised rental income and provides an excellent base to generate the more flexible, higher-rate income from the Company's smartspace products which now accounts for around 7% of the annualised rent roll. The remaining 48% of Sirius's annualised rent roll is contracted to over 2,000 SME tenants which is Sirius's key target market from which it is able to utilise its operating platform to successfully increase occupancy and generate most of its annual uplifts. This tenant mix combined with the Company's asset management, when considering the points mentioned above, provide Sirius's shareholders with a portfolio that possesses a much lower risk profile than would be typically associated with the asset class and 2.6 years weighted average lease expiry across the portfolio. As a result the Company benefits from the high yields and value-add opportunities associated with industrial assets whilst mitigating risk to a far greater extent than many of its competitors.

The table below illustrates the tenant mix across our portfolio at the end of the reporting period:

Type of tenant	No. of tenants as at 31 March 2018	Occupied sqm	Annualised rental income EURm	% of total annualised rental income	Rate per sqm EUR
Top 50 anchor tenants*	50	544,669	34.3	45%	5.26
Smartspace SME tenants**	2,163	59,853	5.2	7%	7.19
Other SME tenants***	2,219	571,468	36.3	48%	5.29
Total	4,432	1,175,991	75.8	100%	5.37

* Mainly large national/international private and public tenants
** Mainly small and medium sized private and retail tenants
*** Mainly small and medium sized private and public tenants

Opportunity within vacancy

The opportunity that remains within the portfolio is expected to be realised through the Company's asset management initiatives, including the capex investment programmes, as well as through the potential for lower valuation yields than the 8.1% gross yield that the core portfolio is currently valued at. An analysis of the vacant space as at 1 April 2018 (including the Saarbrücken and Düsseldorf II acquisitions) highlights the opportunity from developing the sub-optimal space as well as selling the non-core sites. This can be seen by comparing the two tables below which show the existing vacancy analysis compared to a pro-forma table which adjusts the existing position by excluding the two non-core Bremen assets (one of which was sold on shortly after the period end) and the expected impact of the capex investment programmes when fully completed.

Vacancy Analysis - March 2018 position including Düsseldorf II and Saarbrücken acquisitions which completed on 1 April 2018

Total space	1,531,774
Occupied space	1,213,565
Vacant space	318,209
Occupancy	79%

Sub optimal space	% of total space	Sqm	Capex investment EUR	ERV (post invest) EUR
Subject to original capex investment programme	2%-	16,574	3,198,000	1,241,000
Subject to acquisition capex investment programme	6%	92,922	22,017,000	6,210,000
Flexilager vacancy	-	7,218	106,000	226,000
Total sub optimal space	8%	116,715	25,321,000	7,677,000
Vacancy of non-core sites*	6%	93,433	-	-
Structural vacancy core sites	2%	25,749	-	-
Lettable vacancy				
Smartspace	1%-	18,321	-	1,346,000

Other vacancy	4%-	63,991	3,708,000	3,444,000
Total lettable space	5%	82,313	-	-
Total vacancy	21%	318,209	29,029,000	12,466,000

Current total vacancy of 21% can be reduced to 10% based on completing the capex investment programmes, letting up 80% of this space (as budgeted) as well as disposing of the two non-core Bremen assets. In this scenario, the true lettable vacancy, which is not classified as structural vacancy or going through a capex investment programme, would increase from 5% to 8% which indicates that there could be further opportunity for occupancy growth in addition to this.

When considering the implications for the valuation of the Company's portfolio, it is useful to separate the mature portfolio from the value-add portfolio. The table below shows the key metrics of the 31 March 2018 valuation as well as including the Saarbrücken and Düsseldorf II acquisitions at cost.

	Rent roll EURm	Book value EURm	Non-recs EURm	NOI EURm	Capital value/EUR sqm	Gross yield	Net yield	Vacant space sqm	Rate psm EUR	Occupancy %
Core value-add	40.0	486.3	(5.5)	34.6	552	8.2%	7.1%	193,136	5.55	75.7%
Core mature	37.2	461.7	(1.2)	35.9	785	8.0%	7.8%	28,794	5.73	94.9%
Non-core	2.3	19.4	(1.5)	0.8	107	12.0%	4.1%	96,279	2.67	43.0%
Other			(1.8)	(1.8)						
Total	79.5	967.3	(10.1)	69.4	586	8.2%	7.2%	318,209	5.46	79.27%

What is evident from the table above is that when assets are mature, the gap between gross and net yields reduces significantly due to the higher recovery of costs. Additionally from the transactions that we are seeing complete in the market currently as well as from analyst research, gross yields, on the higher occupied assets in particular, have come in significantly over the last two years. The combination of the extra occupancy and income that is expected to come from the capex investment programme and a reduction of the c.8.1% gross yield at which the core portfolio is currently valued would have a substantial impact on the value of the Group's portfolio. This point is strengthened from the fact that the assets will be of a higher quality post the capex investment and that the assets are now predominantly located around the big seven German cities.

Smartspace and First Choice

Smartspace continues to be a success story and is proving to be particularly popular with tenants seeking a flexible workspace solution. The four smartspace products are specifically designed, from a landlord perspective, to create high-quality workspace from sub-optimal and vacant space and from a tenant perspective, provide flexibility for the changing requirements of small businesses, including a fixed price that provides the financial certainty that many smaller customers desire.

The annualised rental income now generated from smartspace products and First Choice has increased from EUR4.8 million to EUR5.2 million in the period due to the creation of more smartspace product through the capex investment programmes as well as further lettings of previously created space. Whilst the total smartspace remained flat in the year as a result of disposal activity, occupancy increased to 70% for the first time (31 March 2017: 68%) and rate increased by 8.1% from EUR6.65 to EUR7.19.

From an investment point of view, the returns that are achieved from entire business parks are significantly enhanced by smartspace conversion because it mainly relates to transforming sub-optimal and vacant space into high-quality offices, storage space and workboxes. This is essentially converting space that is acquired for a very low cost into premium space. Some of the benefits of using smartspace are illustrated in the case studies section of the Annual Report.

During the period a further 6,232sqm of smartspace Office, 510sqm of smartspace Workbox and 3,624sqm of smartspace Storage were created from vacant, sub-optimal space and Flexilager, the low cost storage product that the Company uses typically to fill space while it develops plans for vacant space. Additionally the Company opened the First Choice Business Centre on an owned site to compliment the First Choice Business Centre which has been run through an operating and management agreement in Essen for several years.

The new First Choice Business Centre was created on the ground floor of an office building acquired in Wiesbaden in November 2016 and is proving to be an ideal location for the product. The premium office specification in a pure office property clearly distinguishes First Choice office space from smartspace offices with First Choice being a five-star premium product and smartspace being closer to three-star. The Wiesbaden First Choice Business Centre opened for business in October 2017 and was already 40% occupied as at 31 March 2018 and generating rental income, excluding service charge cost recovery, of an impressive EUR28.81 per sqm. It offers a combination of office and co-working space. Now that the awareness of the news centre is greater, we are expecting to have it close to fully occupied in the first half of the new financial year.

The table below gives more detail on the smartspace and First Choice offerings across the whole portfolio:

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rental income (excl. service charge) EURm	% of total smartspace annualised rental income	Rate per sqm (excl. Service charge) EUR
First Choice Office	1,275	510	40%	0.2	3%	28.81
SMSP Office	33,799	26,437	78%	2.6	50%	8.18
SMSP Workbox	6,268	4,840	77%	0.4	7%	6.07
SMSP Storage	32,620	23,880	73%	1.7	34%	6.06
SMSP Subtotal	73,963	55,666	75%	4.9	94%	7.28
SMSP Flexilager*	11,406	4,187	37%	0.3	6%	6.06
SMSP TOTAL	85,368	59,853	70%	5.2	100%	7.19

* Not adjusted for common areas.

Financial review

Recycling of capital fuelling future growth

Once again the Company has delivered a strong financial performance in the year ended 31 March 2018 despite the reduction in earnings from the disposal of mature assets at the start of the period which were replaced with more opportunistic assets towards the

middle and end of the period. The resultant drag on earnings from the timings of the asset recycling was however largely offset by exceptional organic growth within the existing portfolio in the year. This growth has fed into the portfolio valuations and subsequently we have also seen significant growth in adjusted net asset value per share ("adjusted NAV"). Total shareholder return (TSR), based on adjusted NAV plus dividends paid was 17.0% (31 March 2017: 15.3%) and represents the best ever annual performance for the Company. Importantly, the TSR was 31% driven by dividends paid to shareholders and 69% by capital growth highlighting the ability of the Company to deliver strong income and capital returns whilst continuing to grow the business both organically and acquisitively.

The capex investment programmes continue to be major contributors to this performance through the exceptional returns, from both an income and value perspective, which are being realised from this investment. Excellent progress has been made on the capex investment programme this year and the asset recycling programme is not only substantially improving the quality of the portfolio but it is also increasing the opportunity remaining within the business.

The Company is now well placed to begin its next phase of growth in which multiple expansion and financing possibilities may be considered. The Company's increased size, highly-effective management platform and excellent track record will remain central to executing these plans. Another element which will be important for this growth is the strong shareholder support for the Company as evidenced by two successful capital raisings in the period totalling approximately EUR65.0 million. This has facilitated some of the acquisition activity within the year as well as provided the Company with firepower for further acquisitions into the new financial year.

Trading performance

Sirius has reported a profit before tax in the year ending 31 March 2018 of EUR89.6 million (31 March 2017: EUR76.4 million) which is a 17% increase from the prior year. This includes property revaluation gains, net of total capex invested, of EUR63.5 million (31 March 2017: EUR49.8 million) as well as the effect of a number of non-recurring items. The adjusted profit before tax* for the period was up 4% to EUR36.7 million (31 March 2017: EUR35.3 million) whilst funds from operations** ("FFO") also increased by 4% to EUR38.4 million (31 March 2017: EUR37.1 million). This is a very strong performance considering that close to EUR6.3m of net operating income was lost from disposals in the year whereas acquisitions have only contributed around EUR2.6 million of net operating income in the period. Total income for the period was EUR72.1 million (31 March 2017: EUR68.8 million) which represents higher growth than earnings and is indicative of the higher vacancy and corresponding irrecoverable costs on the assets acquired during the year.

On a per share basis, basic EPS showed a 9.3% increase reflecting the strong valuation gains in the period whilst adjusted EPS, basic EPRA EPS and diluted EPRA EPS were impacted by the asset recycling described above as well as the increase in the number of shares issued from the equity raises completing in the year for which the proceeds take time to invest. As a result, the Board decided to temporarily increase the dividend pay-out ratio from 65% of FFO to 75% of FFO this financial year in order to distribute some of the profits made from disposals, which are not included within FFO, and compensate shareholders for the timing issue between disposals and acquisitions.

* Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments, gains and losses on disposals and other adjusting items including expense relating to long-term incentive plans.
** Adjusted profit before tax adjusted for depreciation, amortisation of financing fees and current tax receivable/incurred.

	Earnings EUR'000	No. of Shares	31 March 2018 cents per share	Earnings EUR'000	No. of shares	31 March 2017 cents per share	Change %
Basic EPS	81,272	914,479,339	8.89	66,911	822,957,685	8.13	9.3
Adjusted EPS	36,041	914,479,339	3.94	34,963	822,957,685	4.25	(7.3)
Basic EPRA EPS	27,783	914,479,339	3.04	26,188	822,957,685	3.18	(4.4)
Diluted EPRA EPS	27,783	939,394,339	2.96	26,188	846,807,685	3.09	(4.2)

As at 31 March 2018 (including the Saarbrücken & Düsseldorf II acquisitions) the annualised rental income of the portfolio was EUR79.5 million (31 March 2017: EUR71.0 million), an increase in the period of EUR8.5 million which is described in more detail in the Asset management review of the Annual Report. The rental income recorded in earnings in the period was only EUR70.0 million* which is below the level at the start of the year. This is reflective of the asset recycling points mentioned above; however, with a starting rent roll for the new year of EUR79.5 million and significant resources to acquire more assets, we should start to see some of the benefits from the recycling coming through in the next financial year.

* Total income of EUR72.0 million includes EUR2.0 million of other income.

As mentioned above, the full year's FFO result of EUR38.4 million represented an increase of EUR1.3 million from the EUR37.1 million recorded last year despite the negative impact of around EUR3.0 million from asset recycling. Adjusting for this would give rise to around a 12% or EUR4.3 million FFO increase of approximately 12% which is more representative of the organic improvements seen over the last two years.

Most of the organic growth achieved within the earnings numbers this year has come from the 6.2% like-for-like annualised rental income increase, combined with the 5.1% that was achieved last year. In addition to this there has also been further improvements to service charge recovery, partly from increased occupancy of the existing portfolio, but more significantly from further improvements in our allocation and recovery techniques. These techniques will be rolled out to the acquired sites where we expect to see further improvements over the coming years.

Portfolio valuation

The portfolio, including assets held for sale, was independently valued at EUR933.7 million by Cushman & Wakefield LLP at 31 March 2018 (31 March 2017: EUR829.7 million) which converts to a book value of EUR931.2 million after the provision for tenant incentives. Adjusting for assets held for sale and including at cost the two acquisition assets in Saarbrücken and Düsseldorf II, which completed on 1 April 2018, would increase the portfolio book value to EUR967.3 million. The increase in book value of the portfolio of EUR126.1 million in the period is illustrated in the following table.

	2018 EUR000
Total investment properties at book value as at 1 April*	823,295
Additions	127,799
Capital expenditure	20,662
Disposals**	(104,040)
Surplus on revaluation above capex	58,971
Adjustment in respect of lease incentives	(487)

Movement in Directors' discretionary impairment of non-core assets	4,968
Total investment properties at book value as at 31 March*	931,168
Additions completed 1 April 2018 (Saarbrücken and Düsseldorf II)***	36,149
Adjusted investment properties at book value as at 31 March*	967,317

* Including assets held for sale

** Including disposals relating to assets held for sale

*** Using expected total acquisition costs

The portfolio valuation movement which relates to newly acquired assets (31 March 2018 valuation compared to total acquisition costs) was a negative EUR20k whereas book valuation increases on assets held for the entire period amounted to EUR84.4 million or 11.6% (31 March 2017: 7.7%). The valuation of the eleven sites that were acquired in the period was EUR127.5 million which was 7.6% higher than their purchase price albeit slightly lower than the total acquisition costs as mentioned above. This confirms that the Company continues to purchase assets well.

The valuation increases in the existing portfolio can be attributed to the rental income increases we have discussed as well as 37bps of gross yield compression. This further reinforces the high returns from both an income and valuation perspective that are being achieved from the investment within the capex investment programme.

The entire portfolio as at 31 March 2018 comprised 52 assets with a book value of EUR931.2 million and can be reconciled to the Cushman & Wakefield market valuation as follows:

	31 March 2018 EURm	31 March 2017 EURm
Investment properties at market value	933.7	829.7
Uplift in respect of assets held for sale	1.0	1.6
Adjustment in respect of lease incentives	(3.5)	(3.0)
Directors' impairment of non-core asset valuations	-	(5.0)
Balance as at period end	931.2	823.3

Focusing on the core portfolio, the 31 March 2018 book value of EUR911.9 million represents an average gross yield of 8.1% (31 March 2017: 8.3%), a net yield of 7.4% (31 March 2017: 7.4%*) and an EPRA net yield (including purchaser costs) of 6.8% (31 March 2017: 6.8%*). The average capital value per sqm of the core portfolio is EUR645 (31 March 2017: EUR620*) which remains well below replacement cost.

* Adjusted for disposals.

Even though yield compression has been seen in many of the Group's recent revaluations, the gross yields on the core portfolio of 8.1% could still be regarded as relatively high. In addition to this, the capex investment programme is predominantly focused on the vacant space of the value-add portfolio and transforming this space from sub-optimal, low quality vacancy into more desirable, high quality workspace which the Company's lettings and marketing platform has proven to be very effective at filling with new tenants.

Unlike yield movements which are dependent on the wider market, the value creation from the capex investment programme is more within the Company's control and the track record indicates that this can be realised regardless of market conditions. As such, we are hopeful that the recent positive trends we have seen within the portfolio valuations can continue going forward independent of movements in yield.

The valuation increases are obviously the main driver of NAV growth but the fact that there is a policy to pay out only 65% (75% this year) of FFO as dividend also has an impact. The adjusted NAV^ per share increased to 65.71c at 31 March 2018, an increase of 11.7% from 58.82c as at 31 March 2017. As mentioned above, when this is combined with the 3.09c from the two dividends that was paid out this year, the total shareholder return of adjusted NAV growth plus dividends paid was 17.0% (31 March 2017: 15.3%). The movement in adjusted NAV is explained in the following table:

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

	EUR cent per share
Adjusted NAV per share at 31 March 2017	58.82
Equity raise, share awards & non-recurring items	(0.51)
Recurring profit before tax	3.71
Surplus on revaluation	6.40
Scrip and cash dividend paid	(2.71)
Adjusted NAV per share at 31 March 2018	65.71
EPRA adjustments	(1.53)
EPRA NAV per share at 31 March 2018	64.18

The EPRA net asset value ("EPRA NAV") per share, which excludes the provisions for deferred tax and derivative financial instruments, but includes the potential impact of shares issued in relation to the Company's long-term incentive programmes, was 64.18c (31 March 2017: 57.84c).

Financing

The Company continues to access long-term debt at attractive interest rates as well as having the trust and relationships with banks to finance opportunistic assets with very low occupancy rates. This was again evident in the three new facilities that were secured in the year to 31 March 2018. One of the differences in the deals to finance opportunistic assets is that alongside the acquisition facilities that the banks grant, capex facilities have been agreed which Sirius can drawdown in the first few years in order to fund the capex investment programme on these assets. Given the higher returns that are made from this programme and the low interest rates that these facilities command, this is by far the most accretive way to fund capex. The details of the three new facilities are outlined below:

- In November 2017, the Group agreed to a seven year facility agreement with SEB AG for EUR22.9 million which was drawn down in two tranches and hedged with interest rate swaps locking in an initial all-in rate of 2.58%. Additionally a capex facility of EUR7.0 million is included within this loan which can be drawn down to fund capex within the first five years. The capex facility will be on a floating interest rate. The loan and swaps both terminate on 30 October 2024. This facility was secured against a portfolio of

three assets with a blended occupancy of 26.7% and initial interest cover of only 1.04x. As such a higher margin was necessary however this steps down by 10bps when the occupancy of the portfolio exceeds 70%. Amortisation of 2.0% per annum of the acquisition facility was agreed with the remainder due in one instalment on the final maturity date. Given the low interest cover from the assets that the loan is secured against, the bank requires an ultimate parent company guarantee on this loan whilst occupancy is below a certain percentage.

- On 26 March 2018, the Group agreed to another seven year facility agreement with SEB AG for a EUR38.0 million acquisition facility and an EUR8.0 million capex facility. The loan facility is currently incurring a floating interest rate of 1.58% over six month EURIBOR (not less than 0%) but the Company is required to enter into hedging arrangements on this facility by the end of June 2018. The loan terminates on 25 March 2025 and amortisation is 2% per annum on the acquisition facility with the remainder due in one instalment on the final maturity date. The higher exposure that SEB now has with Sirius meant that the bank required an ultimate parent guarantee for this facility along with some group level financial covenants.

- In March 2018, the Group agreed to a seven year facility agreement with Saarbrücken Sparkasse for EUR18.0 million. The loan is charged with an all-in fixed interest rate of 1.53% for the full term of the loan which expires on 28 February 2025. Amortisation is applied at 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is secured over the Saarbrücken asset which completed on 1 April 2018 and was acquired for a purchase price of EUR26.1 million.

The Group's total cost of borrowings has remained at 2.0% (31 March 2017: 2.0%) and the weighted average debt expiry is 5.2 years (31 March 2017: 5.8 years). Total debt at the period end was EUR373.1 million (31 March 2017: EUR348.6 million) up EUR24.5 million from last year and reflective of the EUR79.0 million of new borrowings completed in the year, as described above, less EUR46.7 million of repayments relating to the disposals of the Düsseldorf and Munich Rupert Mayer Strasse assets and scheduled amortisation of EUR7.8 million.

The Group's gross loan to value ("gross LTV") ratio of 40.8% (31 March 2017: 42.3%) includes the new borrowings but not the two assets that completed on 1 April 2018 and were paid for in March 2018. When including the properties that completed immediately after year end and assets held for sale, gross LTV of the portfolio reduces to 38.6%, well within the Company target of 40%. Net LTV* reduced to 31.9% (31 March 2017: 38.0%) on 1 April 2018 after the Saarbrücken and Düsseldorf II asset acquisitions were completed.

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

Dividend

Whilst it remains the Company's normal policy to pay dividends based on 65% of the Group's FFO, the Board communicated in the Annual Report for the year ended 31 March 2017 the possibility of temporarily increasing the dividend pay-out ratio in order to maintain positive dividend growth whilst the proceeds from disposals of high-income producing mature assets are reinvested. As illustrated in this report, the Group's FFO this year has been negatively impacted by around EUR3.0 million by the net impact of asset recycling however as the disposal proceeds are now fully reinvested, the new financial year is expected to see a commensurate benefit in earnings. Considering this as well as the premiums to book value at which disposals have been made, the Board has decided to maintain the dividend pay-out ratio at 75% as reported in the Group's 30 September 2017 interim accounts. As the proceeds from the latest equity raise are invested and acquisition sites become integrated into our operating platform we expect the pay-out ratio to gradually move back towards our stated policy of 65%.

In accordance with this, the Board has declared a final dividend of 1.60c per share for the six month period ended 31 March 2018 which is an increase of 4.6% on the 1.53c dividend relating to the same period last year. The total dividend for the year is 3.16c, an increase of 8.2% on the 2.92c total dividend for the year ended 31 March 2017.

It is expected that the ex-dividend date will be on or around 11 July 2018 for shareholders on the South African register and on or around 12 July 2018 for shareholders on the UK register. It is further expected that the record date will be on or around 13 July 2018 for shareholders on the South African and UK registers and the dividend will be paid on or around 17 August 2018 for shareholders on both registers.

Outlook

Sirius has completed another active and positive year with high volumes of transactional activity including successfully reinvesting the proceeds from disposals of non-core and mature assets and equity raises into some excellent acquisitions with much greater opportunity in future years. This activity will continue into the new financial year with further disposals of non-core sites and the proceeds from the latest EUR40.0 million equity raise providing the Company with the funds, along with some further bank financing, to acquire over EUR100.0 million of assets. The pipeline for this investment is looking healthy and we look forward to updating shareholders on this in due course.

The Company's operating platform is continuing to produce exceptional results with our best ever year for organic rental income growth and total shareholder return being recorded along with further significant improvements in service charge cost recovery. The capex investment programmes continue to deliver outstanding results and the new acquisitions have added valuable sub-optimal and vacant space to the programmes. All of this means that the Company is achieving the exceptionally high returns it desires at the asset level and the potential for this to continue into the future has been greatly enhanced by the asset recycling programme.

The focus of the Company remains to deliver attractive risk-adjusted returns by growing recurring income and capital values through intensive asset management and we look forward to updating shareholders on further progress over the coming year.

Alistair Marks
Chief Financial Officer
1 June 2018

Consolidated statement of comprehensive income
for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Rental income	5	72,139	68,793
Direct costs	6	(9,067)	(8,267)
Net operating income		63,072	60,526
Surplus on revaluation of investment properties	13	63,452	49,782

(Loss)/gain on disposal of properties	6	(2,502)	79
Administrative expenses	6	(24,184)	(23,883)
Operating profit		99,838	86,504
Finance income	9	13	23
Finance expense	9	(10,246)	(10,224)
Change in fair value of derivative financial instruments		43	133
Net finance costs		(10,190)	(10,068)
Profit before tax		89,648	76,436
Taxation	10	(8,285)	(9,500)
Profit for the year		81,363	66,936
Profit attributable to:			
Owners of the Company		81,272	66,911
Non-controlling interest		91	25
Total comprehensive income for the year		81,363	66,936
Earnings per share			
Basic earnings per share	11	8.89c	8.13c
Diluted earnings per share	11	8.65c	7.90c
Basic EPRA earnings per share	11	3.04c	3.18c
Diluted EPRA earnings per share	11	2.96c	3.09c

Consolidated statement of financial position
as at 31 March 2018

	Notes	31 March 2018 EUR000	31 March 2017 EUR000
Non-current assets			
Investment properties	13	913,843	727,295
Plant and equipment	15	3,126	2,564
Goodwill	16	3,738	3,738
Deferred tax assets	10	811	240
Total non-current assets		921,518	733,837
Current assets			
Investment properties held for sale	14	17,325	96,000
Trade and other receivables	17	45,063	14,290
Cash and cash equivalents	18	79,605	48,695
Total current assets		141,993	158,985
Total assets		1,063,511	892,822
Current liabilities			
Trade and other payables	19	(40,972)	(33,963)
Interest-bearing loans and borrowings	20	(7,844)	(7,068)
Current tax liabilities		(3,045)	(465)
Derivative financial instruments		(6)	(7)
Total current liabilities		(51,867)	(41,503)
Non-current liabilities			
Interest-bearing loans and borrowings	20	(359,234)	(334,724)
Derivative financial instruments		(292)	(334)
Deferred tax liabilities	10	(26,485)	(20,993)
Total non-current liabilities		(386,011)	(356,051)
Total liabilities		(437,878)	(397,554)
Net assets		625,633	495,268
Equity			
Issued share capital	23	-	-
Other distributable reserve	24	519,320	470,318
Retained earnings		106,141	24,869
Total equity attributable to the equity holders of the Company		625,461	495,187
Non-controlling interests		172	81
Total equity		625,633	495,268
EPRA net asset value per share	12	64.18c	57.84c

The financial statements were approved by the Board of Directors on 1 June 2018 and were signed on its behalf by:

Alistair Marks
Chief Financial Officer

Company number: 46442

Consolidated statement of changes in equity
for the year ended 31 March 2018

	Issued share capital EUR000	Other distributable reserve EUR000	Retained earnings EUR000	Total equity attributable to the equity holders of the Company EUR000	Non-controlling interests EUR000	Total equity EUR000
As at 31 March 2016	-	429,094	(42,042)	387,052	56	387,108
Shares issued, net of costs	-	43,620	-	43,620	-	43,620
Share-based payment transactions	-	4,289	-	4,289	-	4,289
Conversion of shareholder loan	-	5,000	-	5,000	-	5,000
Dividends paid	-	(11,685)	-	(11,685)	-	(11,685)
Total comprehensive income for the year	-	-	66,911	66,911	25	66,936
As at 31 March 2017	-	470,318	24,869	495,187	81	495,268
Shares issued, net of costs	-	63,352	-	63,352	-	63,352
Share-based payment transactions	-	3,674	-	3,674	-	3,674
Dividends paid	-	(18,024)	-	(18,024)	-	(18,024)

Total comprehensive income for the year	-	-	81,272	81,272	91	81,363
As at 31 March 2018	-	519,320	106,141	625,461	172	625,633

Consolidated statement of cash flows
for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Operating activities			
Profit after tax		81,272	66,911
Taxation	10	8,285	9,500
Non-controlling interests		91	25
Loss/(gain) on sale of properties	6	2,502	(79)
Share-based payments	6	4,310	4,290
Surplus on revaluation of investment properties	13	(63,452)	(49,782)
Change in fair value of derivative financial instruments		(43)	(133)
Depreciation	6	1,086	868
Finance income	9	(13)	(23)
Finance expense	9	8,898	9,795
Exit fees/prepayment penalties	9	1,348	428
Cash flows from operations before changes in working capital		44,284	41,800
Changes in working capital			
(Increase)/decrease in trade and other receivables		(2,730)	4,984
Increase in trade and other payables		2,271	3,168
Taxation paid		(756)	(17)
Cash flows from operating activities		43,069	49,935
Investing activities			
Purchase of investment properties		(121,252)	(76,265)
Prepayments relating to new acquisitions	17	(34,585)	(6,547)
Capital expenditure		(19,104)	(16,540)
Purchase of plant and equipment	15	(1,649)	(1,523)
Net proceeds on disposal of properties		102,510	7,201
Interest received	6	13	23
Cash flows used in investing activities		(74,067)	(93,651)
Financing activities			
Issue of shares		63,352	43,620
Dividends paid	25	(18,024)	(11,685)
Proceeds from loans	20	78,930	211,500
Repayment of loans		(53,551)	(159,077)
Exit fees/prepayment penalties		(1,348)	(428)
Finance charges paid		(7,451)	(11,393)
Cash flows from financing activities		61,908	72,537
Increase in cash and cash equivalents		30,910	28,821
Cash and cash equivalents at the beginning of the year		48,695	19,874
Cash and cash equivalents at the end of the year	18	79,605	48,695

Notes to the financial statements
for the year ended 31 March 2018

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2018.

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

2. Significant accounting policies

(a) Basis of preparation

The consolidated financial information 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 consolidated financial information is presented in euros and all values are rounded to the nearest thousand (EUR000) except where otherwise indicated. The functional currency of the Group is euro.

(b) Statement of compliance

The condensed consolidated financial information has been prepared in accordance with IFRS, IAS 34 - Interim Reporting, the requirements of the Listing Rules of the UK Listing Authority, and in accordance with IFRS adopted for use in the EU ("Adopted IFRS"), the Companies (Guernsey) Law, 2008, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council. The consolidated financial statements give a true and fair view and are in compliance with the Companies (Guernsey) Law, 2008. Accounting policies are consistent with those of prior periods.

These condensed consolidated financial statements are not audited but are extracted from audited information. The audited annual financial statements were audited by KPMG LLP, London, who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The directors

take full responsibility for the preparation of these condensed consolidated financial statements and the financial information has been correctly extracted from the underlying audited annual financial statements.

(c) Going concern

Having reviewed the Group's current and future trading, cash flow and covenant forecasts, together with sensitivities and exercisable mitigating factors and the available facilities, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months. Accordingly, the Board continued to adopt the going concern basis in preparing the historical financial information.

(d) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2018. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

(e) Acquisitions

Investment property acquisitions that are not accounted for as business combinations under IFRS 3 are dealt with as acquisitions of investment property assets.

(f) Foreign currency translation

The consolidated financial information is presented in euros, which is the functional and presentational currency of all members of the Group.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In particular:

Rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

Fixed or determinable rental increases, which can take the form of actual amounts or agreed percentages, are recognised on a straight-line basis over the term of material leases. If the increases are related to a price index to cover inflationary cost increases then the policy is not to spread the amount but to recognise them when the increase takes place.

The value of rent free periods and all similar lease incentives is spread on a straight-line basis over the term of material leases only. Where there is a reasonable expectation that the tenant will exercise break options, the value of rent free periods and all similar lease incentives is booked up to the break date.

Interest income
Interest income is recognised as it accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument).

Service charges
Service charge income receivable is not treated as revenue; rather, it is set off against the direct costs to which such income relates.

(h) Leases

Group as lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

(i) Income tax

Current income tax
Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Certain subsidiaries may be subject to foreign taxes in respect of foreign sources of income. Sirius Real Estate Limited is UK resident for tax purposes.

Deferred income tax
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are only recognised to the extent that it is foreseeable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the year when the related asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(j) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(k) Investment properties

Investment properties are properties owned by the Group which are held for long-term rental income, capital appreciation or both.

Investment properties are initially recognised at cost, including transaction costs when legal ownership of the property is transferred. Where recognition criteria are met the carrying amount includes subsequent costs to add to or replace part of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Investment properties are derecognised when the risks and rewards of ownership of the asset are transferred to a third party.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss of the statement of comprehensive income in the period in which they arise.

The fair value of the Group's investment properties at 31 March 2018 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2017: Cushman & Wakefield LLP), an independent valuer. The valuations are in accordance with standards complying with the Royal Institute of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been settled by the International Valuation Standards Committee.

The valuation is based upon assumptions including future rental income, anticipated non-recoverable and maintenance costs, expected capital expenditure and an appropriate discount rate. The properties are valued on the basis of a discounted cash flow model using a range of 10-14 years supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over the measurement period. At the end of the period in which the cash flow is modelled, a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to present value. Each property is visited by the external valuer at least once every two years. The information provided to and assumptions made by the external valuer have not materially changed in the year.

Directors can make discretionary impairments of non-core assets when strong evidence exists to support an adjustment. In such circumstances the Audit Committee performs a review and satisfies itself the impairment can be fully substantiated and appropriately supported before a write-down is recognised in the Company's books and records.

(l) Disposals of investment property

Investment property disposals are recognised in the financial information on the date of completion. Profit or loss arising on disposal of investment properties is calculated by reference to the most recent carrying value of the asset adjusted for subsequent capital expenditure.

(m) Investment properties held for sale

Investment properties held for sale are separately disclosed at the asset's fair value. In order for an investment property held for sale to be recognised, the following conditions must be met:

- the asset must be available for immediate sale in its present condition and location;
- the asset is being actively marketed;
- the asset's sale is expected to be completed within twelve months of classification as held for sale;
- there must be no expectation that the plan for selling the asset will be withdrawn or changed significantly; and
- the successful sale of the asset must be highly probable.

(n) Plant and equipment

Recognition and measurement
Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation
Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Depreciation is charged in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of the fixed assets. The estimated useful lives are as follows:

Plant and equipment	four to ten years
Fixtures and fittings	four years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(o) Goodwill

Goodwill arising on consolidation represents the excess of the cost of the purchase consideration over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or more frequently when there is an indication that the business to which the goodwill applies may be impaired.

(p) Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(q) Treasury Shares

Own equity instruments which are reacquired ("Treasury Shares") are deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's equity instruments.

(r) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(t) Bank borrowings and costs

Interest-bearing bank loans and borrowings are initially recorded at fair value, net of direct issue costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the financing of assets are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of valuation, professional fees and other costs that an entity incurs in connection with the borrowing of funds.

(u) Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(w) Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial information in the period in which the dividends are approved by the Company's Board. The final dividend relating to the year ended 31 March 2018 will be approved and recognised in the financial year ending 31 March 2019.

(x) Impairment excluding investment properties

(i) Financial assets
A financial asset (excluding financial assets at fair value through profit and loss) is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- excessive or persistent debtor ageing;
- a breach of contract, such as a default or delinquency in interest or principal payments; or
- it becomes probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are

assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss of the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss of the statement of comprehensive income.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss of the statement of comprehensive income. Impairment losses recognised in profit or loss in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(y) Standards effective in the year

The accounting policies adopted are consistent with those of the previous financial year. In the fiscal year 2017-2018, IFRS Standards or IFRIC Interpretations to be applied for the first time caused no material changes for the Group.

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

IFRS 9

With the publication of the final version of IFRS 9 "Financial Instruments" in July 2014, the IASB completed its project for replacing IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 provides a standardised approach for classification and measurement of financial assets and liabilities which is primarily based on the company's business model and the cash flows of the financial instrument. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Finally, IFRS 9 also contains new guidelines for the use of hedge accounting, targeted in particular at better illustration of the risk management activities of a company and the monitoring of non-financial risks.

The Group has to apply IFRS 9 in the accounting period beginning 1 April 2018. The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 April 2018.

Based on its assessment, the Group believes that the new classification and valuation of financial assets as well as the accounting for financial liabilities will only change to an insignificant extent. The Group will apply the simplified procedure for the determination of risk provision for expected credit losses for all trade receivables and contract assets in accordance with IFRS 15. Therefore, the Group does not expect any significant change in risk provisions compared to the current accounting. Due to the low level of relevant hedging instruments the Group expects no material adaptation effects. Overall, there will not be significant changes in the presentation and recognition of financial assets and liabilities because of the application of IFRS 9.

IFRS 15

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. IFRS 15 will completely replace the existing regulations for the recognition of revenue, including related interpretations, in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts". Consequently, revenues will be recognised in the future, when the customer obtains control over the agreed goods and services and can derive benefits from these. Revenues are recognised in the amount of the consideration that the company will presumably receive. The standard provides a single, principles-based, five-step model to be applied to all contracts with customers, in which the volume of sales and the time or the period of revenue recognition can be determined.

The model is as follows:

1) identification of the customer contract;
2) identification of the individual performance obligations;
3) determination of the transaction price;
4) allocation of the transaction price to the separate contractual obligations and,
5) the realization of revenue when individual contractual obligations are fulfilled.

The Group has to apply IFRS 15 in the accounting period beginning 1 April 2018. The Group plans to adopt IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

As the Group is generating more than 95% of the revenues from lease contracts which are out of the scope of IFRS 15, the

estimated impact on retained earnings will be immaterial.

IFRS 16

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

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

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

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

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of office buildings and leases for space relating to operating management contracts. As at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases are disclosed under Note 27.

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

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

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

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

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

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

3. Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Group's accounting policies, which are described in note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial information:

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for them as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

Valuation of investment properties
The fair value of the Group's investment properties, excluding those held for sale of EUR917.3 million (31 March 2017: EUR735.3 million), was determined by Cushman & Wakefield LLP (2017: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting and Directors' discretionary impairments of non-core assets described below, the book value of investment properties is shown as EUR913.8 million (31 March 2017: EUR727.3 million).

The Cushman & Wakefield LLP valuation is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount rate. The properties are valued on the basis of a ten year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten year period. After ten years, a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to a present value.

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

4. Operating segments

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, Germany. All rental income is derived from operations in Germany. There is no one tenant that represents more than 10% of Group revenues. The chief operating decision maker is considered to be the Board of Directors, which is provided with consolidated IFRS, as adopted by the European Union ("EU"), information on a quarterly basis.

5. Revenue

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Rental and other income from investment properties	72,139	68,793

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

6. Operating profit

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

Direct costs

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Service charge income	(41,561)	(40,976)
Property costs	48,729	47,563
Non-recoverable maintenance	1,899	1,680
Irrecoverable property costs	9,067	8,267

Loss on disposal of properties

Included within loss on disposal of properties of EUR2,502,000 (2017: gain of EUR79,000) are total proceeds of EUR103,902,000 (2017: EUR7,370,000) and property and professional costs of EUR106,404,000 (2017: EUR7,291,000).

Administrative expenses

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Audit fee	350	293
Legal and professional fees	2,431	2,128
Other administration costs	1,278	2,368
LTIP & SIP*	4,310	4,136
Staff costs	11,069	9,305
Director fees and expenses	350	241
Depreciation	1,086	868
Marketing	1,745	1,584
Selling costs relating to assets held for sale	52	551
Non-recurring items	1,513	2,409
Administrative expenses	24,184	23,883

* Including related costs of EUR962,000.

During the year fees of EUR34,000 (2017: EUR500,000) were paid to auditors and their associates in respect of other non-audit services primary relating to tax advisory services, whereby the prior year included costs relating to the Main Market move.

Non-recurring items relate primarily to costs associated with a potential legal claim and additional Main Markets listing costs (2017: main market listing costs).

Staff costs as stated above relate to costs which are not recovered through service charge.

7. Employee costs and numbers

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Wages and salaries	16,355	13,970
Social security costs	2,927	2,544
Pension	204	174
Other employment costs	95	215
	19,581	16,903

The costs for the year ended 31 March 2018 include those relating to Executive Directors and an expense including related costs of EUR3,541,000 (31 March 2017: EUR4,136,000) relating to the granting or award of shares under LTIPs (see note 8).

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 and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 232 (31 March 2017: 204), expressed in full-time equivalents. In addition, the Board of Directors consists of four Non-executive Directors (31 March 2017: five) and two Executive Directors (31 March 2017: two) as at 31 March 2018.

8. Employee schemes

Equity-settled share-based payments

LTIP

An LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in October 2015. The fair value determined at the grant date is expensed on a straight-line basis over the vesting and holding period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Under the LTIP, the awards are granted in the form of whole shares at no cost to the participants. Shares vest after the three year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award are based on net asset value and total shareholder return allowing vesting of 0% to a maximum of 125%. As a result, a maximum of 25,150,000 shares were granted, subject to performance criteria, under the scheme in December 2015. An expense including

related costs of EUR3,541,000 was recognised in the statement of comprehensive income to 31 March 2018.

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

	Year ended 31 March 2018		Year ended 31 March 2017	
	Number of shares	Weighted average exercise price EUR	Number of shares	Weighted average exercise price EUR
Balance outstanding as at the beginning of the period (nil exercisable)	23,850,000	-	25,150,000	-
Forfeited during the period	-	-	(1,300,000)	-
Balance outstanding as at the end of the period (nil exercisable)	23,850,000	-	23,850,000	-

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

Weighted average share price - EUR	0.52
Weighted average exercise price - EUR	-
Expected volatility - %	20
Expected life - years	2.48
Risk free rate based on European treasury bonds' rate of return - %	(0.11)
Expected dividend yield - %	3.41

Assumptions considered in the model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the historical 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; expected life of the awards; risk free rates; and correlation between comparators. Based on the performance criteria and subject to the vesting conditions a total of 23,850,000 shares are expected to be issued.

SIP

A new share incentive plan ("SIP") for the benefit of senior employees of the Company was approved in May 2017. The fair value is based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards are granted in the form of whole shares at no cost to the participants. Shares vest after a one year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award are based on the adjusted net asset value including dividends paid and allow vesting of 100% or 0%. As a result, a maximum of 1,065,000 shares were granted, subject to performance criteria, under the scheme in June 2017 and an expense including related costs of EUR769,000 was recognised in the consolidated statement of comprehensive income to 31 March 2018.

Employee benefit scheme

During the year 487,166 shares were issued to the Company's management through its MSP programme (31 March 2017: 313,608).

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

	Year ended 31 March 2018 EUR000	Year ended 31 March2017 EUR000
Charge relating to MSP	326	153
Charge relating to new LTIP	2,617	4,136
Charge relating to new SIP	731	-
Share-based payment transactions as per consolidated statement of changes in equity	3,674	4,289

9. Finance income and expense

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Bank interest income	13	23
Finance income	13	23
Bank loan interest expense	(6,721)	(7,151)
Bank charges	(145)	(139)
Amortisation of capitalised finance costs	(1,173)	(1,172)
Refinancing costs, exit fees and prepayment penalties	(2,207)	(1,762)
Finance expense	(10,246)	(10,224)
Net finance expense	(10,233)	(10,201)

The refinancing costs on derecognition of loans for the year ended 31 March 2018 of EUR2.2 million relate to the costs associated with the part repayment of tranche 1 of the Berlin Hyp AG/Deutsche Pfandbriefbank AG facility and full repayment of tranche 2 of the Berlin Hyp AG/Deutsche Pfandbriefbank AG facility following the sales of the Düsseldorf and Munich Rupert Mayer Strasse assets.

10. Taxation

Consolidated statement of comprehensive income

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Current income tax		
Current income tax charge	(604)	(576)

Current income tax charge relating to disposals of investment properties	(1,921)	-
Accrual relating to tax treatment of swap break	(839)	264
Total current income tax	(3,364)	(312)
Deferred tax		
Relating to origination and reversal of temporary differences	(5,492)	(9,245)
Relating to LTIP charge for the year	571	57
Total deferred tax	(4,921)	(9,188)
Income tax charge reported in the statement of comprehensive income	(8,285)	(9,500)

The current income tax charge of EUR3,364,000 (31 March 2017: tax charge of EUR312,000) reflects a release of tax accruals for prior years as well as the tax charge for the year. The effective income tax rate for the period differs from the standard rate of corporation tax in Germany of 15.825% (2017: 15.825%). The differences are explained below:

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Profit before tax	89,648	76,436
Profit before tax multiplied by the rate of corporation tax in Germany of 15.825% (2017: 15.825%)	14,187	12,096
Effects of:		
Deductible interest on internal financing	(5,573)	(4,451)
Non-deductible expenses	835	567
Tax losses utilised	(4,726)	(1,200)
Property valuation movements due to differences in accounting treatments	3,270	2,657
Adjustments in respect of prior periods	839	(264)
Other	(547)	95
Total income tax charge in the statement of comprehensive income	8,285	9,500

Deferred income tax liability

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Opening balance	(20,993)	(11,748)
Release due to disposals	4,883	-
Taxes on the revaluation of investment properties	(10,375)	(9,245)
Balance as at year end	(26,485)	(20,993)

Deferred income tax asset

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Opening balance	240	183
Relating to LTIP charge for the year	571	57
Balance as at year end	811	240

The Group has tax losses of EUR261,763,000 (2017: EUR262,525,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation rule. Deferred tax assets have not been recognised in respect of the revaluation losses on investment properties and interest rate swaps as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured. Deferred tax assets have been recognised in respect of the valuation of the Company LTIP.

11. Earnings per share

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

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Earnings		
Basic earnings	81,272	66,911
Diluted earnings	81,272	66,911
EPRA earnings	27,783	26,188
Diluted EPRA earnings	27,783	26,188
Headline earnings	27,755	26,318
Diluted headline earnings	27,755	26,318
Adjusted		
Basic earnings after tax	81,272	66,911
Deduct revaluation surplus, net of related tax	(57,940)	(40,514)
Add loss/deduct gain on sale of properties, net of related tax	4,423	(79)
Headline earnings after tax	27,755	26,318
(Deduct)/add change in fair value of derivative financial instruments, net of related tax	(63)	(156)
Add adjusting items, net of related tax*	8,349	8,801
Adjusted earnings after tax	36,041	34,963
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and EPRA basic earnings per share	914,479,339	822,957,685
Weighted average number of ordinary shares for the purpose of diluted and EPRA diluted earnings per share	939,394,339	846,807,685
Basic earnings per share	8.89c	8.13c
Diluted earnings per share	8.65c	7.90c
Basic EPRA earnings per share	3.04c	3.18c
Diluted EPRA earnings per share	2.96c	3.09c
Headline earnings per share	3.04c	3.20c
Diluted headline earnings per share	2.95c	3.11c

Adjusted earnings per share		3.94c	4.25c
Adjusted diluted earnings per share		3.84c	4.13c

* See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 6 below

	Notes	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Non-recurring items	6	1,513	2,409
Finance restructuring costs	9	2,207	1,762
Selling costs relating to assets held for sale	6	52	551
LTIP & SIP	6	4,310	4,136
Change in deferred tax assets	10	(571)	(57)
Accrual relating to tax treatment of swap break	10	839	-
Adjusting items as per note 11		8,349	8,801

The Directors have chosen to disclose adjusted earnings per share in order to provide an alternative indication of the Group's underlying business performance; accordingly, it excludes the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties net of related tax and derivative financial instruments net of related tax.

In addition the Directors have chosen to disclose EPRA earnings in order to assist in comparisons with similar businesses. The reconciliation between basic and diluted earnings and EPRA earnings is as follows:

EPRA earnings

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Basic and diluted earnings attributable to owners of the Company	81,272	66,911
Basic and diluted earnings attributable to non-controlling interest	91	25
Basic and diluted earnings attributable to owners of the Company and non-controlling interests	81,363	66,936
Surplus on revaluation of investment properties	(63,452)	(49,782)
Loss/(gain) on disposal of properties (including tax)	4,423	(79)
Change in fair value of derivative financial instruments	(43)	(133)
Deferred tax in respect of EPRA adjustments	5,492	9,246
EPRA earnings	27,783	26,188

The number of shares has been reduced by 574,892 shares (2017: 1,062,058 shares) that are held by the Company as Treasury Shares at 31 March 2018, for the calculation of basic, headline, adjusted and diluted earnings per share.

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

	2018 EUR000	2017 EUR000
Weighted average number of ordinary shares for the purpose of basic, EPRA basic, headline and adjusted earnings per share	914,479,339	822,957,685
Effect of grant of SIP shares	1,065,000	-
Effect of grant of LTIP shares	23,850,000	23,850,000
Weighted average number of ordinary shares for the purpose of diluted, EPRA diluted, headline diluted and adjusted diluted earnings per share	939,394,339	846,807,685

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

12. Net assets per share

	2018 EUR000	2017 EUR000
Net assets		
Net assets for the purpose of assets per share (assets attributable to the equity holders of the Company)	625,461	495,187
Deferred tax arising on revaluation surplus and LTIP valuation	25,674	20,753
Derivative financial instruments	298	341
Adjusted net assets attributable to equity holders of the Company	651,433	516,281
Number of shares		
Number of ordinary shares for the purpose of net assets per share	991,329,614	877,786,535
Number of ordinary shares for the purpose of EPRA net assets per share	1,016,244,614	901,636,535
Net assets per share	63.09c	56.41c
Adjusted net assets per share	65.71c	58.82c
EPRA net assets per share	64.18c	57.84c
Net assets at the end of the year (basic)	625,461	495,187
Directors' discretionary impairment of non-core assets	-	4,968
Derivative financial instruments at fair value	298	341
Deferred tax in respect of EPRA adjustments	26,485	20,993
EPRA net assets	652,244	521,489

The number of ordinary shares for the purpose of EPRA net assets per share is calculated as follows:

	2018 EUR000	2017 EUR000
Number of ordinary shares for the purpose of net assets per share	991,329,614	877,786,535

Effect of grant of SIP shares	1,065,000	-
Effect of grant of LTIP shares	23,850,000	23,850,000
Number of ordinary shares for the purpose of EPRA net assets per share	1,016,244,614	901,636,535

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

The number of shares has been reduced by 574,892 shares (2017: 1,062,058 shares) that are held by the Company as Treasury Shares at 31 March 2018, for the calculation of net assets and adjusted net assets per share.

13. Investment properties

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

	2018 EUR000	2017 EUR000
Total investment properties at book value as at 1 April	727,295	687,453
Additions	127,799	76,265
Capital expenditure	20,662	16,493
Disposals	(8,040)	(6,698)
Reclassified as investment properties held for sale	(17,325)	(96,000)
Surplus on revaluation above capex	58,971	50,040
Adjustment in respect of lease incentives	(487)	(600)
Movement in Directors' impairment of non-core assets	4,968	342
Total investment properties at book value as at 31 March	913,843	727,295

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:

	2018 EUR000	2017 EUR000
Investment properties at market value per valuer's report*	917,340	735,290
Adjustment in respect of lease incentives	(3,497)	(3,027)
Directors' impairment of non-core assets	-	(4,968)
Balance as at year end	913,843	727,295

* Excluding assets held for sale of EUR17.3 million.

The fair value (market value) of the Group's investment properties at 31 March 2018 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2017: Cushman & Wakefield LLP), an independent valuer.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. See note 2 (k) for further details.

The weighted average lease expiry remaining across the whole portfolio at 31 March 2018 was 2.6 years (2017: 2.5 years).

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

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

	2018 EUR000	2017 EUR000
Surplus on revaluation above capex	58,971	50,040
Adjustment in respect of lease incentives	(487)	(600)
Movement in Directors' impairment of non-core assets	4,968	342
Surplus on revaluation of investment properties reported in the statement of comprehensive income	63,452	49,782

Included in the surplus on revaluation of investment properties reported in the statement of comprehensive income are gross gains of EUR72.9 million and gross losses of EUR9.4 million.

Other than the capital commitments disclosed in note 27, the Group is under no contractual obligation to purchase, construct or develop any investment property. The Group is responsible for routine maintenance to the investment properties.

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

As at 31 March 2018

Sector	Market value (EUR)	Technique	Significant assumption	Range
Business park	913,390,000	Discounted cash flow	Current rental income	EUR0k-EUR5,858k
			Market rental income	EUR424k-EUR5,800k
			Gross initial yield	0.0%-14.9%
			Discount factor	4.9%-8.8%
			Void period (months)	12-24
			Estimated capital value per sqm	EUR275-EUR1,426
Other	3,950,000	Discounted cash flow	Current rental income	EUR510k-EUR1,932k
			Market rental income	EUR899k-EUR3,365k
			Gross initial yield	8.9%-10.1%
			Discount factor	8.5%-12.0%
			Void period (months)	12-24
			Estimated capital value per sqm	EUR67-EUR126

As at 31 March 2017

Sector	Market value (EUR)	Technique	Significant assumption	Range
Business park	711,320,000	Discounted cash flow	Current rental income	EUR288k-EUR5,655k
			Market rental income	EUR424k-EUR6,035k
			Gross initial yield	3.8%-15.6%
			Discount factor	4.75%-12.0%
			Void period (months)	12-24
			Estimated capital value per sqm	EUR67-EUR1,261
Other	23,970,000	Discounted cash flow	Current rental income	EUR398k-EUR1,905k
			Market rental income	EUR466k-EUR2,119k
			Gross initial yield	3.8%-10.1%
			Discount factor	6.3%-9.5%
			Void period (months)	12-24
			Estimated capital value per sqm	EUR597-EUR941

The valuation is performed on a lease-by-lease basis due to the mixed-use nature of the sites. This gives rise to large ranges in the inputs.

As a result of the 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 EUR47,690,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of EUR47,980,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of EUR18,900,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of EUR19,770,000.

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

Most of the Group's properties are pledged as security for loans obtained by the Group. See note 20 for details.

14. Investment properties held for sale

	2018 EUR000	2017 EUR000
Bremen Brinkmann	15,500	-
Rostock land	1,200	-
Markgröningen residential	625	-
Munich Rupert Mayer Strasse	-	85,000
Düsseldorf	-	11,000
Balance as at year end	17,325	96,000

15. Plant and equipment

	Plant and equipment EUR000	Fixtures and fittings EUR000	Total EUR000
Cost			
As at 31 March 2017	6,013	2,826	8,839
Additions in year	896	753	1,649
Disposals in year	(15)	(34)	(49)
As at 31 March 2018	6,894	3,545	10,439
Depreciation			
As at 31 March 2017	(4,520)	(1,755)	(6,275)
Charge for year	(780)	(306)	(1,086)
Disposals in year	14	34	48
As at 31 March 2018	(5,286)	(2,027)	(7,313)
Net book value as at 31 March 2018	1,608	1,518	3,126
Cost			
As at 31 March 2016	4,879	2,542	7,421
Additions in year	1,173	350	1,523
Disposals in year	(39)	(66)	(105)
As at 31 March 2017	6,013	2,826	8,839
Depreciation			
As at 31 March 2016	(3,934)	(1,544)	(5,478)
Charge for year	(607)	(261)	(868)
Disposals in year	21	50	71
As at 31 March 2017	(4,520)	(1,755)	(6,275)
Net book value as at 31 March 2017	1,493	1,071	2,564

16. Goodwill

	2018 EUR000	2017 EUR000
Opening balance	3,738	3,738
Additions	-	-
Impairment	-	-
Closing balance	3,738	3,738

On 30 January 2012, a transaction was completed to internalise the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of EUR3,738,000 was recognised. Current business plans indicate that the balance is unimpaired.

Goodwill is tested at least annually for impairment and whenever there are indications that goodwill might be impaired. The recoverable amount of a cash-generating unit is based on its value in use. Value in use is the present value of the projected cash flows of the cash-generating unit. The key assumptions regarding the value-in-use calculations were budgeted growth in revenue and the discount rate applied. Budgeted profit margins were estimated based on actual performance over the past two financial years and expected market changes. The discount rate used is a pre-tax rate and reflects the risks specific to the real estate industry. The Group prepares cash flow forecasts based on the most recent financial budget approved by management, which

covers a one year period. Cash flows beyond this period are extrapolated to a period of five years using a revenue growth rate of 2.0% (2017: 2.0%), which is consistent with the long-term average growth rate for the real estate sector. A discount rate of 7.05% (2017: 6.75%) and terminal value of 5.05% (2017: 4.75%) was applied in the impairment review. A discount rate of 8.30% (2017: 10.0%) would be required for the carrying value of goodwill to be greater than the fair value. A negative revenue growth rate of 0.77% (2017: 1.16%) would be required for the carrying value of goodwill to be greater than the fair value.

17. Trade and other receivables

	2018	2017
	EUR000	EUR000
Trade receivables	3,899	2,837
Other receivables	5,523	4,470
Prepayments	35,641	6,983
Balance as at year end	45,063	14,290

Other receivables include lease incentives of EUR3,497,000 (2017: EUR3,269,000).

Prepayments include amounts totalling EUR34,585,000 (2017: EUR6,547,000) relating to the payments and associated costs for the acquisition of two new sites that completed post period end, see note 30.

18. Cash and cash equivalents

	2018	2017
	EUR000	EUR000
Cash at bank and in hand	79,605	48,695
Balance as at year end	79,605	48,695

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 31 March 2018 is EUR79,605,000 (2017: EUR48,695,000).

As at 31 March 2018 EUR15,191,000 (2017: EUR12,753,000) of cash is held in blocked accounts. Of this, EUR8,256,000 (2017: EUR6,933,000) relates to deposits received from tenants. An amount of EUR16,000 (2017: EUR16,000) is cash held in escrow as requested by a supplier and EUR131,000 (2017: EUR131,000) is held in restricted accounts for office rent deposits. An amount of EUR3,344,000 (2017: EUR2,850,000) relates to amounts reserved for future bank loan interest and amortisation payments, pursuant to certain of the Group's banking facilities. An amount of EUR3,268,000 (2017: EUR2,823,000) relates to amounts reserved for future capital expenditure and an amount of EUR176,000 (2017: EURnil) relates to amounts reserved for future debt servicing, pursuant to certain of the Group's banking facilities.

19. Trade and other payables

	2018	2017
	EUR000	EUR000
Trade payables	6,381	5,865
Accrued expenses	14,453	12,206
Accrued interest	2,031	509
Other payables	18,107	15,383
Balance as at year end	40,972	33,963

20. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2018 EUR000	2017 EUR000
Current				
Deutsche Genossenschafts-Hypothekenbank AG				
- fixed rate facility	1.59	31 March 2021	320	320
Bayerische Landesbank				
- hedged floating rate facility	Hedged*	19 October 2020	508	508
SEB AG				
- fixed rate facility	1.84	1 September 2022	1,180	1,180
- hedged floating rate facility	Hedged**	30 October 2024	229	-
- floating rate facility	Floating***	25 March 2025	760	-
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
- floating rate facility	Floating****	27 April 2023	-	1,063
- fixed rate facility	1.66	27 April 2023	2,551	2,413
Berlin Hyp AG				
- fixed rate facility	1.48	29 October 2023	1,799	1,773
K-Bonds I				
- fixed rate facility	6.00	31 July 2020	1,000	1,000
Saarbrücken Sparkasse				
- fixed rate facility	1.53	28 February 2025	726	-
Capitalised finance charges on all loans			(1,229)	(1,189)
			7,844	7,068
Non-current				
Deutsche Genossenschafts-Hypothekenbank AG				
- fixed rate facility	1.59	31 March 2021	14,040	14,360
Bayerische Landesbank				
- hedged floating rate facility	Hedged*	19 October 2020	23,606	24,113
SEB AG				
- fixed rate facility	1.84	1 September 2022	54,870	56,050
- hedged floating rate facility	Hedged**	30 October 2024	22,701	-
- floating rate facility	Floating***	25 March 2025	37,240	-
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
- floating rate facility	Floating****	27 April 2023	-	40,375
- fixed rate facility	1.66	27 April 2023	81,554	89,927
Berlin Hyp AG				
- fixed rate facility	1.48	29 October 2023	65,697	67,496

K-Bonds I				
- fixed rate facility	4.00	31 July 2023	45,000	45,000
- fixed rate facility	6.00	31 July 2020	2,000	3,000
Saarbrücken Sparkasse				
- fixed rate facility	1.53	28 February 2025	17,274	-
Capitalised finance charges on all loans			(4,748)	(5,597)
			359,234	334,724
Total			367,078	341,792

* This facility is hedged with a swap charged at a rate of 1.66%.
** Tranche 1 of this facility is hedged with a swap charged at a rate of 2.58%, tranche 2 of this facility is hedged with a swap charged at a rate of 2.56%.
*** This 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.
**** Tranche 2 of this facility was fully repaid in September 2017.

The borrowings are repayable as follows:

	2018	2017
	EUR000	EUR000
On demand or within one year	9,073	8,256
In the second year	9,383	8,323
In the third to tenth years inclusive	354,599	331,998
Total	373,055	348,577

The Group has pledged 46 (2017: 38) investment properties to secure related interest-bearing debt facilities granted to the Group including two properties that completed immediately after period end. Of this the 44 (2017: 38) properties had a combined valuation of EUR872,408,000 as at 31 March 2018 (2017: EUR774,120,000).

Deutsche Genossenschafts-Hypothekenbank AG

On 24 March 2016, the Group agreed to a facility agreement with Deutsche Genossenschafts-Hypothekenbank AG for EUR16.0 million. As at 31 March 2017 tranche 1 had been drawn down in full totalling EUR15.0 million. The loan terminates on 31 March 2021. Amortisation is 2% per annum with the remainder of the loan due in the fifth year. The facility is charged at a fixed interest rate of 1.59%. The facility is secured over one property asset and is subject to various covenants with which the Group has complied.

Bayerische Landesbank

On 20 October 2015, the Group agreed to a facility agreement with Bayerische Landesbank for EUR25.4 million. The loan terminates on 19 October 2020. Amortisation is 2% per annum with the remainder due in the fourth year. The full facility has been hedged at a rate of 1.66% until 19 October 2020 by way of an interest rate swap. The facility is secured over four property assets and is subject to various covenants with which the Group has complied.

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for EUR59.0 million to refinance the two existing Macquarie loan facilities. The loan terminates on 1 September 2022. Amortisation is 2% per annum with the remainder due in the seventh year. The loan facility is charged at a fixed interest rate of 1.84%. This facility is secured over twelve of the 14 property assets previously financed through the Macquarie loan facilities, thereby two non-core assets were unencumbered in the refinancing process. The facility is subject to various covenants with which the Group has complied.

On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for EUR22.9 million. Tranche 1, totalling EUR20.0 million has been hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling EUR2.9 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.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for EUR38.0 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 and requires a hedging instrument to be put in place in order to fix the rate before the end of June 2018. The facility is secured over six property assets one of which completed immediately after period end and is subject to various covenants with which the Group has complied.

Berlin Hyp AG/Deutsche Pfandbriefbank AG

On 31 March 2014, the Group agreed to a facility agreement with Berlin Hyp AG and Deutsche Pfandbriefbank AG for EUR115.0 million. The loan terminates on 31 March 2019. Amortisation is 2% p.a. for the first two years, 2.5% for the third year and 3.0% thereafter, with the remainder due in the fifth year. Half of the facility (EUR55.2 million) is charged interest at 3% plus three months EURIBOR and is capped at 4.5%, and the other half (EUR55.2 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 EUR110.4 million at 31 March 2016. The new facility is split in two tranches totalling EUR137.0 million and terminates on 27 April 2023. Tranche 1, totalling EUR94.5 million, is charged at a fixed interest rate of 1.66% for the full term of the loan. Tranche 2, totalling EUR42.5 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 EUR5.8 million following the disposal of the Düsseldorf asset. On 30 September 2017, the Group repaid tranche 2 of the loan in full amounting to EUR40.9 million following the disposal of the Munich Rupert Mayer Strasse asset. The facility is now secured over nine property assets.

Berlin Hyp AG

On 15 December 2014, the Group agreed to a facility agreement with Berlin Hyp AG for EUR36.0 million. The loan terminates on 31 December 2019. Amortisation is 2% per annum for the first two years, 2.4% for the third year and 2.8% thereafter, with the remainder due in the fifth year. The facility is charged at a fixed interest rate of 2.85%. This facility is secured over three property

assets and is subject to various covenants with which the Group has complied. On 28 April 2016, the Group agreed to add an additional tranche to this facility which had an outstanding balance of EUR35.1 million at 31 March 2016. The additional tranche of EUR4.5 million brings the total loan to EUR39.6 million. The maturity of the additional loan tranche is coterminous with the existing loan at 31 December 2019. Amortisation is 2.5% per annum, with the remainder due at maturity. The additional loan tranche is charged with a fixed interest rate of 1.32% for the full term of the loan. The original facility agreement was amended to include one previously unencumbered property asset located in Würselen. The terms of the original loan are unchanged and the loan continues to be subject to various covenants with which the Group has complied.

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend this facility which had an outstanding balance of EUR39.2 million at 30 September 2016. The new facility totals EUR70.0 million and terminates on 29 October 2023. Amortisation is 2.5% per annum with the remainder due at maturity. The facility is charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility is secured over six property assets which include the recent acquisitions in Dresden and Wiesbaden which were added to the security pool in order to increase the facility. The loan is subject to various covenants with which the Group has complied.

K-Bonds

On 1 August 2013, the Group agreed to a facility agreement with K-Bonds for EUR52.0 million. The loan consists of a senior tranche of EUR45.0 million and a junior tranche of EUR7.0 million. The senior tranche has a fixed interest rate of 4% per annum and is due in one sum on 31 July 2023. The junior tranche has a fixed interest rate of 6% and terminates on 31 July 2020. The junior tranche is amortised at EUR1.0 million per annum over a seven year period. This facility is secured over four properties and is subject to various covenants with which the Group has complied.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for EUR18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset that completed immediately after period end and is subject to various covenants with which the Group has complied.

A summary of the Group's debt covenants is set out below:

	Outstanding at 31 March 2018 EUR000	Property values at 31 March 2018 EUR000	Loan to value ratio at 31 March 2018*	Loan to value covenant at 31 March 2018	Interest cover ratio at 31 March 2018**	Debt service cover ratio at 31 March 2018**	Debt yield ratio at 31 March 2018**	Cover ratio covenant at 31 March 2018
Deutsche Genossenschafts-Hypothekenbank AG	14,360	30,151	47.6%	68.0%	n/a	2.03	n/a	1.25
Bayerische Landesbank	24,114	62,780	38.4%	65.0%	n/a	3.78	n/a	2.50
SEB AG	56,050	137,715	40.7%	57.5%	7.39	n/a	n/a	5.90
SEB AG II	22,930	44,396	51.6%	61.5%	n/a	n/a	3.39	1.70
SEB AG III	38,000	65,200	58.3%	60.0%	n/a	n/a	10.81	7.50
Berlin Hyp AG/Deutsche Pfandbriefbank AG	84,105	263,670	31.9%	62.5%	n/a	3.18	n/a	1.50
Berlin Hyp AG	67,496	158,923	42.5%	65.0%	n/a	3.28	n/a	1.40
K-Bonds I	48,000	109,573	43.8%	n/a	4.06	n/a	n/a	2.50
Saarbrücken Sparkasse	18,000	-	n/a	n/a	n/a	2.52	n/a	2.00
Unencumbered properties	-	41,435	n/a					
Total	373,055	913,843	40.8%					

* Based on Cushman & Wakefield LLP valuations adjusted in respect of lease incentives and Directors' discretionary impairment of non-core assets.
** Based on contractual calculations which are often less representative of actual trading performance.

Reconciliation of movements of liabilities arising from financing activities:

	Liabilities		Derivatives held to hedge long-term borrowings	Equity				
	Loans and borrowings	Other liabilities	Interest rate swap used for hedging liabilities	Share capital	Reserves	Retained earnings	Non-controlling interest	Total
As at 31 March 2017	341,792	509	341	-	470,318	24,869	81	837,910
Changes from financing cash flow								
Proceeds from issue of share capital	-	-	-	-	63,352	-	-	63,352
Proceeds from loans and borrowings	78,930	-	-	-	-	-	-	78,930
Repayment of loans	(53,551)	-	-	-	-	-	-	(53,551)
Exit fees/prepayment penalties	-	(1,348)	-	-	-	-	-	(1,348)
Interest paid	-	(7,451)	-	-	-	-	-	(7,451)
Dividend paid	-	-	-	-	(18,024)	-	-	(18,024)
Total changes from financing cash flow	25,379	(8,799)	-	-	45,328	-	-	61,908
Changes in fair value	-	-	(43)	-	-	-	-	(43)
Accrued amortisation and interest	(903)	10,322	-	-	-	-	-	9,419
Transaction cost related								

to loans and borrowings	810	-	-	-	-	-	-	810
Total equity-related other changes	-	-	-	-	3,674	81,272	91	85,037
As at 31 March 2018	367,078	2,032	298	-	519,320	106,141	172	995,041

21. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans, derivative financial instruments and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The risk management policies employed by the Group to manage these risks are discussed below. In the event of a default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including expenses incurred to try and recover the defaulted amounts and legal expenses in maintaining, insuring and marketing the property until it is re-let. During the year, the Group monitored the tenants in order to anticipate and minimise the impact of defaults by occupational tenants, as well as to ensure that the Group has a diversified tenant base.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 EUR000	2017 EUR000
Trade receivables	3,899	2,837
Other receivables	5,523	4,470
Cash and cash equivalents	79,605	48,695
	89,027	56,002

The ageing of trade receivables at the statement of financial position date was:

	Gross 2018 EUR000	Impairment 2018 EUR000	Gross 2017 EUR000	Impairment 2017 EUR000
Past due 0-30 days	5,238	(1,984)	2,784	(1,121)
Past due 31-120 days	437	(298)	1,267	(789)
More than 120 days	2,702	(2,196)	2,928	(2,232)
	8,377	(4,478)	6,979	(4,142)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 EUR000	2017 EUR000
Balance at 1 April	(4,142)	(4,332)
Impairment loss (released)/recognised	(336)	190
Balance at 31 March	(4,478)	(4,142)

The allowance account for trade receivables is used to record impairment losses unless the Group believes that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Most trade receivables are generally due one month in advance. The exception is service charge balancing billing, which is due ten days after it has been invoiced. Included in the Group's trade receivables are debtors with carrying amounts of EUR3,899,000 (2017: EUR2,837,000) that are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Group prepares cash flow forecasts and continually monitors its ongoing commitments compared to available cash. Cash and cash equivalents are placed with financial institutions on a short-term basis which allows immediate access. This reflects the Group's desire to maintain a high level of liquidity in order to meet any unexpected liabilities that may arise due to the current financial position. Similarly, accounts receivable are due either in advance (e.g. rents and recharges) or within ten days (e.g. service charge reconciliations), further bolstering the Group's liquidity level.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2018, based on contractual undiscounted payments:

Year ended 31 March 2018	Bank and shareholder loans EUR000	Derivative financial instruments EUR000	Trade and other payables EUR000	Total EUR000
Undiscounted amounts payable in:				
Six months or less	(8,659)	(165)	(40,972)	(49,796)
Six months to one year	(7,851)	(163)	-	(8,014)
One to two years	(16,627)	(323)	-	(16,950)
Two to five years	(129,888)	(549)	-	(130,437)
Five to ten years	(246,970)	(231)	-	(247,201)

	(409,995)	(1,431)	(40,972)	(452,398)
Interest	36,940	1,431	-	38,371
	(373,055)	-	(40,972)	(414,027)

	Bank and shareholder loans	Derivative financial instruments	Trade and other payables	Total
Year ended 31 March 2017	EUR000	EUR000	EUR000	EUR000
Undiscounted amounts payable in:				
Six months or less	(8,085)	(82)	(33,963)	(42,130)
Six months to one year	(7,048)	(82)	-	(7,130)
One to two years	(15,021)	(161)	-	(15,182)
Two to five years	(76,764)	(320)	-	(77,084)
Five to ten years	(279,706)	-	-	(279,706)
	(386,624)	(645)	(33,963)	(421,232)
Interest	38,046	645	-	38,691
	(348,578)	-	(33,963)	(382,541)

Currency risk

There is no significant foreign currency risk as most of the assets and liabilities of the Group are maintained in euros. Small amounts of UK sterling and South African rand are held to ensure payments made in UK sterling and South African rand can be achieved at an effective rate.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's long-term floating rate debt obligations. The Group's policy is to mitigate interest rate risk by ensuring that a minimum of 80% of its total borrowing is at fixed or capped interest rates by taking out fixed rate loans or derivative financial instruments to hedge interest rate exposure, or interest rate caps.

A change in interest will only have an impact on the floating loans capped due to the fact that the other loans have a general fixed interest rate or they are effectively fixed by a swap. An increase in 100bps in interest rate would result in a decreased post tax profit in the consolidated statement of comprehensive income of EUR381,000 (excluding the movement on derivative financial instruments) and a decrease in 100bps in interest rate would result in an increased post tax profit in the consolidated statement of comprehensive income of EUR381,000 (excluding the movement on derivative financial instruments).

Market risk

The Group's activities are within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service and capital expenditure, the Group's revenue will be adversely affected.

Revenues from properties may be adversely affected by; the general economic climate; local conditions, such as an oversupply of properties, or a reduction in demand for properties, in the market in which the Group operates; the attractiveness of the properties to the tenants; the quality of the management; competition from other available properties; and increased operating costs.

In addition, the Group's revenue would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditures associated with each equity investment in real estate (such as external financing costs, real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from properties. By diversifying in product, risk categories and tenants, the Group expects to lower the risk profile of the portfolio.

Capital management

The Group seeks to enhance shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue shares or undertake transactions such as those that occurred with the internalisation of the Asset Management Agreement.

The Company holds 574,892 of its own shares which continue to be held as Treasury Shares. During the year to 31 March 2018 487,166 shares were issued from treasury and no shares were bought back.

The Group monitors capital using a gross debt to property assets ratio, which was 40.8% as at 31 March 2018 (2017: 42.3%).

The Group is not subject to externally imposed capital requirements other than those related to the covenants of the bank loan facilities.

22. 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:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR000	EUR000	EUR000	EUR000
Financial assets				
Cash	79,605	79,605	48,695	48,695

Trade receivables	3,899	3,899	2,837	2,837
Financial liabilities				
Trade payables	6,381	6,381	5,865	5,865
Derivative financial instruments	298	298	341	341
Interest-bearing loans and borrowings:				
Floating rate borrowings	38,000	38,000	41,438	41,438
Floating rate borrowings - hedged*	47,044	47,044	24,621	24,621
Fixed rate borrowings	288,011	293,547	282,519	288,288

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

Fair value hierarchy

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

The table 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).

	Level 1 EUR000	Level 2 EUR000	Level 3 EUR000	Total EUR000
2018				
Derivative financial instruments	-	(298)	-	(298)
Fixed rate borrowings	-	293,547	-	293,547
Floating rate borrowings	-	85,044	-	85,044
2017				
Derivative financial instruments	-	(341)	-	(341)
Fixed rate borrowings	-	(288,288)	-	(288,288)
Floating rate borrowings	-	(66,059)	-	(66,059)

The interest rate swap contract is reset on a quarterly basis. The Company will settle the difference between the fixed and floating interest rates on a net 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.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2018	Within 1 year EUR000	1-2 years EUR000	2-3 years EUR000	3-4 years EUR000	4+ years EUR000	Total EUR000
SEB AG	(760)	(760)	(760)	(760)	(34,960)	(38,000)

2017	Within 1 year EUR000	1-2 years EUR000	2-3 years EUR000	3-4 years EUR000	4 + years EUR000	Total EUR000
Berlin Hyp AG/Deutsche Pfandbriefbank AG	(1,063)	(1,063)	(1,063)	(1,063)	(37,188)	(41,440)

The other financial instruments of the Group that are not included in the above tables are non-interest bearing or have fixed interest rates and are therefore not subject to interest rate risk.

23. Issued share capital

Authorised	Number of shares	Share capital EUR
Ordinary shares of no par value	Unlimited	-
As at 31 March 2018	Unlimited	-

Issued and fully paid	Number of shares	Share capital EUR
As at 31 March 2016	751,984,887	-
Issued ordinary shares	125,488,040	-
Issued Treasury Shares	313,608	-
As at 31 March 2017	877,786,535	-
Issued ordinary shares	113,055,913	-
Issued Treasury Shares	487,166	-
As at 31 March 2018	991,329,614	-

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

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

Pursuant to an equity raise of EUR25.0 million on 4 August 2017, the Company issued 39,888,185 ordinary shares at an issue price of GBP0.56, resulting in the Company's overall issued share capital being 918,736,778 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 918,161,886. Costs associated with the equity raise amounted to EUR612,000.

Pursuant to a scrip dividend offering on 18 August 2017, the Company issued 7,991,787 ordinary shares at an issue price of GBP0.5621, resulting in the Company's overall issued share capital being 926,728,565 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 926,153,673.

Pursuant to a scrip dividend offering on 19 January 2018, the Company issued 6,842,608 ordinary shares at an issue price of GBP0.6198, resulting in the Company's overall issued share capital being 933,571,173 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 932,996,281.

Pursuant to an equity raise of EUR40.0 million on 28 March 2018, the Company issued 58,333,333 ordinary shares at an issue price of GBP0.60, resulting in the Company's overall issued share capital being 991,904,506 ordinary shares, of which 574,892 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 991,329,614. Costs associated with the equity raise amounted to EUR884,000.

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

All shares issued in the period were issued under general authority. No shares were bought back in the year.

24. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends, share-based payment transactions and for the buyback of shares and is EUR519,320,000 in total at 31 March 2018 (2017: EUR470,318,000).

25. Dividends

On 4 July 2017, the Company announced a dividend of 1.53c per share, with a record date of 14 July 2017 for UK and South African shareholders and payable on 18 August 2017. On the record date, 878,848,593 shares were in issue, of which 574,892 were held in treasury and 878,273,701 were entitled to participate in the dividend. Holders of 329,660,344 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of EUR5,044,000, while holders of 548,613,357 shares opted for a cash dividend with a value of EUR8,378,000. The total dividend was EUR13,422,000.

On 27 November 2017, the Company announced a dividend of 1.56c per share, with a record date of 15 December 2017 for UK and South African shareholders and payable on 19 January 2018. On the record date, 926,728,565 shares were in issue, of which 574,892 were held in treasury and 926,153,673 were entitled to participate in the dividend. Holders of 313,136,432 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of EUR4,885,000, while holders of 613,017,241 shares opted for a cash dividend with a value of EUR9,646,000. The total dividend was EUR14,531,000.

The Group's profit attributable to the equity holders of the Company for the year was EUR81.3 million (2017: EUR66.9 million). The Board has declared a final dividend of 1.60c per share for the year ended 31 March 2018 representing a continuation of the temporary increase in the pay-out ratio of 75% of FFO* introduced in the first half of the year. It is expected that the ex-dividend date will be on or around 11 July 2018 for shareholders on the South African register and on or around 12 July 2018 for shareholders on the UK register. It is further expected that the record date will be on or around 13 July 2018 for shareholders on the South African and UK registers and the dividend will be paid on or around 17 August 2018 for shareholders on both registers.

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

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

The dividend per share was calculated as follows:

	31 March 2018 EUR million	31 March 2017 EUR million
Reported profit before tax	89.6	76.4
Adjustments for:		
Surplus on revaluation	(63.5)	(49.8)
Loss/(gain) of disposals	2.5	(0.1)
Other adjusting items*	8.1	8.9
Change in fair value of financial derivatives	-	(0.1)
Adjusted profit before tax	36.7	35.3
Adjustments for:		
Depreciation	1.1	0.9
Amortisation of financing fees	1.2	1.2
Current taxes incurred (see note 10)	(3.4)	(0.6)
Add back current tax relating to disposals and prior year adjustments	2.8	0.3
Funds from Operations, year ended 31 March	38.4	37.1
Funds from Operations, six months ended 30 September	18.5	17.1
Funds from Operations, six months ended 31 March	19.9	20.0
Dividend pool, six months ended 30 September	14.4	11.7
Dividend pool, six months ended 31 March**	15.9	13.4
Dividend per share, six months ended 30 September	1.56c	1.39c
Dividend per share, six months ended 31 March	1.60c	1.53c

* Includes the net effect of refinancing costs, management LTIP and SIP awards excluding the change in deferred tax assets and expected selling costs associated with assets held for sale. See note 11 for details.

** Calculated as 75% of FFO of 2.13c per share (31 March 2017: 2.38c per share using 65% of FFO) based on average number of shares outstanding of 930,142,690

(31 March 2017: 846,641,989).

26. Related parties

Key management personnel compensation

Fees paid to people or entities considered to be key management personnel of the Group during the year include:

	2018	2017
	EUR000	EUR000
Directors' fees	336	231
Salary and employee benefits	3,034	2,759
Share-based payments	3,550	3,926
Total	6,920	6,916

The share-based payments relating to key management personnel for the year ended 31 March 2018 include an accrued expense of EUR3,550,000 (2017: EUR3,404,000) for the granting of shares under the LTIP (see note 8).

Information on Directors' emoluments is given in the remuneration report within the Annual Report.

27. Capital and other commitments

The Group's commitments derived from office rental contracts are as follows:

	2018	2017
	EUR000	EUR000
Less than one year*	6,984	528
Between one and five years*	21,909	1,959
More than five years	529	245
	29,422	2,732

* Includes commitments relating to the operating and management contract for the Rupert Mayer Strasse asset which was disposed of during the year

As at 31 March 2018, the Group had contracted capital expenditure on existing properties of EUR8,745,000 (2017: EUR5,951,000).

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

28. Operating lease arrangements

Group as lessor

All properties leased by the Group are under operating leases and the future minimum lease payments receivable under non-cancellable leases are as follows:

	2018	2017
	EUR000	EUR000
Less than one year	67,982	63,375
Between one and five years	114,675	102,176
More than five years	23,869	23,140
	206,526	188,691

The Group leases out its investment properties under operating leases. Most operating leases are for terms of one to ten years.

29. List of subsidiary undertakings

The Group consists of 86 subsidiary companies. All subsidiaries are consolidated in full in accordance with IFRS.

Company name	Country of incorporation	Ownership at 31 March 2018 %	Ownership at 31 March 2017 %
Curris Facilities & Utilities Management GmbH	Germany	100.00	100.00
DDS Aspen B.V.	Netherlands	100.00	100.00
DDS Bagnut B.V.	Netherlands	100.00	100.00
DDS Bramble B.V.	Netherlands	n/a	100.00
DDS Business Centers B.V.	Netherlands	100.00	100.00
DDS Conferencing & Catering GmbH	Germany	100.00	100.00
DDS Edelweiss B.V.	Netherlands	100.00	100.00
DDS Elm B.V.	Netherlands	100.00	100.00
DDS Fir B.V.	Netherlands	100.00	100.00
DDS Hawthorn B.V.	Netherlands	100.00	100.00
DDS Hazel B.V.	Netherlands	100.00	100.00
DDS Hyacinth B.V.	Netherlands	100.00	100.00
DDS Lark B.V.	Netherlands	100.00	100.00
DDS Lime B.V.	Netherlands	100.00	100.00
DDS Maple B.V.	Netherlands	100.00	100.00
DDS Mulberry B.V.	Netherlands	100.00	100.00
DDS Rose B.V.	Netherlands	100.00	100.00
DDS Walnut B.V.	Netherlands	100.00	100.00
DDS Yew B.V.	Netherlands	100.00	100.00
LB² Catering and Services GmbH	Germany	100.00	100.00
Marba Daffodil B.V.	Netherlands	100.00	n/a
Marba Holland B.V.	Netherlands	100.00	100.00

Marba Lavender B.V.	Netherlands	100.00	n/a
Marba Olive B.V.	Netherlands	100.00	n/a
Marba Violin B.V.	Netherlands	100.00	n/a
Marba Willstätt B.V.	Netherlands	100.00	100.00
SFG NOVA Construction and Services GmbH	Germany	100.00	100.00
Sirius Acerola GmbH & Co. KG	Germany	100.00	n/a
Sirius Alder B.V.	Netherlands	100.00	100.00
Sirius Almond GmbH & Co. KG	Germany	100.00	n/a
Sirius Aloe GmbH & Co. KG	Germany	100.00	n/a
Sirius Ash B.V.	Netherlands	100.00	100.00
Sirius Aster GmbH & Co. KG K	Germany	100.00	n/a
Sirius Beech B.V.	Netherlands	100.00	100.00
Sirius Bluebell GmbH & Co. KG	Germany	100.00	n/a
Sirius Coöperatief U.A.	Netherlands	100.00	100.00
Sirius Corporate Services B.V.	Netherlands	100.00	100.00
Sirius Facilities (UK) Limited	UK	100.00	100.00
Sirius Facilities GmbH	Germany	100.00	100.00
Sirius Finance (Guernsey) Ltd.	Guernsey	100.00	100.00
Sirius Four B.V.	Netherlands	100.00	100.00
Sirius Frankfurt Erste GmbH & Co. KG	Germany	100.00	n/a
Sirius Gum B.V.	Netherlands	100.00	100.00
Sirius Ivy B.V.	Netherlands	100.00	100.00
Sirius Juniper B.V.	Netherlands	100.00	100.00
Sirius Krefeld Erste GmbH & Co. KG	Germany	100.00	n/a
Sirius Laburnum B.V.	Netherlands	100.00	100.00
Sirius Lily B.V.	Netherlands	100.00	100.00
Sirius Management One GmbH	Germany	100.00	100.00
Sirius Management Two GmbH	Germany	100.00	100.00
Sirius Management Three GmbH	Germany	100.00	n/a
Sirius Management Four GmbH	Germany	100.00	n/a
Sirius Management Five GmbH	Germany	100.00	n/a
Sirius Management Six GmbH	Germany	100.00	n/a
Sirius Mannheim B.V.	Netherlands	100.00	100.00
Sirius Oak B.V.	Netherlands	100.00	100.00
Sirius One B.V.	Netherlands	100.00	100.00
Sirius Orange B.V.	Netherlands	100.00	n/a
Sirius Orchid B.V.	Netherlands	100.00	100.00
Sirius Pine B.V.	Netherlands	100.00	100.00
Sirius Tamarack B.V.	Netherlands	100.00	100.00
Sirius Three B.V.	Netherlands	100.00	100.00
Sirius Tulip B.V.	Netherlands	100.00	n/a
Sirius Two B.V.	Netherlands	100.00	100.00
Sirius Willow B.V.	Netherlands	100.00	100.00
Marba Bonn B.V.	Netherlands	99.73	99.73
Marba Bremen B.V.	Netherlands	99.73	99.73
Marba Brinkmann B.V.	Netherlands	99.73	99.73
Marba Catalpa B.V.	Netherlands	99.73	99.73
Marba Cedarwood B.V.	Netherlands	99.73	99.73
Marba Chestnut B.V.	Netherlands	99.73	99.73
Marba Dandelion B.V.	Netherlands	99.73	99.73
Marba Dutch Holdings B.V.	Netherlands	99.73	99.73
Marba Foxglove B.V.	Netherlands	99.73	99.73
Marba HAG B.V.	Netherlands	99.73	99.73
Marba Hornbeam B.V.	Netherlands	99.73	99.73
Marba Königswinter B.V.	Netherlands	99.73	99.73
Marba Maintal B.V.	Netherlands	99.73	99.73
Marba Marigold B.V.	Netherlands	99.73	99.73
Marba Merseburg B.V.	Netherlands	99.73	99.73
Marba Mimosa B.V.	Netherlands	99.73	99.73
Marba Regensburg B.V.	Netherlands	99.73	99.73
Marba Saffron B.V.	Netherlands	99.73	99.73
Marba Troisdorf B.V.	Netherlands	99.73	99.73
Sirius Administration One GmbH & Co KG	Germany	94.80	94.80
Sirius Administration Two GmbH & Co KG	Germany	94.80	94.80
Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH	Germany	94.15	94.15

30. Post balance sheet events

On 1 April 2018, the Group completed the acquisition of a business park in Saarbrücken. Total acquisition costs are expected to be EUR28.1m. The property is a single building comprising office and conferencing space and has a net lettable area of 47,000sqm. The property is 65% occupied and let to 12 tenants, producing EUR3.1 million of annual income and having a weighted average remaining lease term of 5.9 years.

On 1 April 2018, the Group completed the acquisition of a second business park located in Düsseldorf. Total acquisition costs are expected to be EUR8.1 million. The property comprises two buildings of warehouse and office space with a net lettable area of 9,000sqm. The property is 80% occupied and let to three tenants producing EUR0.6 million annual income and having a weighted average remaining lease term of 4.3 years.

On 19 of April 2018, the Group notarised the acquisition of a property located in Friedrichsdorf, near Frankfurt am Main. Total acquisition costs are expected to be EUR17.8 million. The property is a mixed use business park and has a net lettable area of c. 17,300 sqm. The property is 91.8% occupied and let to 18 tenants, producing an annual income of EUR1.4 million and having a remaining weighted average lease term of 2.3 years. Expected handover is August 2018.

On 30 April 2018, the Group completed the sale of the non-core Bremen Brinkman asset for EUR15.5 million in line with book value. The asset is a former tobacco manufacturing facility and, at time of sale, generated EUR0.9 million of net operating income and contained 48,700sqm of vacant space which due to the costs and complexity involved has limited the potential for investment to reconfigure the space.

On the 1 June 2018 the Group completed the sale of a vacant residential apartment block in Markgröningen for EUR0.625 million. The proceeds from the sale will be reinvested into the site.

On the 1 June 2018 the Group completed the sale of a 22,000sqm piece of non-income producing land located in Rostock for EUR1.2 million. The proceeds of the sale will be used to fund ongoing capex investment programmes.

Glossary of terms

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

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

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

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

Geared IRR is an estimate of the rate of return taking into consideration debt

Gross loan to value ratio is the ratio of principle value of total debt to the aggregated value of investment property

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

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

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

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

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

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

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 cashflow

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

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

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

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

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

Business analysis

Non-IFRS measures

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
Reported profit for the year	81,363	66,936
Surplus on revaluation of investment properties	(63,452)	(49,782)
Loss/(gain) on disposal of properties (including tax)	4,423	(79)
Change in fair value of derivative financial instruments	(43)	(133)
Deferred tax in respect of EPRA adjustments	5,492	9,246
EPRA earnings	27,783	26,188
Deduct non-controlling interest	(91)	(25)
Add change in deferred tax relating to derivative financial instruments	20	23
Add change in fair value of derivative financial instruments	43	133
Headline earnings after tax	27,755	26,319
Add/deduct change in fair value of derivative financial instruments net of related tax	(63)	(156)
Add adjusting items*, net of related tax	8,349	8,801
Adjusted earnings after tax	36,041	34,964

* See note 11 of the Annual Report

	Year ended 31 March 2018 EUR000	Year ended 31 March 2017 EUR000
EPRA earnings	27,783	26,188
Weighted average number of ordinary shares	914,479,339	822,957,685
EPRA earnings per share (cents)	3.04	3.18
Headline earnings after tax	27,755	26,319
Weighted average number of ordinary shares	914,479,339	822,957,685
Headline earnings per share (cents)	3.04	3.20
Adjusted earnings after tax	36,041	34,964
Weighted average number of ordinary shares	914,479,339	822,957,685
Adjusted earnings per share (cents)	3.94	4.25

	2018 EUR000
Total investment properties at book value as at 1 April*	823,295
Additions	127,799
Capital expenditure	20,662
Disposals**	(104,040)
Surplus on revaluation above capex	58,971
Adjustment in respect of lease incentives	(487)
Movement in Directors' discretionary impairment of non-core assets	4,968
Total investment properties at book value as at 31 March*	931,168
Additions completed 1 April 2018 (Saarbrücken and Düsseldorf II)***	36,149
Adjusted investment properties at book value as at 31 March*	967,317

* Including assets held for sale
** Including disposals relating to assets held for sale
*** Using expected total acquisition costs

Property analysis

Mar-18	No. Of Properties	Total sqm'000	Occupancy	Rate psm EUR	Annualised Rent EURm	% of Portfolio By Rent	Value EURm***	Gross Yield	WALE (rent)	WALE (sqm)
Frankfurt	12	286	86.7%	5.89	17.6	22%	210.4	8.3%	2.2	2.2
Berlin	6	204	93.6%	5.57	12.7	16%	156.7	8.1%	2.6	2.8
Stuttgart	6	232	85.8%	4.41	10.5	13%	119.2	8.8%	3.0	3.2
Cologne	7	128	89.0%	6.83	9.3	12%	113.1	8.3%	2.3	2.3
Munich	2	105	74.1%	6.06	5.7	7%	101.5	5.6%	3.9	4.6
Düsseldorf*	8	103	77.7%	5.77	5.5	7%	74.2	7.5%	2.6	2.5
Hamburg	2	51	58.1%	4.15	1.5	2%	23.7	6.2%	2.3	2.3
Non-core	2	169	43.0%	2.67	2.3	3%	19.3	12.1%	1.5	1.1
Other**	9	254	79.5%	5.92	14.3	18%	151.7	9.4%	3.6	3.3
Total	54	1,532	79.2%	5.46	79.5	100%	969.8	8.2%	2.8	2.8

* Including Düsseldorf II completed 1st April 2018
** Including Saarbrücken completed 1st April 2018
*** Cushman & Wakefield valuation with Düsseldorf II and Saarbrücken included at cost

Usage analysis

Usage	% of Occupied sqm	% of annualised rental income	Vacant sqm	Rate psm EUR
Office	27%	37%	93,265	7.16
Storage	32%	22%	130,724	3.80
Production	27%	21%	31,477	4.12
Other*	8%	13%	18,780	8.47
Smartspace	5%	7%	25,515	7.19
Total	100%	100%	299,761	5.37

* Other includes: Catering, Other Usage, Residential, Retail, Technical Space, Land & Car Parking

Announcement date:
4 June 2018

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