

Regulatory Story

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Sirius Real Estate Limited - SRE Final Results
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Sirius Real Estate Limited

("Sirius", the "Group" or the "Company")

Final Results for the twelve months ended 31 March 2017

Continued Demand for Flexible and Conventional workspace coupled with the ability to uncover value has led to a strong year with Adjusted PBT up 54%

Adjusted profit before tax* up by 54% driving an increase in Funds from Operations** ('FFO') of 48%

- Total income increased by 23% to €68.8 million (2016: €55.8 million)
- Like-for-like annualised rental income increased by 5.1% to €65.6 million (31 March 2016 €62.4 million***)
- 34% increase in Adjusted EPS to 4.25c (2016: 3.16c)

**Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments and other adjusting items including expenses relating to the Long Term Incentive Plan.*

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

**** Including the Krefeld and Markgröningen acquisitions which completed just after year end and excluding the Merseburg disposal.*

32% increase in total dividend for the year following growth in profitability

- Final dividend declared of 1.53c per share (2016: 0.92c)
- Total dividend for the year of 2.92c per share, an increase of 32% (2016: 2.22c)

€135.8 million increase in investment properties coming from organic growth and accretive acquisitions

- Portfolio book value of €823.3 million including asset held for sale (31 March 2016: €687.5 million)

- Like-for-like portfolio valuation increased by €58.3 million, an increase of 8.5%
- Adjusted net asset value* per share increased by 10.3% to 58.82c (31 March 2017: 53.35c)

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

Acquisitions and Recycling of mature and non core assets

- €80.4 million of acquisitions acquired including the Frankfurt asset which completed shortly after year end using proceeds from two private placings
- Further acquisitions totalling €72.8 million were either completed or notarised after the year end
- €110.4 million of disposals completed or notarised during the year and after the period end
- 11.2% uplift in valuation over total acquisition costs on assets acquired in the period

Locking in low cost debt for the long term

- As at period end, average cost of debt down to 1.99% (31 March 2016: 3.0%) and debt maturity at 5.8 years (2016: 4.7 years)
- Gross Loan to Value ("LTV") at 42.3% as at 31 March 2017 and net LTV at 38.0%*
- Board confirms the gross LTV target of 40.0% by no later than 31 March 2018

** 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*

Continued demand for conventional and flexible workspace

- Like for like occupancy at 82% (31 March 2016: 80%*)
- Rate per square metre of the portfolio of €5.27 per square metre (31 March 2016: €5.06 per square metre)
- New lettings of 151,320 square metres in the period at an average rate of €5.60 per square metre (2016: 150,864 square metres at €5.33 per square metre)

** Including the Krefeld and Markgröningen acquisitions which completed just after year end and excluding the Merseburg disposal*

Uncovering value through market leading capex investment programme

- Conversion of sub-optimal areas into high-quality conventional and flexible workspace continues to deliver strong returns
- As at 31 March 2017 a total of 158,691 square metres of space has been transformed which produces an additional €8.7 million of annualised rental income based on occupancy of 78%

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

"This has been a good trading period as shown by the record results we have delivered. It has also been a good period for the business culminating in the recent move up to the Main Market of the LSE and to the Main Board of the JSE. These moves reflect our ambition to increase our portfolio by another 50% whilst also taking advantage of market conditions to recycle mature and non-core assets with greater opportunity.

We have the operating platform in place today to support our expansion plans and alongside this we have the local market knowledge and expertise to uncover value from more complex assets as we have been doing since inception. There continue to be opportunities for us to acquire these types of sites at discounted values as others see the possible problems and we see potential.

It is also pleasing to be able to announce a significant 32% increase in dividend payments for the year, representing 65% of our FFO as well as maintaining the capital to invest in generating attractive total returns for our shareholders."

Enquiries:

Sirius Real Estate
Andrew Coombs, CEO
Alistair Marks, CFO

+49 (0)30 285010110

Novella
 Tim Robertson
 Toby Andrews

+44 (0)20 3151 7008

Background to Sirius Real Estate:

About Sirius Real Estate

Sirius is a property company listed on the main market and premium segment of the London Stock Exchange and the main board of the Johannesburg Stock Exchange. It is a leading operator of branded business parks providing conventional space and flexible workspace in Germany. The Company's core strategy is the acquisition of business parks at attractive yields, the integration of these business parks into its network of sites under the Company's own name as well as offering a range of branded products within those sites, and the reconfiguration and upgrade of existing and vacant space to appeal to the local market, through intensive asset management and investment. The Company's strategy aims to deliver attractive risk adjusted 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, Sirius may consider their disposal in order to recycle equity into assets which present greater opportunity for the Group's asset management skills.

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

I am pleased to report another strong year of trading for Sirius in what is my first Annual Report as Chairman of the Company. Sirius has continued to grow organically through its capex investment programme and its asset management techniques as well as acquisitively using proceeds of two successful capital raisings in the period. This has significantly increased the profitability and value of the Company and culminated with the move of its shares to the main markets of both the London and Johannesburg stock exchanges on 6 March 2017. We indicated last year that asset recycling was going to be a major element of our continued growth going forward and I am pleased to say that we successfully agreed the sale of two major core assets at well above book value and completed the disposal of a non-core asset in the period. An additional mature asset, located in Kiel, was notarised for sale at €7.0 million after the period end. This, along with the proceeds of a €15.0 million private placing which completed at the end of the period, will provide the Company with substantial capital to reinvest into new assets in the next financial year.

This continued growth is reflected in all of the key metrics upon which the Company is measured. Adjusted profit before tax* was up by 54% to €35.3 million (2016: €22.9 million), Basic European Public Real Estate Association ("EPRA") EPS increased by 69.1% to 3.18c (2016: 1.88c). This has fed through to the Group's valuations, which saw a like-for-like increase of 8.5% in the year contributing to an increase in EPRA NAV per share of 9.7% to 57.84c (2016: 52.72c), whilst adjusted NAV per share** increased by 10.3% to 58.82c (2016: 53.35c). The disciplined manner in which the Company has executed its strategy of providing conventional and flexible workspace whilst developing its sub-optimal vacant space into both conventional space and the Group's range of flexible Smartspace products has also increased the quality of its portfolio and the sustainability of this increased income.

While this has been a good year for the business, momentum has been building for some years now as shown by the growth in the property portfolio which at the time of internalisation of the asset management platform in March 2012 stood at €486.1 million compared to the €823.3 million of property that is now held by the Company on its balance sheet. This substantial growth was one of the main driving forces behind the move up to the Main Market of the London Stock Exchange and to the Main Board of the Johannesburg Stock Exchange and is indicative of just how far the Company has progressed over recent years. The move does also reflect an ambition to continue on the same upward trajectory and the Sirius Board believes that the benefits that will come from the step up will help in achieving this ambition.

A key differentiator for Sirius and the most important contributor to its success is the capability and effectiveness of its operating platform. The 230-strong in-house team has continued to drive the key initiatives of the business such as the acquisitions and recycling programme, the major capex investment programme which transforms vacant and sub-optimal space, the lettings programme, as well as cost recovery initiatives. These initiatives are discussed in more detail in the asset management and financial review sections of this report but progress on all fronts has been encouraging. All of this activity has had a favourable impact on the value of the Group's properties. The ability to invest and create income and value from the more difficult areas of our industrial and office portfolio has, in particular, been a significant contributor to the value increases in the period. The Company's like-for-like rent roll*** has again increased materially by 5.1% to €65.6 million (2016: €62.4 million) and this has been the main driver of the valuation increases mentioned above as we have only seen 32bps of yield compression on the core portfolio in the period.

As at 31 March 2017, we owned 44 assets with 1.4 million sqm of net lettable area with a book value of €823.3 million (2016: €687.5million), and total portfolio occupancy rate of 81% (2016: 80%). This reflects a gross yield of 8.6% (2016: 8.8%^) and a capital value per sqm of €563 (2016: €527^). We are confident that the potential to continue to grow the portfolio substantially further in this organic fashion remains strong.

One of the most pleasing achievements of the year under review was being able to demonstrate the full cycle of the Sirius strategy with €101.9million of disposals either completing or being agreed in addition to the sale of a land parcel for €1.5 million. A further mature asset was notarised for sale post period end for €7.0 million. In January 2017, the Company announced its most significant disposal to date in the sale of the Rupert Mayer Strasse business park asset in Munich for €85.0 million to an institutional buyer. The core disposals demonstrate the effectiveness of the Sirius

strategy from acquisition, through the intensive asset management to profit crystallisation upon disposal. Furthermore this creates the opportunity to recycle capital from mature sites into assets with more future potential.

Additionally, the Company continued to identify acquisitions, with €103.3 million of new assets completed and €49.9 million notarised in the period or shortly post period end. Our asset management team has already identified good potential to enhance the income streams and capital values of these. We have now acquired €233.8 million of assets since we started our recent acquisitions programme and we expect this to continue into the new financial year where, with additional banking facilities, we will have the resources to acquire a further €65.0 million of assets on top of those mentioned above.

With the increase in the size of the business and the move to the main markets in London and Johannesburg, the Board of Sirius has expanded through my own appointment as Non-executive Chairman in September 2016 and more recently the appointment of Justin Atkinson, former CEO of Keller Group plc, as an independent Non-executive Director. Robert Sinclair from whom I took over as Chairman will not be offering himself up for re-election at the next AGM, having served the Company for the last ten years, five of those as Chairman. On behalf of the Board I would like to thank him for his outstanding commitment to Sirius during that time. In particular, whilst Chairman, Robert was instrumental in guiding the Company through the financial crisis to become the strong and fast growing Company that Sirius is today. The Board is currently actively recruiting for a replacement for Robert. Justin Atkinson, a qualified accountant, will take on the role of Chairman of the Audit Committee from Robert after the AGM.

Following on from the Company's growth in profitability, the Board is recommending a final dividend of 1.53c per share (2016: 1.30c), representing an increase of 17.7% on the same period in the previous year, which gives a total dividend per share for the year of 2.92c, an increase of 32% (2016: 2.22c).

Looking forward, the Company remains well positioned to take advantage of operating within the most powerful economy in Europe and benefit from the strong occupier and investor demand across all subsections of the German real estate market. This will allow us to deliver attractive risk-adjusted returns for our shareholders whilst continuing to grow the business.

Neil Sachdev

Non-executive Chairman

* Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments and other adjusting items including expense relating to the Long Term Incentive Plan.

** Excluding provisions for deferred tax and financial derivatives.

*** Including the Krefeld and Markgröningen acquisitions which completed just after year end and excluding the Merseburg disposal.

^ Restated for the disposal of Merseburg and a land sale at CöllnParc.

Asset management review

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 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 continues the Company's strong track record in growing profits and adding significant value to the portfolio.

Acquisitions

The Company has successfully continued its acquisitions programme, which in the period was funded by a €30.0 million equity raise in June 2016 along with the refinancing and increasing by €57 million of two banking facilities with Berlin Hyp AG and Deutsche Pfandbriefbank AG. This allowed the Company to complete the acquisition of €80.4 million of assets including the Frankfurt asset which completed post year end, as detailed in the following table:

Site	Total investment (incl. acquisition costs) €	Cost per sqm €	Annualised acquisition rental income €	Annualised acquisition NOI €	EPRA net initial yield %	Acquisition occupancy %	Acquisition vacant sqm
Dreieich	4,584,000	355	287,000	41,000	0.9%	29%	9,110
Dresden	28,600,000	538	2,781,000	2,376,000	8.3%	66%	18,222
Frankfurt*	4,498,000	1,107	153,000	44,000	1.0%	28%	2,926
Krefeld	13,475,000	1,176	1,219,000	1,138,000	8.4%	94%	730
Krefeld II	2,894,000	457	391,000	380,000	13.1%	100%	-
Markgröningen	8,720,000	154	1,322,000	905,000	10.4%	67%	17,845
Wiesbaden	17,658,000	901	1,878,000	1,598,000	9.1%	65%	6,945
Total	80,429,000	490	8,031,000	6,482,000	8.1%	66%	55,778

* Completed post year end.

These assets were purchased on an exceptional blended yield of 8.1% considering the 55,778sqm (34% of the total) of vacancy that came with them. As such, not only will these assets produce high initial cash-on-cash returns, but, with investment and asset management, will provide significant value-add opportunity as well going forward. Following the period end an additional acquisition located in Cologne was purchased for total acquisition costs of €22.9 million bringing total acquisition expenditure to €103.3 million.

Disposals and asset recycling

It was indicated in our Interim Report that we would look to recycle assets by disposing of mature and non-core assets and replacing them with assets with higher opportunity. In the period the disposal of one non-core asset was completed and two mature assets were notarised. These completed post year end along with the notarisation of the disposal of another mature core asset. In total, that is €108.9m of disposals as detailed in the following table:

Site	Total		Annualised	Annualised	EPRA Net Initial Yield*** %	Exit Occupancy%
	Proceeds €	Total Sqm	Rental Income €	NOI €		
Munich RMS*	85,000,000	58,585	5,420,000	5,282,000	5.9%	88%
Düsseldorf*	11,000,000	16,607	884,000	851,000	7.2%	96%
Merseburg	5,870,000	13,610	726,000	496,000	7.9%	74%
Kiel**	7,000,000	10,063	594,000	562,000	7.4%	92%
Total	108,870,000	98,865	7,624,000	7,191,000	6.3%	88%

* Assets held for sale at 31 March 2017.

** Notarised post period end.

*** Includes estimated purchaser costs.

In addition to the sales of assets detailed above, a land parcel was sold in the period for total proceeds of €1.5 million.

The Company is actively seeking to replace these assets with higher opportunity assets and has completed or notarised the following acquisitions:

Site	Total Investment (incl. Acquisition Costs) €	Cost Per sqm	Annualised	Annualised	EPRA Net Initial Yield %	Acquisition Occupancy%	Acquisition vacant sqm
			Rental Income €	Acquisition NOI €			
Cologne*	22,904,000	1,126	2,038,000	1,849,000	8.1%	100%	105
Grasbrunn	18,075,000	1,222	97,000	(239,000)	(1.3)%	4%	14,279
Mahlsdorf II	6,394,000	499	531,000	387,000	6.1%	62%	4,845
Neu-Isenburg	9,635,000	1,205	472,000	348,000	3.6%	41%	4,692
Neuss	15,773,000	864	669,000	361,000	2.3%	38%	11,344
Total	72,781,000	981	3,807,000	2,706,000	3.7%	53%	35,265

*Completed post period end

Together these acquisitions also present a combination of secure, high yielding income in the Cologne asset with much greater opportunity in the Grasbrunn, Neu-Isenburg, Neuss and Mahlsdorf assets within the key areas of Munich, Düsseldorf, Cologne, Frankfurt and Berlin. The higher concentration of office space within these assets also plays into the strengths of Sirius where it can utilise its sales and marketing platform to fill up the vacancies with a combination of conventional lettings and its Smartspace office products.

After the completion of the March 17 equity raise, disposals and acquisitions detailed above, the Company will have the resources, with further bank facilities, to acquire around €65 million of additional assets.

Capex investment programme

Unlocking value through the transformation of vacant and sub-optimal space has been and continues to be a core part of the Group's business strategy. A detailed knowledge of the markets in which Sirius operates has been built up over the last 10 years and this knowledge is paramount to being able to create the right solution for the more difficult vacancy within the portfolio. An innovative range of products has been developed with the conversion of suboptimal space in mind which means Sirius is well positioned to convert and manage the more complex spaces in its sites very effectively. We believe that this provides the Company with a significant competitive advantage over other companies that operate mixed-use industrial business parks and office assets. Our capex investment programme has already delivered exceptional returns and is key to delivering the total shareholder returns we see at the asset level. For more detail on this please see our Case studies section on page 18.

The original capex investment programme commenced just over three years ago and is focused on over 200,000 square metres of suboptimal space suitable for transformation. As at 31 March 2017 158,691 square metres of this space had been completely refurbished and was either let or being marketed for let. A total of €14.2 million has been invested into this space and, at 78% occupancy, this space is generating €8.7 million of annualised rental income representing a return on investment of 61%. This return does not include the additional benefit of improved cost recovery from letting this space or the valuation increase that was generated by this investment.

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

Capex investment programme progress	Sqm	Investment Budgeted €	Actual Spend €	Annualised Rental Income Increase Budgeted €	Annualised Rental Income Increase Achieved to Mar 2017 €	Occupancy Budgeted %	Occupancy Achieved to Mar 2017 %	Rate Per sqm Budgeted €	Rate Per sqm Achieved to Mar 2017 €
Completed	158,691	17,690,000	14,160,000	9,192,000	8,684,000	85%	78%	5.69	5.86
In Progress	20,694	3,946,000	805,000	979,000	-	82%	-	4.81	-
To Commence in Next Financial Year	22,460	3,273,000	-	1,061,000	-	80%	-	4.92	-
Total	201,845	24,909,000	14,965,000	11,232,000	8,684,000	84%	-	5.52	-

The original capex investment programme still has significant potential in increasing rents and values further with 43,154 square metres of space still to be converted. The total programme is expected to require a further €7.2 million of investment which is expected to produce €2.5 million of annualised rental income. The space is estimated to be fully converted by March 2018 and the income potential realised by September 2018.

In addition to the original capex investment programme, the acquisitions which completed in the year under review as well as the asset recycling programme are both contributing substantial sub-optimal vacancy for investment. To date a further 44,977 square metres of space has been identified for investment on these assets as detailed in the following table:

Site	Total Vacant Sqm at Mar 17	Sub-optimal Vacancy (for Capex Plan) sqm at Mar 17	Expected Investment €	Expected Annualised Rental Income €	Expected Occupancy%
Markgröningen	15,963	14,180	1,166,000	445,000	80%
Krefeld	1,342	208	18,000	21,000	80%
Dresden	20,585	12,510	2,822,000	759,000	80%
Wiesbaden	6,159	5,984	2,092,000	642,000	89%
Dreieich	9,352	9,311	1,598,000	746,000	80%
Krefeld 2	-	-	-	-	-
Frankfurt	2,978	2,784	586,000	272,000	80%
Cologne	105	-	-	-	-
Total	56,484	44,977	8,282,000	2,885,000	80%

As the Company continues to grow further vacant and sub-optimal space will be identified and added to the capex investment programme.

Lettings and rental growth

The year under review also represented another successful lettings period with continued strong demand for both flexible and conventional workspace primarily from the Group's core German SME customers. New lettings of 151,320 square metres at an average rate of €5.60 per square metre were signed during the period (2016: 150,864 square metres at €5.33 per square metre).

The consistently high levels of new lettings which have been seen in recent years are indicative of the effectiveness of the Company's operating platform which again generated more than 85% of its customer leads in the period from its website and the online portals that it uses. Additionally it was able to convert 12% of all leads into new lettings which is extremely efficient compared to industry standards. This was achievable because Sirius continues to have the largest sales force in the industry operating under a clearly structured sales process and managed through a combination of daily monitoring and regular mystery shopping.

The Group also experienced total move-outs in the period of 128,211 square metres at an average rate of €5.54 per square metre (2016: 154,704 square metre at €4.52 per square metre). Combined with new lettings and acquisitions, this translated into an increase of occupancy across the entire portfolio in the period to 81% (31 March 2016: 80%). Whilst this represents the highest occupancy that the Company has operated at before, it was reduced somewhat by the fact that most of the acquisitions in the period came with significant vacancy. We expect this trend to continue over the following year as many of the acquisitions which are expected to complete post year end also have vacancy. This is important for fuelling the capex investment programme going forward after the original programme is completed.

The combination of the tenant churn, contractual rental increases, uplift on renewals and capex investment programme has resulted in the average rate per square metre across the whole portfolio increasing to €5.27 per square metre (31 March 2016: €5.06 per square metre), and on a like-for-like basis* increasing to €5.15 per square metre (31 March

2016: €5.01 per square metre). The like-for-like annualised rental income* on the assets held or acquired near the start of the period increased to €65.6 million from €62.4 million at 31 March 2016. This represents a 5.1% growth of rent roll in the period coming predominantly from asset management and the capex investment programme. The total annualised rental income for the entire portfolio at the period end increased to €71.0 million (31 March 2016: €60.5 million).

* Includes the Krefeld and Markgröningen acquisitions and excludes the Merseburg disposal.

Tenant portfolio mix and breakdown

Despite the relatively high tenant churn across the portfolio, Sirius's management team continue to maintain the desired tenant mix between major anchor tenants, who are often blue-chip manufacturing companies who occupying the large production areas, the smaller SME tenants who occupying various types of space on a conventional lettings basis and the micro SME tenants who are most commonly associated with the high-yielding flexible Smartspace products. The former provide our banks with the comfort and stability and lease term lengths that they prefer in order to offer us the most competitive interest rates whereas the flexible tenants contribute significantly to generating higher returns.

Our Top 50 anchor tenants, many of which are internationally recognised names and have been on site for many years, represent 48% of total annualised rental income as at 31 March 2017 with the remaining 52% coming from the large number of smaller SME tenants who are on conventional and Smartspace leases. The Smartspace annualised rental income has increased to €4.8 million in the period (31 March 2016: €3.7 million) on the back of creating more Smartspace product through the capex investment programme as well as letting up more of the Smartspace vacancy. This is analysed in more detail in the next section.

A weighted average lease expiry across the entire portfolio of 2.5 years was in line with the previous period. However the security of the income in place is enhanced by the fact that many of the anchor tenants are significantly invested and have had a long association with the site that they occupy, which is why they view operational continuity in their current location as a key success criteria for the future of their businesses.

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 Mar 17	Occupied sqm	Annualised Rental Income €	% of Total Annualised Rental Income	Rate Per sqm €
Top 50 anchor Tenants	50	539,318	33,982,000	48%	5.25
Smartspace SME Tenants	1,993	60,577	4,835,000	7%	6.65
Other SME Tenants	2,046	522,810	32,185,000	45%	5.13
Total	4,089	1,122,705	71,002,000	100%	5.27

Smartspace

During the year our Smartspace products have continued to prove popular with tenants seeking a flexible workspace solution. The four Smartspace products are specifically designed to provide flexibility for the changing requirements of small businesses and include a fixed price in order to provide the certainty that these customers need.

From an investment point of view, the returns that are achieved on Smartspace conversion are high, particularly when sub-optimal space is converted. A significant part of the capex investment programme involves Smartspace conversion and conversion from Flexilager to other Smartspace products and in the period a further 4,054 sqm of Smartspace Office, 2,240 sqm of Smartspace Workbox and 11,127 sqm of Smartspace Storage was created from sub-optimal space.

Reflecting its increasing popularity, occupancy of Smartspace products increased to 68% (31 March 2016: 62%) in the period and rate per square metre increased to €6.65 per square metre (31 March 2016: €6.33 per square metre). The rental rates achieved on Smartspace Offices and Smartspace Storage in particular remain materially higher than those typically achieved on conventional space. The table below gives more detail on the Smartspace offerings across the whole portfolio:

Smartspace Product Type	Total sqm	Occupied sqm	Occupancy %	Annualised Rental Income (excl service charge) €	% of Total Annualised Rental Income	Rate Per sqm (excl service charge) €
Smartspace Office	32,573	26,545	81%	2,500,000	52%	7.85
Smartspace Workbox	5,758	4,712	82%	342,000	7%	6.04
Smartspace Storage	30,463	20,432	67%	1,404,000	29%	5.72
Subtotal	68,794	51,689	75%	4,246,000	88%	6.84
Smartspace Flexilager*	20,433	8,889	44%	590,000	12%	5.53
Smartspace Total	89,227	60,578	68%	4,836,000	100%	6.65

* not adjusted for common areas.

Smartspace currently contributes around 7% of the annualised rental income of Sirius.

Financial review

The year ended 31 March 2017 has again delivered a strong trading performance which continues to be driven by a combination of organic and acquisitive growth. The success of the acquisitions and capex investment programmes has

been a major contributor to this performance and it is expected that the asset recycling programme will also prove beneficial in future years as the new investments being made mature. Total shareholder return, based on an Adjusted NAV per share, continues to be a strong indicator of the Group's annual performance and we recorded a 15.3% return in the period (31 March 2016: 16.0%). This would have been 17.1% without the effect of the conversion of the €5.0 million convertible loan note in June 2016. Consistently delivering this kind of performance whilst significantly growing the business has been one of the key factors behind the strong shareholder support as evidenced by multiple successful capital raisings the Company has experienced over the last few years.

Trading performance

For the year under review, total income was €68.8 million (2016: €55.8 million) with profit before tax increasing to €76.4 million (2016: €57.1 million), including €49.8 million of gains from property revaluations (2016: €44.2 million). The adjusted profit before tax* for the period was up 54% to €35.3 million (2016: €22.9 million) whilst Funds from Operations** ("FFO") increased by 48% to €37.1 million (2016: €25.0 million). On a per share basis all of the key earnings metrics have shown positive movement in the period, which can be seen in the following table:

* Reported profit before tax adjusted for property revaluation, change in fair value of derivative financial instruments and other adjusting items including expense relating to the Long Term Incentive Plan.

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

	Year ended 31 March 2017	Year ended 31 March 2016	Improvement%
Basic EPS	8.13c	7.51c	8.3%
Adjusted EPS	4.25c	3.16c	34.5%
Basic EPRA EPS	3.18c	1.88c	69.1%
Diluted EPRA EPS	3.09c	1.78c	73.6%

FFO is the profit number upon which dividends are determined and the 48% increase mentioned above can be approximately attributed to acquisitions 47%, organic growth 25% and improvements to banking terms 28% which is broadly consistent with the prior year. The asset recycling programme is expected to have an initial reduction to earnings whilst disposal proceeds are being reinvested; however, the opportunities for future growth after the completion of the reinvestment will be significantly higher.

In light of the very significant disposals made by the Company that completed at the start of the new financial year, in particular the sale of Rupert Mayer Strasse, and the consequential temporary impact on earnings as it recycles the proceeds of sale into new opportunities, in order to maintain its dividend trajectory the Company may consider, for the current financial year, either temporarily increasing the payout ratio over 65% of FFO or paying a small element of special dividend linked to the profits made on those disposals. The Company has successfully continued its acquisition programme as set out in the asset management review and the Board looks forward to updating shareholders with progress in its capital recycling in due course.

Organic growth has mainly come from rental income increases arising from the capex investment programme and other asset management initiatives. There has also been some further improvement in service charge recovery due to a combination of slightly higher occupancies, further improvements to allocation methods and significant increases in tenant prepayments reducing the need to collect large balancing invoices at the end of the year. As at 31 March 2017, the annualised rental income of the entire portfolio of 44 business parks was €71.0 million (31 March 2016: €60.5 million) of which €8.1 million relates to the six acquisitions that completed in the period. The annualised rental income at the period end for the portfolio which was owned at the start of the period*** was €65.6 million compared to €62.4 million at the start of the year. This represents another 5.1% increase in like-for-like rental income generated in the year which is encouraging considering the low inflation environment which exists in Europe. Annualised rental income will fluctuate over the next year because of the sales of the Kiel, Düsseldorf and Munich Rupert Mayer Strasse business parks and the purchase of the replacement assets which will be acquired with these disposal proceeds.

*** Includes the Krefeld and Markgröningen acquisitions which completed in May 2016 and excludes the Merseburg disposal.

Portfolio valuation

The portfolio was independently valued at €829.7 million by Cushman & Wakefield LLP (31 March 2016: €695.2 million) which converts to a book value of €823.3 million after the provision for tenant incentives and the €5.0 million Directors' impairment of a non-core asset in Bremen. The portfolio which was owned at 31 March 2016, excluding the sold Merseburg asset and land at CöllnParc, increased in value by 8.5% or €58.3 million from €686.9 million to €745.2 million (31 March 2016: 10.9%). The valuations of the six sites that were acquired in the period were €84.5 million or 11.2% higher than their total acquisition costs. These increases have come predominantly from effective asset management as only 32bps of yield compression was applied to the core portfolio in the period. This confirms the high returns from both an income and valuation perspective that are being achieved from the investment into our capex investment programme and that we continue to purchase assets at discounted prices.

The entire portfolio as at 31 March 2017 comprised 44 assets and had a book value of €823.3 million which can be reconciled to the market valuation as follows:

	31 March 2017 €m	31 March 2016 €m
Valuation reconciliation to book value		
Investment properties at market value	829.7	695.2
Uplift in respect of assets held for sale	1.6	-
Adjustment in respect of lease incentives	(3.0)	(2.4)
Directors' impairment of non-core asset valuations	(5.0)	(5.3)
Balance as at period end	823.3	687.5

Focusing on the core portfolio, the 31 March 2017 book valuation of €804.3 million represents an average gross yield of 8.5% (31 March 2016: 8.7%), a net yield of 7.6% (31 March 2016: 7.9%) and an EPRA net yield (including purchaser costs) of 7.1% (31 March 2016: 7.3%) which highlights the 32bps of yield compression that we have seen in the period.

The average capital value per square metre of the core portfolio* is €628 (31 March 2016: €593) which is still below replacement cost.

* Adjusted for the sale of land at CöllnParc.

It is commonly believed that assets which have been completely renovated and are close to being fully let are worth more than those that still require investment and have vacancy. If true, then it provides further support for the high returns that are potentially achievable from our investment programme. When we make this split within the entire Sirius portfolio the valuation metrics support the valuation benefits of the investment into our assets, as can be seen in the following table;

	Book value €m	Annualised rental income €m	Annualised net operating income €m	Gross yield %	Net yield %	Capital value per sqm €	Occupancy %	Rate per sqm €	Vacant space sqm (000)
Core value add	435.5	38.4	33.3	8.8	7.6	569	79%	5.49	156
Core mature	368.8	29.6	28.1	8.0	7.6	716	93%	5.43	34
Non-core	19.0	3.0	1.5	15.9	7.9	105	51%	2.92	82
Other	-	-	(1.5)	-	-	-	-	-	-
Total	823.3	71.0	61.4	8.6	7.5	563	81%	5.27	272

Since the capex investment programme is predominantly focused on the vacant space of the value-add portfolio, and in transforming these assets from high-vacancy and capital-intensive properties to low-vacancy and fully renovated assets, we are hopeful that there are more net income and valuation increases to come on the back of these investments which also protects against any development of adverse market conditions.

The valuation increases seen this year have contributed towards the increase in adjusted net asset value ("adjusted NAV")[^] per share to 58.82c, an increase of 10.3% from 53.35c as at 31 March 2016. As mentioned above, total shareholder return, comprising adjusted NAV growth plus dividends paid in the period, was 15.3% (31 March 2016: 16.0%). 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 2016	53.35c
Equity raises	(0.05c)
Share awards	(0.02c)
Convertible	(0.83c)
Scrip and cash dividend paid	(2.53c)
Recurring profit before tax	4.02c
Surplus on revaluation	5.67c
Non-recurring items	(0.79c)
Adjusted NAV per share at 31 March 2017	58.82c
EPRA adjustments	(0.98c)
EPRA NAV per share at 31 March 2017	57.84c

The EPRA net asset value ("EPRA NAV") per share, which excludes Directors' impairments and the provisions for deferred tax and derivative financial instruments, and includes the potential share award relating to the Company's LTIP programme, was 57.84c (31 March 2016: 52.72c).

Financing

The Company continues to access debt on very low interest rate terms and it was decided to refinance two bank facilities before the end of their term in order to extract more debt to acquire assets, as well as significantly reduce the cost of borrowings on these facilities and lock in the low rates for a longer term. The details of these two facilities are as follows:

- In April 2016, the Group concluded a new seven year €137.0 million facility with Berlin Hyp AG and Deutsche Pfandbriefbank AG to refinance an existing loan with the same syndicate which had an outstanding balance of €110.4 million and an average interest rate of 3.61%. The new facility is split in two tranches with Tranche 1, totalling €94.5 million, charged at a fixed interest rate of 1.66% for the full term of the loan and Tranche 2, totalling €42.5 million, charged with a floating rate of 1.57% over three month EURIBOR (not less than 0%) for the first year of the loan and a requirement to fix the interest rate on this Tranche thereafter is subject to ongoing negotiation as a result of the sale of the asset that this Tranche was secured against. The cost to break the original facility was €2.1 million and the extra €26.6 million of debt from the new facility was used to purchase the Markgröningen and Krefeld assets which now form part of the security pool.

- In October 2016, the Group concluded a new seven year €70.0 million facility with Berlin Hyp AG, with an all-in fixed interest rate of 1.48% for the full term of the loan, to replace an existing €39.2 million facility which was incurring an all-in fixed interest rate of 2.68%. The cost to break the original facility was €0.4 million and the extra €30.8 million of debt was used to part-fund the Dresden and Wiesbaden acquisitions which have both been injected into the security pool of the new facility.

These new facilities have helped further reduce the Group's total cost of borrowings, which now stands at 1.99% (31 March 2016: 3.0%), as well as increase the weighted average debt expiry to 5.8 years (31 March 2016: 4.7 years).

Total debt at 31 March 2017 was €348.6 million (31 March 2016: €299.0 million) and the Group's gross loan to value ("gross LTV") ratio reduced to 42.3% (31 March 2016: 42.8%) whilst its net LTV* ("net LTV") reduced to 38.0% (31 March 2016: 41.5%). The Group remains committed to achieving a target gross LTV of 40% by no later than 31 March 2018 and believes it is on course to achieve this.

In June 2016, the Company successfully completed a €30.0 million equity raise followed, in March 2017, by a €15.0 million private placing. Proceeds from the June 2016 equity raise were used to part-fund the Dresden and Wiesbaden acquisitions as well as the three unencumbered acquisitions in Dreieich, Frankfurt and Krefeld. The proceeds from the March 2017 private placing, together with the proceeds from the disposals of Merseburg, Munich Rupert Mayer Strasse, Düsseldorf and Kiel, will provide the Company with the potential to acquire around €138 million of assets over the next financial year. Up to the date of this report, the Company had completed the acquisition of the Cologne asset for €22.9 million and notarised acquisitions totalling €49.9 million. This leaves a further €65.0 million of acquisitions to source for which the Company is progressing.

Also in June 2016, the Karoo Investment Fund S.C.A. SICAV-SIF converted its €5,000,000 5% convertible loan note due 2018 in full, into, in aggregate, 22,814,731 new ordinary shares at the conversion price of €0.2191566 per ordinary share, as adjusted in accordance with the terms and conditions of the loan note. This had the impact of reducing the adjusted NAV per share by 0.83c and the annualised adjusted EPS by 0.09c.

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

Dividend

The Company's dividend policy continues to pay shareholders 65% of FFO, with the dividend paid semi-annually. As in previous periods, the Company is offering shareholders the ability to receive dividends in scrip rather than cash.

In accordance with this policy, the Board has declared a final dividend of 1.53c per share representing a 17.7% increase on the same period the previous year. The total dividend for the year is 2.92c per share (year to 31 March 2016: 2.22c per share). The ex-dividend date will be 12 July 2017 for shareholders on the South African register and 13 July 2017 for shareholders on the UK register. The record date will be 14 July 2017 and the dividend will be paid on 18 August 2017. A detailed dividend announcement including the dates of the dividend will be made in due course.

Outlook

Sirius has completed another strong financial year with profits again reaching levels not seen before and valuations continuing to rise. Most of this progress is derived from the intensive asset management the Company deploys, which focuses on transforming its properties predominantly through its capex investment, lettings and service charge recovery programmes. The focus remains on delivering risk-adjusted returns by growing recurring income and capital values through these asset management activities. The success of this is highlighted by the further increases in like-for-like rents and improvements in service charge recovery seen in the period.

It was pleasing to see a successful start to the asset recycling programme with a number of disposals at well above book value being achieved. The ability to crystallise this value completes the Group's asset management cycle and will allow it to replace mature and non-core assets with assets with much greater opportunity that will fuel further increases to shareholder returns in the future.

All in all it has been a successful year and the foundations for this success to continue have been set. We look forward to the year ahead with optimism.

Alistair Marks
Chief Financial Officer

Consolidated statement of comprehensive income for the year ended 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
Notes	€ 000	€ 000

Rental income	5	68,793	55,790
Direct costs	6	(8,267)	(6,212)
Net operating income		60,526	49,578
Surplus on revaluation of investment properties	13	49,782	44,168
Gain on disposal of properties	6	79	-
Administrative expenses	6	(23,883)	(17,310)
Operating profit		86,504	76,436
Finance income	9	23	45
Finance expense	9	(10,224)	(18,930)
Change in fair value of derivative financial instruments		133	(476)
Net finance costs		(10,068)	(19,361)
Profit before tax		76,436	57,076
Taxation	10	(9,500)	(2,388)
Profit for the year		66,936	54,688
Profit attributable to:			
Owners of the Company		66,911	54,671
Non-controlling interest		25	17
Total comprehensive income for the year		66,936	54,688
Earnings per share			
Basic earnings per share	11	8.13c	7.51c
Diluted earnings per share	11	7.90c	7.13c
Basic EPRA earnings per share	11	3.18c	1.88c

The notes on pages 73 to 97 form an integral part of these financial statements.

Consolidated statement of financial position

as at 31 March 2017

	Notes	31 March 2017 € 000	31 March 2016 € 000
Non-current assets			
Investment properties	13	727,295	687,453
Plant and equipment	15	2,564	1,943
Goodwill	16	3,738	3,738
Deferred tax assets	10	240	183
Total non-current assets		733,837	693,317
Current assets			
Trade and other receivables	17	14,290	11,936
Derivative financial instruments		-	19
Cash and cash equivalents	18	48,695	19,874
Investment property held for sale	14	96,000	-
Total current assets		158,985	31,829
Total assets		892,822	725,146
Current liabilities			
Trade and other payables	19	(33,963)	(29,541)
Interest-bearing loans and borrowings	20	(7,068)	(5,642)
Current tax liabilities		(465)	(170)
Derivative financial instruments		(7)	(715)
Total current liabilities		(41,503)	(36,068)
Non-current liabilities			
Interest-bearing loans and borrowings	20	(334,724)	(288,348)
Derivative financial instruments		(334)	(1,875)
Deferred tax liabilities	10	(20,993)	(11,747)
Total non-current liabilities		(356,051)	(301,970)
Total liabilities		(397,554)	(338,038)
Net assets		495,268	387,108
Equity			
Issued share capital	23	-	-
Other distributable reserve	24	470,318	429,094
Retained earnings		24,869	(42,042)
Total equity attributable to the equity holders of the Company		495,187	387,052
Non-controlling interests		81	56
Total equity		495,268	387,108

EPRA net asset value per share

12

57.84c

52.72c

The notes on pages 73 to 97 form an integral part of these financial statements.

The financial statements on pages 69 to 72 were approved by the Board of Directors on 23 June 2017 and were signed on its behalf by:

James Peggie
Senior Independent Director

Consolidated statement of changes in equity for the year ended 31 March 2017

	Issued share capital €000	Other distributable reserve €000	Retained earnings €000	Total equity attributable to holders of the Company €000	Non-controlling interests €000	Total equity €000
As at 31 March 2015	-	384,937	(96,713)	288,224	39	288,263
Shares issued, net of costs	-	48,375	-	48,375	-	48,375
Share-based payment transactions	-	3,127	-	3,127	-	3,127
Dividends paid	-	(7,345)	-	(7,345)	-	(7,345)
Total comprehensive income for the year	-	-	54,671	54,671	17	54,688
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

The notes on pages 73 to 97 form an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Operating activities			
Profit after tax		66,911	54,671
Taxation		9,500	2,388
Non-controlling interests		25	17
Gain on sale of properties		(79)	-
Share-based payments		4,290	1,538
Surplus on revaluation of investment properties	12	(49,782)	(44,168)
Change in fair value of derivative financial instruments		(133)	476
Depreciation	6	868	634
Finance income	9	(23)	(45)
Finance expense	9	9,795	12,888
Exit fees/prepayment penalties	9	428	5,929
Cash flows from operations before changes in working capital		41,800	34,328
Changes in working capital			
Decrease/(increase) in trade and other receivables		4,984	(356)
Increase in trade and other payables		3,168	3,707
Taxation (paid)/received		(17)	168
Cash flows from operating activities		49,935	37,847
Investing activities			
Purchase of investment properties		(76,265)	(82,716)
Prepayments relating to new acquisitions		(6,547)	(2,147)
Capital expenditure		(16,540)	(14,391)
Purchase of plant and equipment		(1,523)	(821)

Net proceeds on disposal of properties	7,201	-
Interest received	23	45
Cash flows used in investing activities	(93,651)	(100,030)
Financing activities		
Issue of shares	43,620	48,873
Dividends paid	(11,685)	(7,345)
Proceeds from loans	211,500	99,088
Repayment of loans	(159,077)	(60,383)
Exit fees/prepayment penalties	(428)	(5,929)
Finance charges paid	(11,393)	(12,384)
Cash flows from financing activities	72,537	61,920
Increase/(decrease) in cash and cash equivalents	28,821	(263)
Cash and cash equivalents at the beginning of the period	19,874	20,137
Cash and cash equivalents at the end of the period	18 48,695	19,874

The notes on pages 73 to 97 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2017

1. General information

Sirius Real Estate Limited (the "Company") is a company incorporated in Guernsey and resident in the United Kingdom, whose shares are publicly traded on the main markets of the London Stock Exchange ("LSE") (primary listing) and the Johannesburg Stock Exchange ("JSE") (secondary 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 2017.

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 (€000) except where otherwise indicated.

As at the reporting date, the Company has elected to present consolidated financial statements in a manner which makes them more comparable with similar businesses. As a result, the consolidated statement of comprehensive income for the year ended 31 March 2016 has been re-presented. The impact on total comprehensive income for the comparative period is €nil as shown in the table below:

	Previously reported year ended 31 March 2016 € 000	Re-presented year ended 31 March 2016 € 000
Rental income	55,790	55,790
Direct costs	(15,832)	(6,212)
Net rental income/net operating income	39,958	49,578
Surplus on revaluation of investment properties	44,168	44,168
Gain on disposal of properties	-	-
Administrative expenses	(5,603)	(17,310)
Other operating expenses	(2,199)	-
Operating profit	76,324	76,436
Finance income	45	45
Finance expense	(18,817)	(18,930)
Change in fair value of derivative financial instruments	(476)	(476)
Net finance costs	(19,248)	(19,361)
Profit before tax	57,076	57,076
Taxation	(2,388)	(2,388)
Profit for the year	54,688	54,688
Profit attributable to:		
Owners of the Company	54,671	54,671
Non-controlling interest	17	17
Total comprehensive income for the year	54,688	54,688

(b) Statement of compliance

The consolidated financial information has been prepared in accordance with the requirements of the Listing Rules of the UK Listing Authority, and in accordance with IFRS adopted for use in the EU ("Adopted IFRS") and the Companies (Guernsey) Law, 2008. The consolidated financial statements give a true and fair view and are in compliance with the Companies (Guernsey) Law, 2008.

(c) Going concern

Having reviewed the Group's current trading and cash flow forecasts, together with sensitivities and mitigating factors and the available facilities, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 2017. 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

Property acquisitions that are not accounted for as business combinations under IFRS 3 are dealt with as acquisitions of 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 only. 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 either for long-term rental income or for capital appreciation or both.

Investment properties are initially recognised at cost, including transaction costs when 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 2017 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2016: Cushman & Wakefield LLP), an independent valuer. The valuations are in accordance with standards complying with the Royal Institute of Chartered Surveyors ("RICS") 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 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 present value.

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 as determined by the notarised sales price. Expected selling costs are accrued within administrative expenses. 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

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.

(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 2017 will be approved and recognised in the financial year ended 31 March 2018.

(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 generates 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 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) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in euros that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(z) Standards effective in the period

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standard has been adopted in the current period:

- Annual Improvements to IFRSs 2012-2014 Cycle.

The adoption of this has not had any significant impact on the amounts reported in the Group financial information.

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

IFRS 9 'Financial Instruments' - In November 2009 and October 2010, the IASB issued IFRS 9 'Financial Instruments', which represents part of a project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. A final standard in relation to hedge accounting is now in issue. The IASB has tentatively set the effective date of IFRS 9 as periods beginning on or after 1 January 2018; it has not yet had EU endorsement. The Group has yet to assess IFRS 9's full impact and will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 15 'Revenue from Contracts with Customers' - In 2016, the IASB amended the standard to clarify application issues identified by stakeholders. The clarifications relate principally to identifying performance obligations, accounting for licences of intellectual property and agent vs principal considerations. A five step model will be applied to determine when to recognise revenue, and at what amount. Depending on whether certain criteria are met, revenue is

recognised either over time, in a manner that best reflects the Group's performance, or at a point in time when control of the goods or services is transferred to the customer. The new standard requires both qualitative and quantitative disclosures detailing: contracts with customers, significant judgements and assets recognised from the costs to obtain or fulfil a contract with a customer. IFRS 15 will not be effective before 1 January 2018; however, early adoption is permitted. The Group may choose to adopt the new standard either retrospectively or through a cumulative effect adjustment as of the start of the first period for which it applies the new standard. The Group has yet to assess IFRS 15's full impact, and a full analysis will be included in the March 2018 accounts.

IFRS 16 'Leases' - In 2016, the IASB introduced a new leases standard, with the accounting treatment of leases by lessees fundamentally changing. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. As a result of the amendments, lessees will appear to become more asset rich but also more heavily indebted. Impacts are not limited to the balance sheet. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay annual rents. Lessor accounting will remain similar to current practice, with lessors classifying leases as finance and operating leases. IFRS 16 will not be effective before 1 January 2019. The Group has yet to assess IFRS 16's full impact, and a full analysis will be included in the March 2018 accounts.

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 €735.3 million (31 March 2016: €695.2 million), was determined by Cushman & Wakefield LLP (2016: 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 €727.3 million (31 March 2016: €687.5 million).

The Cushman and 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.

The Directors also perform a review of the Cushman and Wakefield LLP valuation taking into consideration factors or information which may or may not have been factored into the Cushman and Wakefield LLP valuation. As a result of this review Directors have included an investment property write down amounting to €4,968,000 relating to non-core assets in the year under review. See note 13 for further details.

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.

Service charge

Service charge expenses are based on actual costs incurred and invoiced together with an estimate of costs which have been incurred at 31 March but are yet to be invoiced. The estimates are based on expected consumption rates and historical trends and take into account market conditions at the time of recording.

Service charge income is based on service charge expense and takes into account recovery rates which are largely derived from estimated occupancy levels.

Deferred tax

Deferred tax is measured at rates prevailing at the balance sheet date. Such rates are subject to governmental changes that are outside the control of the entity.

Additionally, management has to assess the recoverability of deferred tax assets and certain assets are not recognised due to uncertainties over the timing and nature of future events that will lead to their realisation. Accordingly, these unrecognised assets may have an impact on future corporate tax changes in certain circumstances.

Impairment of goodwill

The Group is required to test on an annual basis whether goodwill has suffered any impairment. The assessment and quantification of any such impairment charges are determined by key management judgements in terms of:

- detailed short-term budgeting on which the recoverable amounts calculated are based;
- determining the medium and long-term growth rates that are used in extrapolating these budgets over the goodwill's indefinite useful economic life; and

- the discount rate applied to these extrapolated forecasts to calculate the present value of the cash flows.

Long-Term Incentive Plan ("LTIP")

A new LTIP scheme for the benefit of the Executive Directors and the Senior Management Team was approved in October 2015. The fair value of the LTIP as 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.

Assumptions considered in the valuation of the LTIP 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.

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 information on a quarterly basis.

5. Revenue

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Rental and other income from investment properties	68,793	55,790

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 2017 € 000	Re-presented year ended 31 March 2016 € 000
Service charge income	(40,976)	(36,730)
Property costs	47,563	41,848
Non-recoverable maintenance	1,680	1,094
Irrecoverable costs	8,267	6,212

Gain on disposal of properties

Included within gain on disposal of €79,000 (2016: nil) are total proceeds of €7,370,000 (2016: nil) and costs of €7,291,000 (2016: nil). The gross gain on properties sold amounted to €651,000 (2016: nil) and gross loss on properties sold amounted to €572,000 (2016: nil).

Administrative expenses

	Year ended 31 March 2017 € 000	Re-presented year ended 31 March 2016 € 000
Audit fee	293	535
Legal and professional fees	2,128	1,661
Other administration costs	2,368	2,545
LTIP	4,136	1,452
Staff costs	9,305	8,567
Director fees	241	170
Depreciation	868	634
Marketing	1,584	1,281
Selling costs relating to assets held for sale	551	-
Non-recurring items	2,409	465
Administrative expenses	23,883	17,310

During the year fees of €500,000 (2016: €20,000) were paid to auditors and their associates in respect of other non-audit services including those relating to the listing on the main markets of the London and Johannesburg stock exchanges referred to below.

Non-recurring items relate primarily to costs associated with the listing on the main markets of both the London and Johannesburg stock exchanges including sponsor, valuation, corporate finance, legal and other professional fees.

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

7. Employee costs and numbers

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Wages and salaries	13,970	11,301
Social security costs	2,544	2,057
Pension	174	213
Other employment costs	215	58
	16,903	13,629

The costs for the year ended 31 March 2017 include those relating to Executive Directors and an expense of €4,136,000 (31 March 2016: €1,452,000) 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 204 (31 March 2016: 182), expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-executive Directors (31 March 2016: three) and two Executive Directors (31 March 2016: two) as at 31 March 2017.

8. Equity-settled share-based payments

A new 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 and an expense of €1,452,000 was recognised in the consolidated statement of comprehensive income to 31 March 2016.

A total of 1,300,000 shares were forfeited in the year to 31 March 2017. An expense of €4,136,000 was recognised in the statement of comprehensive income to 31 March 2017.

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

	Year ended 31 March 2017		Year ended 31 March 2016	
	Number of shares	Weighted average exercise price €000	Number of shares	Weighted average exercise price €000
Balance outstanding as at the beginning of the period (nil exercisable)	25,150,000	-	-	-
Maximum granted during the period	-	-	25,150,000	-
Forfeited during the period	(1,300,000)	-	-	-
Exercised during the period	-	-	-	-
Balance outstanding as at the end of the period (nil exercisable)	23,850,000	-	25,150,000	-

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 - €	0.52
Weighted average exercise price - €	-
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.

Employee benefit scheme

The original LTIP for the benefit of the Executive Directors and the Senior Management Team expired at the end of March 2015. As a result, a total of 3,471,200 ordinary shares were issued during the financial year to 31 March 2016.

During the period 313,608 shares were issued to the Company's management through its MSP programme (31 March 2016: 134,918).

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

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Charge relating to original LTIP	-	1,625

Charge relating to share matching	153	50
Charge relating to new LTIP	4,136	1,452
Share-based payment transactions as per consolidated statement of changes in equity	4,289	3,127

9. Finance income and expense

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Bank interest income	23	45
Finance income	23	45
Loan interest expense	(7,151)	(9,945)
Bank charges	(139)	(113)
Amortisation of capitalised finance costs	(1,172)	(1,277)
Refinancing costs	(1,762)	(7,595)
Finance expense	(10,224)	(18,930)
Net finance expense	(10,201)	(18,885)

The refinancing costs on derecognition of loans for the year ended 31 March 2017 relate to the costs associated with the refinancing of the Berlin Hyp AG/Deutsche Pfandbriefbank AG facility with a new €137 million loan facility and the refinancing of the Berlin Hyp AG facility with a new €70 million loan facility. The refinancing costs on derecognition of loans in the year ended 31 March 2016 relate to the costs associated with the refinancing of the Macquarie loan facilities with the €59 million SEB AG loan facility.

10. Taxation

Consolidated statement of comprehensive income

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Current income tax		
Current income tax (charge)/credit	(576)	156
Adjustment in respect of prior periods	264	-
Total current income tax	(312)	156
Deferred tax		
Relating to origination and reversal of temporary differences	(9,245)	(2,727)
Relating to LTIP charge for the year	57	183
Total deferred tax	(9,188)	(2,544)
Income tax charge reported in the statement of comprehensive income	(9,500)	(2,388)

The current income tax charge of €312,000 (31 March 2016: tax credit of €156,000) reflects a release of tax accruals for prior years as well as the tax charge for the period. The effective income tax rate for the period differs from the standard rate of corporation tax in Germany of 15.825% (2016: 15.825%). The differences are explained below:

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Profit before tax	76,436	57,076
Profit before tax multiplied by the rate of corporation tax in Germany of 15.825% (2016: 15.825%)	12,096	9,032
Effects of:		
Deductible interest on internal financing	(4,451)	(5,467)
Non-deductible expenses	567	1,355
Tax losses utilised	(1,200)	(3,143)
Property valuation movements due to differences in accounting treatments	2,657	721
Adjustments in respect of prior periods	(264)	-
Other	95	(110)
Total income tax charge in the statement of comprehensive income	9,500	2,388

Deferred income tax liability

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Opening balance	11,747	9,020
Taxes on the revaluation of investment properties and derivative financial instruments*	9,245	2,727
Balance as at year end	20,993	11,747

* Movement refers to the revaluation of investment properties to fair value, the recognition of derivatives and adjustments for lease incentives (e.g. rent free periods).

Deferred income tax asset

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Opening balance	(183)	-

Relating to LTIP charge for the year	(57)	(183)
Closing balance	(240)	(183)

The Group has tax losses of €262,525,000 (2016: €235,682,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation. 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 calculation of the basic, diluted, headline and adjusted earnings per share are based on the following data:

	Year ended 31 March 2017 € 000	Re-presented year ended 31 March 2016 € 000
Earnings		
Basic earnings	66,911	54,671
Diluted earnings	66,911	54,921
EPRA earnings	26,188	13,722
Headline earnings	26,318	13,832
Diluted headline earnings	26,318	13,832
Adjusted		
Basic earnings after tax	66,911	54,671
Deduct revaluation surplus, net of related tax	(40,514)	(41,089)
Deduct gain on sale of properties, net of related tax	(79)	-
Headline earnings after tax	26,318	13,582
Deduct/add change in fair value of derivative financial instruments, net of related tax	(156)	124
Add adjusting items, net of related tax*	8,801	9,329
Adjusted earnings after tax	34,963	23,035
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and EPRA basic earnings per share	822,957,685	728,152,740
Weighted average number of ordinary shares for the purpose of diluted and EPRA diluted earnings per share	846,807,685	770,534,539
Weighted average number of ordinary shares for the purpose of adjusted earnings per share	822,957,685	728,152,740
Basic earnings per share	8.13c	7.51c
Diluted earnings per share	7.90c	7.13c
Basic EPRA earnings per share	3.18c	1.88c
Diluted EPRA earnings per share	3.09c	1.78c
Headline earnings per share	3.20c	1.87c
Diluted headline earnings per share	3.11c	1.80c
Adjusted earnings per share	4.25c	3.16c
Adjusted diluted earnings per share	4.13c	2.99c
EPRA earnings		
Basic and diluted earnings attributable to owners of the Company	66,911	54,671
Basic and diluted earnings attributable to non-controlling interest	25	17
Basic and diluted earnings attributable to owners of the Company and non-controlling interests	66,936	54,688
Surplus on revaluation of investment properties	(49,782)	(44,168)
Gain on disposal of properties	(79)	-
Change in fair value of derivative financial instruments	(133)	476
Deferred tax in respect of EPRA adjustments	9,246	2,726
EPRA earnings	26,188	13,722

* Adjusting items as stated within earnings per share can be reconciled with those stated within administrative expenses in note 6 as follows:

	Year ended 31 March 2017 €000	Year ended 31 March 2016 €000
Non-recurring items as per note 6	2,409	465
Finance restructuring costs	1,762	7,595
Selling costs relating to assets held for sale	551	-
LTIP	4,136	1,452
Change in deferred tax assets	(57)	(183)
Adjusting items as per note 11	8,801	9,329

The number of shares has been reduced by 1,062,058 shares (2016: 1,375,666 shares) that are held by the Company as Treasury Shares at 31 March 2017, for the calculation of basic, headline, adjusted and diluted earnings per share.

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

	2017 €000	2016 €000
Weighted average number of ordinary shares for the purpose of basic, EPRA basic and adjusted earnings per share	822,957,685	728,152,740
Effect of conversion of convertible shareholder loan	-	22,261,799
Effect of grant of LTIP shares	23,850,000	20,120,000
Weighted average number of ordinary shares for the purpose of diluted and EPRA diluted earnings per share	846,807,685	770,534,539

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, gains/losses on sale of properties, deferred tax, and the revaluation deficits/surpluses on the investment properties and derivative financial instruments.

12. Net assets per share

	31 March 2017 € 000	Re-presented 31 March 2016 € 000
Net assets		
Net assets for the purpose of assets per share (assets attributable to the equity holders of the Company)	495,187	387,052
Deferred tax arising on revaluation surplus and LTIP valuation	20,753	11,564
Derivative financial instruments	341	2,571
Adjusted net assets attributable to equity holders of the Company	516,281	401,187
Number of shares		
Number of ordinary shares for the purpose of net assets per share	877,786,535	751,984,887
Number of ordinary shares for the purpose of diluted EPRA net assets per share	901,636,535	772,104,887
Net assets per share	56.41c	51.47c
Adjusted net assets per share	58.82c	53.35c
EPRA net assets per share	57.84c	52.72c
Net assets at the end of year (basic)	495,187	387,052
Revaluation of investment properties (if IAS 40 cost option is used)	4,968	5,639
Derivative financial instruments at fair value	341	2,590
Deferred tax in respect of EPRA adjustments	20,993	11,747
EPRA net assets	521,489	407,028

The number of shares has been reduced by 1,062,058 shares (2016: 1,375,666 shares) that are held by the Company as Treasury Shares at 31 March 2017, for the calculation of net assets and adjusted net assets per share.

13. Investment properties

Most of the Group's properties are pledged as security for loans obtained by the Group. See note 19 for details.

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

	2017 €000	2016 €000
Total investment properties at book value as at 1 April	687,453	545,626
Additions	76,265	82,716
Capital expenditure	16,493	14,943
Disposals	(6,698)	-
Reclassified as investment properties held for sale not included in valuation	(96,000)	-
Surplus on revaluation above capex	50,040	47,501
Adjustment in respect of lease incentives	(600)	(423)
Movement in Directors' discretionary impairment of non-core assets	342	(2,910)
Total investment properties at book value as at 31 March	727,295	687,453

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:

	2017 €000	2016 €000
Investment properties at market value per valuer's report*	735,290	695,190
Adjustment in respect of lease incentives	(3,027)	(2,427)
Directors' discretionary impairment of non-core assets	(4,968)	(5,310)
Balance as at year end	727,295	687,453

* Excluding assets held for sale.

The fair value (market value) of the Group's investment properties at 31 March 2017 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2016: 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. Market value was primarily derived using 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 at 31 March 2017 a Director's discretionary impairment of €4,968,000 has been recognised in relation to one non-core asset that management consider to be impaired based on challenging market conditions specific to the location where the asset is situated. All previously recognised impairments have been utilised in the period.

The weighted average lease expiry remaining across the whole portfolio at 31 March 2017 was 2.5 years (2016: 2.6 years).

As a result of the level of judgement 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:

	2017 €000	2016 €000
Surplus on revaluation above capex	50,040	47,501
Adjustment in respect of lease incentives	(600)	(423)
Movement in Directors' discretionary impairment of non-core assets	342	(2,910)
Surplus on revaluation of investment properties reported in the statement of comprehensive income	49,782	44,168

Included in the surplus on revaluation of investment properties reported in the statement of comprehensive income are gross gains of €57,900,000 and gross losses of €8,116,000.

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 2017

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	711,320,000	Discounted cash flow	Current rental income	€288k-€5,655k
			Market rental income	€424k-€6,035k
			Gross initial yield	3.8%-15.6%
			Discount factor	4.75%-12.0%
			Void period (months)	12-24
			Estimated capital value per sqm	€67-€1,261
Other	23,970,000	Discounted cash flow	Current rental income	€398k-1,905k
			Market rental income	€466k-€2,119k
			Gross initial yield	3.8%-10.1%
			Discount factor	6.3%-9.5%
			Void period (months)	12-24
			Estimated capital value per sqm	€597-€941

As at 31 March 2016

Sector	Market value (€)	Technique	Significant assumption	Range
Business park	674,860,000	Discounted cash flow	Current rental income	€324k-€5,309k
			Market rental income	€424k-€6,034k
			Gross initial yield	4.6%-15.7%
			Discount factor	5.5%-12.0%
			Void period (months)	12-24
			Estimated capital value per sqm	€67-€1,318
Other	20,330,000	Discounted cash flow	Current rental income	€422k-€740k
			Market rental income	€466k-€884k
			Gross initial yield	7.4%-8.7%
			Discount factor	6.5%-7.8%
			Void period (months)	12-24
			Estimated capital value per sqm	€537-€806

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

As a result of the level of judgement 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 €37,980,000 and a decrease in market rental values of 5% would lead to a decrease in the fair value of the investment properties of €37,770,000. Similarly, an increase in the discount rates of 0.25% would lead to a decrease in the fair value of the investment properties of €14,730,000 and a decrease in the discount rates of 0.25% would lead to an increase in the fair value of the investment properties of €15,040,000.

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

14. Investment properties held for sale

	31 March 2017 €000	31 March 2016 €000
Munich Rupert Mayer Strasse	85,000	-
Düsseldorf	11,000	-
Balance as at period end	96,000	-

Investment properties held for sale at 31 March 2017 is €96.0 million (31 March 2016: €nil), representing assets that were notarised for sale in the period. A gain of €8.9 million, representing the difference between the notarised sale prices and market valuation as at 30 September 2016 as performed by Cushman & Wakefield LLP, is accounted for within surplus on revaluation of investment properties in the consolidated statement of comprehensive income and expected selling costs amounting to €551,000 are included within administrative expenses. The total net gain on sale after tax is expected to be € 6.4 million.

See note 30 for details of the completion of these two notarised disposals.

15. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
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
Cost			
As at 31 March 2015	4,501	2,021	6,522
Additions in year	378	522	900
Disposals in year	-	(1)	(1)
As at 31 March 2016	4,879	2,542	7,421
Depreciation			
As at 31 March 2015	(3,505)	(1,339)	(4,844)
Charge for year	(429)	(205)	(634)
Disposals in year	-	-	-
As at 31 March 2016	(3,934)	(1,544)	(5,478)
Net book value as at 31 March 2016	945	998	1,943

16. Goodwill

	2017 €000	2016 €000
Opening balance	3,738	3,738
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 €3,738,000 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%, which is consistent with the long-term average growth rate for the real estate sector. A discount rate of 6.75% and terminal value of 4.75% was applied in the impairment review. A discount rate of 10.0% would be required for the carrying value of goodwill to be greater than the fair value. A negative revenue growth rate of 1.16% would be required for the carrying value of goodwill to be greater than the fair value.

17. Trade and other receivables

2017 2016

	€000	€000
Trade receivables	2,837	3,069
Other receivables	4,470	6,368
Prepayments	6,983	2,499
Balance as at year end	14,290	11,936

Other receivables include lease incentives of €3,269,000 (2016: €2,757,000).

Prepayments include costs totalling €6,547,000 (2016: 2,147,000) relating to the acquisition of two new sites that completed post period end (see note 30).

18. Cash and cash equivalents

	2017 €000	2016 €000
Cash at bank and in hand	48,695	19,874
Balance as at year end	48,695	19,874

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 31 March 2017 is €48,695,000 (2016: €19,874,000).

As at 31 March 2017 €12,753,000 (2016: €10,858,000) of cash is held in blocked accounts. Of this, €6,933,000 (2016: €5,408,000) relates to deposits received from tenants. An amount of €16,000 (2016: €16,000) is cash held in escrow as requested by a supplier and €131,000 (2016: €131,000) is held in restricted accounts for office rent deposits. An amount of €2,850,000 (2016: €3,003,000) relates to amounts reserved for future bank loan interest and amortisation payments, pursuant to certain of the Group's banking facilities, and an amount of €2,823,000 (2016: €2,300,000) relates to amounts reserved for future capital expenditure.

19. Trade and other payables

	2017 €000	2016 €000
Trade payables	5,865	6,960
Accrued expenses	12,206	9,305
Accrued interest	509	530
Other payables	15,383	12,746
Balance as at year end	33,963	29,541

20. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2017 €000	2016 €000
Current				
Deutsche Genossenschafts-Hypothekenbank AG				
- fixed rate facility	1.59	31 March 2021	320	320
Bayerische Landesbank				
- hedged floating rate facility	Hedged ¹	19 October 2020	508	508
SEB AG				
- fixed rate facility	1.84	1 September 2022	1,180	1,180
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
- floating rate facility	Floating ²	27 April 2023	1,063	1,437
- fixed rate facility	1.66	27 April 2023	2,413	1,437
Berlin Hyp AG				
- fixed rate facility	1.48	29 October 2023	1,773	756
K-Bonds I				
- fixed rate facility	6.00	31 July 2020	1,000	1,000
Capitalised finance charges on all loans			(1,189)	(996)
			7,068	5,642
Non-current				
Deutsche Genossenschafts-Hypothekenbank AG				
- fixed rate facility	1.59	31 March 2021	14,360	14,680
Bayerische Landesbank				
- hedged floating rate facility	Hedged ¹	19 October 2020	24,113	24,621
SEB AG				
- fixed rate facility	1.84	1 September 2022	56,050	57,230
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
- floating rate facility	Floating	27 April 2023	40,375	53,763
- fixed rate facility	1.66	27 April 2023	89,927	53,763
Berlin Hyp AG				
- fixed rate facility	1.48	29 October 2023	67,496	34,344
K-Bonds I				
- fixed rate facility	4.00	31 July 2023	45,000	45,000
- fixed rate facility	6.00	31 July 2020	3,000	4,000

Convertible fixed rate facility	5.00	21 March 2018	-	5,000
Capitalised finance charges on all loans			(5,597)	(4,053)
Total			334,724	288,348
			341,792	293,990

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

2 Tranche 2 of this facility is charged with a floating rate of 1.57% over three month EURIBOR (not less than 0%) for the full term of the loan.

The borrowings are repayable as follows:

	2017 €000	2016 €000
On demand or within one year	8,256	6,639
In the second year	8,323	12,358
In the third to tenth years inclusive	331,998	280,042
Total	348,577	299,039

The Group has pledged 38 (2016: 33) investment properties to secure related interest-bearing debt facilities granted to the Group. The 38 (2016: 33) properties had a combined valuation of €774,120,000 as at 31 March 2017 (2016: €635,413,000).

Deutsche Genossenschafts-Hypothekenbank AG

On 24 March 2016, the Group agreed to a facility agreement with Deutsche Genossenschafts-Hypothekenbank AG for €16.0 million. As at 31 March 2017 tranche 1 had been drawn down in full totalling €15 million. The loan terminates on 31 March 2021. Amortisation is 2% p.a. 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 €25.4 million. The loan terminates on 19 October 2020. Amortisation is 2% p.a. 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 €59.0 million to refinance the two existing Macquarie loan facilities. The loan terminates on 1 September 2022. Amortisation is 2% p.a. 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.

Berlin Hyp AG/Deutsche Pfandbriefbank AG

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

Berlin Hyp AG

On 15 December 2014, the Group agreed to a facility agreement with Berlin Hyp AG for €36.0 million. The loan terminates on 31 December 2019. Amortisation is 2% p.a. for the first two years, 2.4% for the third year and 2.8% thereafter, with the remainder due in the fifth year. The facility is charged at a fixed interest rate of 2.85%. This facility is secured over three property assets and is subject to various covenants with which the Group has complied. On 28 April 2016, the Group agreed to add an additional tranche to this facility which had an outstanding balance of €35.1 million at 31 March 2016. The additional tranche of €4.5 million brings the total loan to €39.6 million. The maturity of the additional loan tranche is coterminous with the existing loan at 31 December 2019. Amortisation is 2.5% per annum, with the remainder due at maturity. The additional loan tranche is charged with a fixed interest rate of 1.32% for the full term of the loan. The original facility agreement was amended to include one previously unencumbered property asset located in Würselen. The terms of the original loan are unchanged and the loan continues to be subject to various covenants with which the Group has complied.

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend this facility that had an outstanding balance of €39.2 million at 30 September 2016. The new facility totals €70.0 million and terminates on 29 October 2023. Amortisation is 2.5% per annum with the remainder due at maturity. The facility is charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility is secured over six property assets which include the recent acquisitions in Dresden and Wiesbaden which were added to the security pool in order to increase the facility. The loan is subject to various covenants with which the Group has complied.

K-Bonds

On 1 August 2013, the Group agreed to a facility agreement with K-Bonds for €52.0 million. The loan consists of a senior tranche of €45.0 million and a junior tranche of €7.0 million. The senior tranche has a fixed interest rate of 4%

p.a. and is due in one sum on 31 July 2023. The junior tranche has a fixed interest rate of 6% and terminates on 31 July 2020. The junior tranche is amortised at €1.0 million p.a. over a seven year period. This facility is secured over four properties and is subject to various covenants with which the Group has complied.

Convertible shareholder loan

On 22 March 2013, the Company issued €5.0 million convertible loan notes due in 2018 (the "Loan Notes"). The entire issue of €5.0 million was taken up by the Karoo Investment Fund S.C.A. SICAV-SIF and the Karoo Investment Fund II S.C.A. SICAV-SIF. The Loan Notes were issued at par and carried a coupon rate of 5% p.a.. The majority of the proceeds from the issue of the Loan Notes were used to reduce debt levels.

On 23 June 2016, the Company announced that the Karoo Investment Fund S.C.A. SICAV-SIF served notice to convert this €5.0 million convertible loan notes due in 2018 in full into, in aggregate, 22,814,731 new ordinary shares at the conversion price of €0.22 per ordinary share.

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

	Outstanding at 31 March 2017 €000	Property values at 31 March 2017 €000	Loan to value ratio at 31 March 2017*	Loan to value covenant at 31 March 2017	Interest cover ratio at 31 March 2017**	Debt service cover ratio at 31 March 2017**	Cover ratio covenant at 31 March 2017
Deutsche Genossenschafts- Hypothesenbank AG	14,680	26,074	56.3%	68.0%	n/a	1.77	1.25
Bayerische Landesbank	24,621	54,151	45.5%	65.0%	n/a	3.49	2.50
SEB AG	57,230	127,383	44.9%	60.0%	6.93	n/a	5.20
Berlin Hyp AG/ Deutsche Pfandbriefbank AG	133,778	333,586	40.1%	65.0%	n/a	2.94	1.50
Berlin Hyp AG	69,269	134,647	51.4%	62.5%	n/a	2.82	1.40
K-Bonds I	49,000	98,280	49.9%	n/a	3.98	n/a	2.50
Unencumbered properties	-	49,174	n/a				
Total	348,578	823,295	42.3%				

* Based on Cushman & Wakefield LLP valuations.

** Based on contractual calculations which are often less representative of actual trading performance.

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:

	2017 €000	2016 €000
Trade receivables	2,837	3,069
Other receivables	4,470	6,368
Derivative financial instruments	-	19
Cash and cash equivalents	48,695	19,874
	56,002	29,330

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

	Gross 2017 €000	Impairment 2017 €000	Gross 2016 €000	Impairment 2016 €000
Past due 0-30 days	2,784	(1,121)	3,613	(1,422)
Past due 31-120 days	1,267	(789)	485	(334)
More than 120 days	2,928	(2,232)	3,303	(2,576)
	6,979	(4,142)	7,401	(4,332)

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

	2017 €000	2016 €000
Balance at 1 April	(4,332)	(3,743)
Impairment loss (released)/recognised	190	(589)

Balance at 31 March**(4,142)****(4,332)**

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 €2,837,000 (2016: €3,069,000) 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 2017, based on contractual undiscounted payments:

	Bank and shareholder loans €000	Derivative financial instruments €000	Trade and other payables €000	Total €000
Year ended 31 March 2017				
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)
Year ended 31 March 2016				
Undiscounted amounts payable in:				
Six months or less	(8,357)	(435)	(29,541)	(38,333)
Six months to one year	(7,318)	(428)	-	(7,746)
One to two years	(21,153)	(840)	-	(21,993)
Two to five years	(198,257)	(1,015)	-	(199,272)
Five to ten years	(103,064)	-	-	(103,064)
	(338,149)	(2,718)	(29,541)	(370,408)
Interest	39,110	2,718	-	41,828
	(299,039)	-	(29,541)	(328,580)

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 100 bps in interest rate would result in a decreased post tax profit in the consolidated statement of comprehensive income of €133,000 (excluding the movement on derivative financial instruments) and a decrease in 100 bps in interest rate would result in an increased post tax profit in the consolidated statement of comprehensive income of €133,000 (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 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 1,062,058 of its own shares which continue to be held as Treasury Shares. During the year to 31 March 2017 313,608 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 42.3% as at 31 March 2017 (2016: 42.8%).

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:

	2017		2016	
	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets				
Cash	48,695	48,695	19,874	19,874
Trade receivables	2,837	2,837	3,069	3,069
Derivative financial instruments	-	-	19	19
Financial liabilities				
Trade payables	5,865	5,865	6,960	6,960
Derivative financial instruments	341	341	2,590	2,590
Interest-bearing loans and borrowings:				
Floating rate borrowings	41,438	41,438	-	-
Floating rate borrowings - hedged*	24,621	24,621	80,329	80,329
Floating rate borrowings - capped*	-	-	55,200	55,200
Fixed rate borrowings	282,519	288,288	163,510	166,570

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

Fair value hierarchy

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

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

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

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

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

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
2017				
Derivative financial instruments	-	(341)	-	(341)
Fixed rate borrowings	-	(288,288)	-	(288,288)
Floating rate borrowings	-	(66,059)	-	(66,059)
2016				
Derivative financial instruments	-	(2,571)	-	(2,571)
Fixed rate borrowings	-	(166,570)	-	(166,570)

Floating rate borrowings	-	(135,529)	-	(135,529)
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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:

	Within 1 year €000	1-2 years €000	2-3 years €000	3-4 years €000	4+ years €000	Total €000
2017						
Berlin Hyp AG/Deutsche Pfandbriefbank AG	(1,063)	(1,063)	(1,063)	(1,063)	(37,188)	(41,440)
Cash assets	-	-	-	-	-	-
2016						
Berlin Hyp AG/Deutsche Pfandbriefbank AG	(1,438)	(1,725)	(52,038)	-	-	(55,201)
Macquarie Bank Limited	-	-	-	-	-	-
Cash assets	19,874	-	-	-	-	19,874

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 €
Ordinary shares of no par value	Unlimited	-
As at 31 March 2017	Unlimited	-

Issued and fully paid	Number of shares	Share capital €
Ordinary shares of no par value		
As at 31 March 2015	630,338,749	-
Issued ordinary shares	118,040,020	-
Issued Treasury Shares	3,606,118	-
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	-

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 26 May 2016, the Company issued 313,608 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 753,360,553 ordinary shares of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 752,298,495.

Pursuant to an equity raise of €30.0 million on 21 June 2016, the Company issued 56,603,774 ordinary shares at an issue price of €0.53, resulting in the Company's overall issued share capital being 809,964,327 ordinary shares of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 808,902,269. Costs associated with the equity raise amounted to €883,000.

On 23 June 2016, the Company announced that the Karoo Investment Fund S.C.A. SICAV-SIF served notice to convert its €5,000,000 convertible loan notes due in 2018 in full into, in aggregate, 22,814,731 new ordinary shares at the conversion price of €0.22 per ordinary share. Following the conversion on 23 June 2016 and the subsequent admission of the shares to AIM on 28 June 2016, the overall issued share capital was 832,779,058 ordinary shares of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 831,717,000.

Pursuant to a scrip dividend offering on 15 July 2016, the Company issued 9,052,233 ordinary shares at an issue price of €0.4822, resulting in the Company's overall issued share capital being 841,831,291 ordinary shares of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 840,769,233.

Pursuant to a scrip dividend offering on 13 January 2017, the Company issued 11,027,524 ordinary shares at an issue price of €0.5055, resulting in the Company's overall issued share capital being 852,858,815 ordinary shares of which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 851,796,757.

Pursuant to an equity raise of €15.0 million on 7 March 2017, the Company issued 25,989,778 ordinary shares at an issue price of €0.5771, resulting in the Company's overall issued share capital being 878,848,593 ordinary shares of

which 1,062,058 were held in treasury. The total number of ordinary shares with voting rights in the Company at this date was 877,786,535. Costs associated with the equity raise amounted to €446,000.

The Company holds 1,062,058 of its own shares, which are held in treasury (2016: 1,375,666). During the year 313,608 shares were issued from treasury.

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 and for the buyback of shares and is €470,318,000 in total at 31 March 2017 (2016: €429,094,000).

25. Dividends

In May 2016, the Company announced a dividend of 1.30c per share with a record date of 17 June 2016 and payable on 15 July 2016. On the record date, 753,360,553 shares were in issue, of which 1,062,058 were held in treasury and 752,298,495 were entitled to participate in the dividend. Holders of 334,125,185 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €4,344,000, while holders of 418,173,310 shares opted for a cash dividend with a value of €5,503,000. The total dividend was €9,847,000.

In November 2016, the Company announced a dividend of 1.39c per share with a record date of 16 December for UK shareholders and 15 December 2016 for SA shareholders and payable on 20 January 2017. On the record date, 841,831,291 shares were in issue, of which 1,062,058 were held in treasury and 840,769,233 were entitled to participate in the dividend. Holders of 401,207,527 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €5,576,785, while holders of 439,561,706 shares opted for a cash dividend with a value of €6,182,148. The total dividend was €11,758,933.

The Group's profit attributable to the equity holders of the Company for the year was €71.8 million (2016: €54.7 million). The Board has declared a final dividend of 1.53c per share for the year ended 31 March 2017. The final dividend will be paid on 18 August 2017 with the ex-dividend dates being 12 July 2017 for shareholders on the South African register and 13 July 2017 for shareholders on the UK register. As has been reported previously, both the interim and final dividends represent 65% of FFO* for the first and second halves of the year ended 31 March 2017, respectively. It is intended that dividends will continue to be paid on a semi-annual basis and offered to shareholders in cash or scrip form.

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

The dividend per share was calculated as follows:

	31 March 2017 € million	31 March 2016 € million
Reported profit before tax	76.4	57.1
Adjustments for:		
Surplus on revaluation	(49.8)	(44.2)
Gain of disposals	(0.1)	-
Other adjusting items ¹	8.9	9.5
Change in fair value of financial derivatives	(0.1)	0.5
Adjusted profit before tax	35.3	22.9
Adjustments for:		
Depreciation	0.9	0.6
Amortisation of financing fees	1.2	1.3
Current taxes (incurred)/receivable (see note 10)	(0.3)	0.2
Funds from Operations, year ended 31 March	37.1	25.0
Funds from Operations, six months ended 30 September	17.1	9.9
Funds from Operations, six months ended 31 March	20.0	15.0
Dividend pool, six months ended 30 September	11.7	6.9
Dividend pool, six months ended 31 March ²	13.4	9.8
Dividend per share, six months ended 30 September	1.39c	0.92c
Dividend per share, six months ended 31 March	1.53c	1.30c

¹ Includes the net effect of main market move costs, refinancing costs, management LTIP rewards and expected selling costs associated with the notarised assets accounted for as held for sale in the period. See note 11 for details.

² Calculated as 65% of FFO of 2.38c per share (31 March 2016: 2.01c per share) based on average number of shares outstanding of 846,641,989 (31 March 2016: 749,229,846).

26. Related parties

On 22 March 2013, the Company issued €5.0 million convertible loan notes due in 2018 (the "Loan Notes"). The entire issue of €5.0 million was taken up by the Karoo Investment Fund S.C.A. SICAV-SIF and the Karoo Investment Fund II S.C.A. SICAV-SIF both of which are advised by Wessel Hamman, a Non-executive Director of the Company. The Loan Notes were issued at par and carried a coupon rate of 5% per annum. The Loan Notes were convertible by the holder into ordinary shares of the Company at an original conversion price of 0.24c. The majority of the proceeds from the issue of the Loan Notes were used to reduce debt levels. On 23 June 2016, the Company announced that the Karoo Investment Fund S.C.A. SICAV-SIF served notice to convert its €5.0 million convertible loan notes due in 2018 in full into, in aggregate, 22,814,731 new ordinary shares at the conversion price of €0.22 per ordinary share. Interest on the Loan Notes was €nil in the period ended 31 March 2017 (31 March 2016: €250,000). The Directors considered that the terms of this transaction were fair and reasonable insofar as its shareholders were concerned.

Key management personnel compensation

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

	2017 €000	2016 €000
Directors' fees	231	170
Salary and employee benefits	2,759	2,704
Share-based payments	3,926	1,549
Total	6,916	4,423

The share-based payments relating to key management personnel for the year ended 31 March 2017 include an accrued expense of €3,404,000 (2016: €1,225,000) for the granting of shares under the LTIP (see note 8).

Information on Directors' emoluments is given in the remuneration report on pages 51 to 58.

27. Capital and other commitments

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

	2017 €000	2016 €000
Less than one year	528	497
Between one and five years	1,959	1,938
More than five years	245	727
	2,732	3,162

As at 31 March 2017, the Group had contracted capital expenditure on existing properties of €5,951,000 (2016: €4,636,000).

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:

	2017 €000	2016 €000
Less than one year	63,375	51,669
Between one and five years	102,176	81,813
More than five years	23,140	24,467
	188,691	157,949

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 70 subsidiary companies. All subsidiaries are consolidated in full in accordance with IFRS.

Company name	Country of incorporation	Ownership at 31 March 2017 %	Ownership at 31 March 2016 %
Currus 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	100.00	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
LB ² Catering and Services GmbH	Germany	100.00	100.00
Marba Holland B.V.	Netherlands	100.00	100.00
Marba Willstätt B.V.	Netherlands	100.00	100.00

SFG NOVA Construction and Services GmbH	Germany	100.00	100.00
Sirius Alder B.V.	Netherlands	100.00	100.00
Sirius Ash B.V.	Netherlands	100.00	100.00
Sirius Beech B.V.	Netherlands	100.00	100.00
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 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 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 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 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 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 2017, the Group acquired a property located in Frankfurt. Total acquisition costs are expected to be €4.5 million. The property is a single building comprising office and basement space and has a net lettable area of 4,064sqm. The property is 28% occupied and let to six tenants, producing an annual income of €153,000 and having a weighted average remaining lease term of 1.5 years.

On 21 April 2017, the Group notarised the sale of a mature asset located in Kiel for €7.0 million that was originally acquired in 2007. The sale is at an EPRA net operating yield of 7.4%. The asset is a multi-let mixed-use business park generating €0.56 million of net operating income with occupancy of 92% over a net lettable area of around 10,000sqm.

On 30 April 2017, the Group completed the sale of the site at Munich Rupert Mayer Strasse for €85.0 million, a business park of around 72,000sqm of office and warehouse space which was originally acquired in 2008. The sale has been structured as a sale and leaseback with a lease of six years and a rent payable of c. €5.0 million per annum for the first five years and then in the final year at a cost equal to the net operating income of the site. The leaseback enables the Group to retain the difference between the rent it pays and the income from the site in addition to an annual management fee of €100,000 per annum for the term of the lease.

On the 3 May 2017, the Group notarised the acquisition of a property in Grasbrunn, near Munich. Total acquisition costs are expected to be €18.1 million. The property is located in a well-developed commercial area close to Munich. The property comprises four office buildings and has a gross lettable area of 14,791sqm. The property is 3.5% occupied and let to one tenant, producing an annual income of €100,000 and having a weighted average remaining lease term of 1.7 years.

On 19 May 2017, the Group completed the sale of a mature asset located in Düsseldorf for €11.0 million that was originally acquired in 2008. The sale is at a 25% premium to the last reported book value at 30 September 2016. The asset is a mixed-use business park generating €0.85 million of net operating income with occupancy of 96% over a net lettable area of 16,600sqm.

On the 23 May 2017, the Group notarised the acquisition of a property located in Neuss, near Düsseldorf. Total acquisition costs are expected to be €15.8 million. The property comprises one office building and has a net lettable area of 18,258sqm. The property is 38.3% occupied and let to six tenants, producing an annual income of €670,000 and having a remaining weighted average lease term of 5.1 years.

On the 23 May 2017, the Group notarised the acquisition of a property located in Neu-Isenburg, near Frankfurt. Total acquisition costs are expected to be €9.7 million. The property is an office building with basement space and has a net lettable area of 7,996sqm. The property is 41.3% occupied and let to one tenant, producing an annual income of €472,000 and having a remaining weighted average lease term of 1.5 years.

On 1 June 2017, the Group acquired a property located in Cologne. Total acquisition costs are expected to be €22.9 million. The property comprises two connected multi-let office buildings and has a net lettable area of 20,342sqm. The property is 99.5% occupied and let to 17 tenants, producing an annual income of €2.0 million and having a weighted average remaining lease term of 2.4 years.

On 1 June 2017, the Group notarised the acquisition of a property located in Berlin Mahlsdorf. Total acquisition costs are expected to be €6.4 million. The property is a mixed use business park and has a net lettable area of 12,912sqm. The property is 63.9% occupied and let to 21 tenants, producing an annual income of €530,000 and having a remaining weighted average lease term of 6.2 years.

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