

Regulatory Story

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Sirius Real Estate Limited - SRE Half Yearly Report
Released 07:00 23-Nov-2015

RNS Number : 5419G
Sirius Real Estate Limited
23 November 2015

Sirius Real Estate Limited

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

Half Year Results for the six months ended 30 September 2015

Sirius Real Estate, the leading operator of branded business parks providing conventional and flexible workspace to the German market, is pleased to announce its half year results for the six months ended 30 September 2015.

Financial highlights

- Demand for Sirius' workspace continued to be strong and in spite of an expected but higher than usual number of move-outs in the period, the like-for-like gross annualised rent roll increased to €50.1 million[^] (31 March 2015: €50.0 million). Including acquisitions^{^^} gross annualised rent roll increased to €53.4 million.
- Recurring profit before tax* increased to €8.6 million, with like-for-like^{^^} recurring profit before tax* increasing by 35.3% to €6.9 million (2014: €5.1 million).
- Profit before tax (including property revaluations) increased to €28.3 million (2014: €15.3 million)
- Funds From Operations ("FFO")^{***} was €9.9 million (2014: €6.2 million), an increase of 60%. FFO per share increased to 1.4c (2014: 1.2c) despite the acquisitions funded by the €50 million capital increase in June making only a small contribution.
- Cost of debt reduced significantly during the period with the refinancing of the expensive Macquarie debt facilities, through a new seven year €59 million facility from SEB AG with a fixed cost of 1.84% per annum. This refinancing, which reduced the average cost of debt to the Group from 4.3% to 3.3%, will reduce interest cost by €2.6 million per annum going forward.
- Valuation of the portfolio increased to €615.2 million (31 March 2015: €550.0 million) with the like-for-like portfolio increasing by €31.4 million or 5.7% to €581.4 million[^] in the six month period.
- Adjusted net asset value ("NAV")^{**} per share increased by 5.5% to 50.13c (31 March 2015: 47.51c) despite the payment of €7.6 million in early termination fees for the repayment of the Macquarie loans (equivalent to 1.0c reduction in NAV per share).
- Total Shareholder Return (based on Adjusted NAV), including the 0.84c per share final dividend paid in July, of 7.3% in the six month period with the benefit of acquisitions and the significantly reduced interest cost only impacting future periods.
- Rate per sqm of the portfolio increased to €4.85 with like-for-like rate per sqm increasing to €4.91[^] (31 March 2015: €4.75).

- Achieved new lettings in the period of 70,201 sqm at an average rate of €5.10 per sqm (3.87% above the average rate achieved across the existing portfolio), with like-for-like lettings of 62,886 sqm^{^^} at an average rate of €4.86^{^^} (2014: 54,713 sqm at €5.11).

* Adjusted. See Note 22 of Notes to the Financial Statements for explanation.

** Excluding provisions for deferred tax and financial derivatives

*** Recurring profit after tax excluding depreciation and amortisation of bank debt facility fees

[^] Excluding recent acquisitions in Ludwigsburg, Weilimdorf & Heidenheim

^{^^} Excluding acquisitions in Potsdam, Mahlsdorf, Aachen and Bonn and recent acquisitions in Ludwigsburg, Weilimdorf & Heidenheim

^{^^^} Acquisitions in Ludwigsburg, Weilimdorf & Heidenheim

[°] Based on average shares outstanding for the period of 707,075,634 shares

Placing and acquisitions

- In June, Sirius successfully completed a Private Placement raising €50 million of new equity capital. The purpose of the new capital was to fund the acquisition of five mixed-use business parks and the early repayment of the two Macquarie debt facilities mentioned above.
- The five assets were acquired in September and October 2015 from different vendors for a total consideration of €57.24 million, including acquisition costs. A new €25.4 million 5-year debt facility was drawn down against four of these assets in October 2015 with a fixed all-in interest rate through a swap of 1.66%.

Capex programme

- The capex programme has continued to progress with the transformation of a further 10,300 sqm of space completing in the period and another 28,765 sqm is underway. Since the inception of the programme 48,160 sqm of the circa 100,000 sqm of unlettable or under-rented space originally identified has been transformed and €2.3 million of the expected €4.0 million incremental annual rental income has been realised.

Dividend

- Dividend of 0.92c per share declared for the six months to 30 September 2015, with a scrip dividend alternative. A detailed dividend announcement will be made in due course and the distribution of the scrip dividend circular will follow the detailed dividend announcement.

Robert Sinclair, Chairman of Sirius, said, "This has been another good period for Sirius during which the Company has performed strongly, raised €50 million in new capital and acquired five new sites. We have also continued to grow the business organically through our capex investment programme which has transformed another 10,300sqm of previously unlettable or under-rented space. The continuation of this, together with a significant reduction in the cost of borrowings, places the Company in an excellent position as we head into 2016."

Andrew Coombs, Chief Executive of Sirius, said, "Sirius continues to progress in its goal of expanding its asset base and increasing profitability across the Group. Alongside our important earnings-enhancing acquisitions over the period, we are also strengthening our current offering through capital investment into the existing portfolio. A stronger balance sheet and demonstrable track record has allowed the Company to negotiate significantly improved lending terms, thereby materially reducing our cost of debt. The Board is confident in its outlook for the full year and is focused on further improving returns to shareholders."

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Business Update

Introduction

The Company is pleased to announce the half-year results for the six months ended 30 September 2015. It has been a busy and significant period of activity for the Company, benchmarked by the successful capital raise in June, as a result of which five immediately earnings-enhancing sites have been added to the portfolio. Underlying the trading performance is the strong demand for space across the German market which helped the Company deliver an increase in like-for-like annualised rental income despite the expected and higher than usual number of move-outs in the period. This included a further 3.4% increase in like-for-like rental rate across the portfolio in the period, evidencing the success of our asset management efforts when compared to Germany's otherwise very low inflation environment.

In June, the Company announced a €50 million equity fundraising at 46 cents per share to fund the acquisition of five mixed use business parks. In addition to the acquisitions, part of the proceeds from the capital raise were used to refinance our two most expensive debt facilities with a new 7-year €59 million debt facility with SEB AG. This represents another milestone for Sirius and has significantly reduced the Company's finance costs. The new facility is at a fixed interest rate of 1.84% for the full term of the facility, which was lower than expected. The exit costs associated with the refinancing were €7.6 million but the benefit will be an interest cost saving of €2.6 million per annum going forward.

A further uplift in the value of our property portfolio was recorded in the period, with the portfolio valued on a like-for-like basis, excluding the recent acquisitions* at €581.4 million as at 30 September 2015 (31 March 2015: €550.0 million), an increase of €31.4 million or 5.7% in the six month period. The revaluation uplift reflects approximately 50 bps of yield compression. The effects of the capital investment programme in refurbishing previously unlettable space offset the short-term impact of the extraordinary move-outs in the period. There remain two further large move-outs on 11,980 sqm with rental income of €0.9 million expected in the second half of the financial year, the largest being one of the last remaining Siemens vacations, however the Board is confident that with the pipeline of new lettings in progress, Sirius should significantly increase its like-for-like rent roll in the second half of the financial year ending 31 March 2016.

* Acquisitions being Ludwigsburg, Weillimdorf & Heidenheim

Earnings

For the half year under review, total income was €25.9 million (2014: €21.5 million) and profit before tax was €28.3 million (2014: €15.3 million), which includes property revaluations. The recurring profit before tax* for the period was €8.6 million (2014: €5.1 million). On a like-for-like basis recurring profit before tax* increased by 35.3% to €6.9 million on the same period last year. This increase has come predominantly through the rental increases resulting from our capex programme as well as some further improvements in the recovery of service charge costs.

In the six month period to 30 September 2015 we have been able to maintain the annualised gross rent roll of the 33 business parks that were owned at the start of the period at €50.1 million (31 March 2015: €50.0 million) despite the fact that we saw 90,470 sqm of move-outs from these assets in the period. We had anticipated these move-outs well in advance and it was mainly through 70,201 sqm of new lettings in the period at a much higher rate than the exiting tenants that allowed us to record an annualised rent roll increase. Recovery of service charge costs continues to be, well ahead of our occupancy rates and significantly better than is typically achieved in our asset class. Both the sales and marketing and the service charge reconciliation platforms that we have developed over the last five years continue to perform very effectively and are significant assets to Sirius.

FFO** increased to €9.9 million (2014: €6.2 million) and FFO per share was 1.41c (2014: 1.2c) despite only seeing a small contribution from the acquisitions and refinancing in the period, for which the €50m equity was raised in June 15. Adjusted earnings per share ("EPS")* was 1.25c for the six months ended 30 September 2015 (2014: 0.93c).

* Excludes property revaluation, related deferred tax, non-controlling interests, profits on disposals, change in fair value of derivative financial instruments and non-recurring items.

** See Note 22 of Notes to the Financial Statements for explanation.

Net Asset Value

The portfolio, excluding acquisitions^ completed in the period, was independently valued on a like-for-like basis at €581.4 million by Cushman & Wakefield LLP (31 March 2015: €550.0 million) which converts to a book value of €576.3 million after Directors' discretionary impairments of non-core asset valuations and the provision for tenant incentives. The total portfolio, including acquisitions^ completed in the period, was valued at €615.2 million with a book value of €610.1 million.

The like-for-like valuations have increased by €31.4 million over the six month period, continuing to demonstrate the long-term capital return potential of the Sirius portfolio. We have seen approximately 50bps of yield compression in the period along with rental income improvements despite higher than usual move-outs. We continue to see returns from both an income and valuation perspective through the investment into our capex investment programme and from purchasing assets at discounted prices. We still have not seen the full benefit of our improved service charge recovery rate reflected in our valuations and we believe that

there remains further yield compression to come in order to align us with where we are seeing our asset class trading at in the market.

The portfolio as at 30 September 2015 comprises 36 assets and has a book value of €610.1 million which can be reconciled to the Cushman & Wakefield LLP valuation as follows:

Valuation Reconciliation to Book Value	30-Sep-15	31-Mar-15
	€000	€000
Investment properties at market value	615,240	550,030
Adjustment in respect of lease incentives	-2,020	-2,004
Discretionary impairment of non-core asset valuations	-3,100	-2,400
Balance as at period end	610,120	545,626

The current book valuation of the core portfolio is €576.6 million which represents an average gross yield of 8.6% (31 March 2015: 8.9%) and a net yield^{^^} of 7.7% (31 March 2015: 8.2%) which highlights the 50bps of yield compression we have seen in the period. The average capital value per sqm is €564.3 (31 March 2015: €547.1) which remains significantly below replacement cost. The valuation metrics of our portfolio split between the core portfolio and non-core portfolio can be seen in the following table:

	Valuation	Rent Roll	NOI	Gross	Cap Value	Occupancy	Vacant
	€m	€m	€m	Yield	€/psm		Sqm
Core Assets	576.6	49.6	44.6	8.6%	564.3	84%	154k
Non-Core Assets	33.5	3.8	2.0	11.3%	147.5	42%	124k
Other			-1.0				
Total	610.1	53.4	45.6	8.7%	488.5	77%	278k

The net effect of valuation improvement on Adjusted NAV is reconciled as follows:

	Six months ended 30-Sep-15	Six months ended 30-Sep-14
Valuation uplift from existing portfolio	31.4	15.9
Valuation uplift from acquisitions bought at a discount	2.4	0
Less Capex invested in the period	-6.1	-4.7
Less write-downs/add write-backs	-0.7	0.3
Movement in adjustment for lease incentives	0	0.1
Net effect of valuation uplift in Adjusted NAV	27.0	11.6

The Adjusted NAV per share, which excludes the provisions for deferred tax and derivative financial instruments, was 50.13c as at 30 September 2015, an increase of 5.5% over the 47.51c Adjusted NAV per share at 31 March 2015. Total Shareholder Return (based on Adjusted NAV), including the 0.84c per share final dividend paid in July, was 7.3% for this six month period. The NAV per share and Adjusted NAV per share reflect the €7.6 million early termination fees on the Macquarie loans, for which the income statement benefit will only be felt in future periods. This early termination charge reduced the NAV per share and Adjusted NAV per share by 1.0c.

[^] Acquisitions being Ludwigsburg, Weilimdorf & Heidenheim

^{^^} Net yield is rental income less service charge irrecoverable costs and landlord maintenance divided by valuation

Dividend

The Company's dividend policy is to pay shareholders 65% of FFO, with the dividend paid semi-annually. The Company will continue to offer shareholders the ability to receive dividends in scrip rather than cash for which there was a 35% scrip take-up on the Final Dividend declared in connection with the year ended 31 March 2015.

I am pleased to confirm that the Board has declared an interim dividend of 0.92c per share for the six month period ended 30 September 2015. A detailed dividend announcement including the dates of the dividend will be made in due course. The scrip dividend circular will be distributed to shareholders following the aforementioned announcement.

Operations

Demand for both flexible and conventional workspace continues to be strong from the Company's core German SME customers with new lettings of 70,201 sqm at an average rate of €5.10 per sqm being achieved during the period. Move-outs as expected were much higher than usual, at 90,470 sqm, however the average rate at which this space was let was only €3.78 per sqm. We have commenced a programme to invest and improve the major spaces vacated by tenants in the period in order to re-let these at higher rates. We believe that this will have a positive impact on our rent roll and valuations over the coming years.

As previously communicated, the Company has made significant progress towards its goal to transform approximately 100,000 sqm of previously unlettable or under-rented space into a combination of conventional workspace and Sirius' high-quality Smartspace products. The investment planned for this initiative was approximately €10 million with an additional rental income of around €4 million per annum expected to be generated as a result. Additionally the letting up of this space is expected to have a positive impact on the recovery of service charge costs as well as significantly improve valuations as such space has no or very low value in our books prior to this investment. As at 30 September 2015 we had completed the transformation of 48,160 sqm of the approximately 100,000 sqm identified for investment and investing €4.26 million into this space has generated €2.3 million per annum of additional rent roll so far, already a 54% return on investment at only 65% occupancy. In addition to this a further 28,765 sqm was in the process of being transformed and the final 16,915 sqm was waiting to be approved. More detail on the programme is provided in the following table:

Capital Investment Programme Progress	Area	Investment		Rental Increase						
		Sqm	Budget	Actual	€		Occupancy		Rate	
					Budget	Achieved to Date	Budget	Achieved to Date	Budget	Achieved to Date
Completed	48,160	5,561,900	4,258,769	2,489,645	2,245,798	81%	65%	5.32 €	5.96 €	
In Progress	28,765	3,955,200	623,963	1,385,426	21,986	80%	2%	5.01 €	4.01 €	
To be Commenced Next Financial Year	16,915	3,056,800	62,430	841,351	0	80%	0%	5.18 €	- €	
Total	93,840	12,573,900	4,945,161	4,716,422	2,267,784	81%	34%	5.20 €	5.93 €	

The results achieved to date from our asset management activities on the four acquisitions completed at the end of the last financial year have been encouraging. Since acquiring these sites we have increased their annualised rental income by €311,451 on the back of an investment of €405,000 into the vacant space. This represents an increase in rental income of 6.3% in approximately eight months of ownership. There remains significant potential to improve this even further and our plan is to invest an additional €1.6 million into these assets over the next 18 months with the aim of improving the annualised rental income by €0.8 million. This investment is additional to the capex investment programme detailed above. The table below compares the rental income of the acquisition sites between acquisition and 30 September 2015:

	Sep-15	Acquisition	Improvement	
	Rental Income	Rental Income	Rental Income	(%)
Mahlsdorf	1,822,735	1,786,063	36,672	2%
Potsdam	2,500,904	2,346,622	154,282	7%
Bonn	662,153	530,601	131,552	25%
Aachen I	1,865,745	1,751,112	114,633	7%
Total	6,851,537	6,414,398	437,139	7%

We were delighted to complete our latest acquisitions of five assets around the Stuttgart and Cologne areas in September and October 2015, including our second site in Aachen. These are areas where we have a significant presence already and are confident that our approach and products work effectively. As such we have already started the process of investing into these sites and we believe that over the next three years we can increase rents at these business parks by €0.8m with a capital investment of €2.0 million on 72% of the vacant space. This will also be additional to the capex investment programme detailed above.

The most significant element of our capex investment initiatives is the transformation of the difficult space into our Smartspace products. As at 30 September 2015 74,235 sqm or 6.7% of the total lettable space of the portfolio had been converted into Smartspace. We would expect this to increase to closer to 8% after the completion of the capex investment initiatives mentioned above. The rental rates we achieve on Smartspace Offices and Smartspace Storage in our core locations are particularly encouraging and generally exceed €9 per sqm. The demand for both these offerings is very pleasing and, generally 12 months after the space becomes ready to let, we are consistently seeing these become more than 90% occupied in our core locations. When you consider that in most cases our Smartspace products are created from space that is difficult to let conventionally and would often remain as structural void with other operators, this is a significant part of the unique value add capability of the Sirius management platform. The table below gives more detail on the Smartspace offerings across the whole portfolio:

	Total SQM	Occupied SQM	Occupancy (%)	Annual Rent	Total Annual Rent %	Rate
SMSP Office	24,806	18,369	74%	1,636,402	49%	7.42
SMSP Workbox	4,748	4,256	90%	293,250	9%	5.74
SMSP Storage	18,666	14,027	75%	844,506	25%	5.02
SMSP Flexilager	26,015	8,866	34%	561,779	17%	5.28

S MSP TOTAL	74,235	45,518	61%	3,335,937	100%	6.11
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^ Excluding recent acquisitions in Ludwigsburg, Weilimdorf & Heidenheim

We remain mindful of the fact that it is important to maintain the balance of our tenant mix so that our assets earn enough of the high-yielding returns from our flexible products such as Smartspace to fuel our income growth but also retain the solid core of anchor tenants to provide our banks with the comfort and stability that they require in order for them to offer us the most competitive interest rates and term lengths. The table below illustrates the tenant mix across our portfolio at the end of the reporting period:

	No. of Tenants	Occupied SQM	Annual Rent	Percentage	Rate Per SQM
Top 50 Tenants	50	468,985	27,921,732	52%	4.96
SmartSpace Tenants	1,439	45,518	3,335,937	6%	6.11
Other Tenants	1,763	402,075	22,116,465	42%	4.58
Total (excl. acquisitions)	3,252	916,578	53,374,134	100%	4.85

Finance

The refinancing of the two Macquarie facilities with the new €59 million facility with SEB, completed in September, has had a significant impact on the average cost of debt and will reduce the annualised interest cost of the Group by approximately €2.6 million. As at the reporting date, the Company had total borrowings of €261 million with a weighted average cost of debt of 3.3% compared to €260 million of borrowings as at 31 March 2015 with a weighted average cost of debt of 4.3%.

Subsequent to the period end, in October 2015, the Company completed the final two acquisitions for which the June 2015 equity raise was intended and a new €25.4 million 5-year facility with Bayerisches Landesbank AG (BayernLB) was drawn down against four of the five new acquisitions. A 5-year swap was taken out against this new facility which fixes the interest rate payable at 1.66% all-in for the full term of the facility.

The Group's overall LTV temporarily reduced to 41.6% (31 March 2015: 46.8%) as at 30 September 2015, through amortisation and valuation increases but also because the acquisitions that completed in the period were funded from equity and the new BayernLB facility was not drawn down until post period end. The pro forma LTV including the Bayern LB facility would be 45.7%.

These two new facilities with SEB and BayernLB with all-in fixed interest rates of 1.84% and 1.66% respectively are indicative of the confidence that our lenders have in our asset management platform, especially in light of the fact that the SEB financed portfolio had a WALE of only 2 years. There are further opportunities to reduce our cost of debt further, by re-negotiating and restructuring existing facilities.

Outlook

The Company continues to experience high demand for its various offerings and is becoming one of the key providers of mixed-use space to the German SME market. We have started to see some of the yield compression that the market is experiencing and, whilst we anticipate this trend to continue, we will continue to focus our efforts on delivering valuation and FFO improvements through our asset management initiatives as well as selective acquisitions. Our aim is to create value for shareholders wherever we are in the real estate cycle by leveraging our management platform.

One of the biggest drivers of organic growth is converting previously unlettable or under-rented space into a combination of conventional workspace and Sirius' high-quality Smartspace products which often achieve rental rates of up to double that of the average rate across our portfolio. There remains significant opportunity to continue this through our initial capex investment programme, investing into the vacant space of our new acquisitions and investing into the large spaces that have been vacated in the last six months.

We have seen significant progress in the period towards reducing the Group's cost of borrowing and further opportunities exist within our current financing arrangements. The low cost of debt the business currently attracts, is a key competitive advantage in the business park market, and confirms the confidence our lenders have in our management platform.

Finally there remains further opportunities in the market to acquire suitable business parks at attractive pricing with value add potential, to add to our existing network of 36 business parks and we would hope to continue to extend the portfolio on a highly selective basis.

Although we have seen significant improvements to the Company's profitability year-on-year for some time now, the Board believes there still remains much more to come. Sirius is in a good position and we look forward to completing another successful year.

Independent review report

to Sirius Real Estate Limited

Introduction

We have been engaged by Sirius Real Estate Limited (the "Company") to review the unaudited interim condensed set of financial statements of the Company and its subsidiaries (together the "Group") in the Interim Report for the six months ended 30 September 2015 which comprises the unaudited consolidated statement of comprehensive income, unaudited consolidated statement of financial position, unaudited consolidated statement of changes in equity, unaudited consolidated statement of cash flow and related explanatory notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the AIM Rules.

As disclosed in note 2(a), the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The unaudited interim condensed set of financial statements included in this Interim Report has been prepared in accordance with the recognition and measurement requirements of IFRS as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the unaudited interim condensed set of financial statements in the Interim Report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited interim condensed set of financial statements in the Interim Report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRS as adopted by the EU and the AIM Rules.

KPMG Channel Islands Limited

Chartered Accountants

Guernsey

20 November 2015

Unaudited consolidated statement of comprehensive income

for the six months ended 30 September 2015

	Notes	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Rental income	4	25,869	21,533	45,394
Direct costs	5	(8,329)	(7,671)	(15,082)
Net rental income		17,540	13,862	30,312
Surplus on revaluation of investment properties	12	27,027	11,578	25,425
(Loss)/gain on disposal of properties		(68)	1,084	1,270
Administrative expenses	5	(1,651)	(1,660)	(6,526)
Other operating expenses	5	(1,008)	(1,251)	(2,413)
Operating profit		41,840	23,613	48,068
Finance income	8	29	10	42
Finance expense	8	(13,866)	(5,793)	(12,704)
Change in fair value of derivative financial instruments		271	(2,567)	(2,753)
Profit before tax		28,274	15,263	32,653
Taxation	9	(185)	(2,615)	(5,651)

Profit for the period		28,089	12,648	27,002
Profit attributable to:				
Owners of the Company		28,079	12,637	26,985
Non-controlling interest		10	11	17
Profit for the period		28,089	12,648	27,002
Earnings per share				
Basic comprehensive income for the period attributable to ordinary equity holders of the Parent Company	10	3.97c	2.43c	4.84c
Diluted comprehensive income for the period attributable to ordinary equity holders of the Parent Company	10	3.87c	2.36c	4.71c

The notes on pages 13 to 22 form an integral part of this interim condensed set of financial statements.

Unaudited consolidated statement of financial position

as at 30 September 2015

	Notes	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Non-current assets				
Investment properties	12	610,120	456,866	545,626
Plant and equipment		1,764	1,712	1,678
Goodwill	14	3,738	3,738	3,738
Total non-current assets		615,622	462,316	551,042
Current assets				
Trade and other receivables	15	8,063	7,713	9,123
Prepayments	16	19,307	898	325
Derivative financial instruments	20	66	165	73
Cash and cash equivalents	17	14,114	18,006	20,137
Investment property held for sale	13	-	2,097	-
Total current assets		41,550	28,879	29,658
Total assets		657,172	491,195	580,700
Current liabilities				
Trade and other payables	18	(26,584)	(22,550)	(25,862)
Interest-bearing loans and borrowings	19	(4,347)	(2,721)	(3,302)
Current tax liabilities		-	(113)	(451)
Derivative financial instruments	20	(540)	(449)	(538)
Total current liabilities		(31,471)	(25,833)	(30,153)
Non-current liabilities				
Interest-bearing loans and borrowings	19	(251,915)	(218,861)	(251,480)
Derivative financial instruments	20	(1,350)	(1,779)	(1,784)
Deferred tax liabilities	9	(9,461)	(6,566)	(9,020)
Total non-current liabilities		(262,726)	(227,206)	(262,284)
Total liabilities		(294,197)	(253,039)	(292,437)
Net assets		362,975	238,156	288,263
Equity				
Issued share capital	21	-	-	-
Other distributable reserve		431,560	349,184	384,937
Retained earnings		(68,634)	(111,061)	(96,713)
Total equity attributable to the equity holders of the Parent Company		362,926	238,123	288,224
Non-controlling interests		49	33	39
Total equity		362,975	238,156	288,263

The notes on pages 13 to 22 form an integral part of this interim condensed set of financial statements.

The interim condensed set of financial statements was approved by the Board of Directors on 20 November 2015 and was signed on its behalf by:

Robert Sinclair
Director

Unaudited consolidated statement of changes in equity

for the six months ended 30 September 2015

	Issued share capital €000	Other distributable reserve €000	Retained earnings €000	Total equity attributable to the equity holders of the Parent Company €000	Non-controlling interests €000	Total equity €000
As at 31 March 2014	-	349,978	(123,698)	226,280	22	226,302
Shares issued, net of costs	-	(133)	-	(133)	-	(133)
Share-based payment transactions	-	357	-	357	-	357
Dividends paid	-	(1,018)	-	(1,018)	-	(1,018)
Profit for the period	-	-	12,637	12,637	11	12,648
As at 30 September 2014	-	349,184	(111,061)	238,123	33	238,156
Shares issued, net of costs	-	38,457	-	38,457	-	38,457
Share-based payment transactions	-	149	-	149	-	149
Dividends paid	-	(2,853)	-	(2,853)	-	(2,853)
Profit for the period	-	-	14,348	14,348	6	14,354
As at 31 March 2015	-	384,937	(96,713)	288,224	39	288,263
Shares issued, net of costs	-	48,423	-	48,423	-	48,423
Share-based payment transactions	-	1,625	-	1,625	-	1,625
Dividends paid	-	(3,425)	-	(3,425)	-	(3,425)
Profit for the period	-	-	28,079	28,079	10	28,089
As at 30 September 2015	-	431,560	(68,634)	362,926	49	362,975

The notes on pages 13 to 22 form an integral part of this interim condensed set of financial statements.

Unaudited consolidated statement of cash flow

for the six months ended 30 September 2015

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Operating activities			
Profit before tax	28,274	15,263	32,653
Loss/(gain) on sale of properties	68	(1,084)	(1,270)
Adjustments for:			
Share-based payments	-	357	506
Surplus on revaluation of investment properties	(27,027)	(11,578)	(25,425)
Change in fair value of derivative financial instruments	(271)	2,567	2,753
Depreciation	293	510	893
Finance income	(29)	(10)	(42)
Finance expense	6,271	5,793	12,704
Exit fees/Prepayment penalties - Refinancing	5,929	-	-
Cash flows from operations before changes in working capital	13,508	11,818	22,772
Changes in working capital			
(Increase)/Decrease in trade and other receivables	(707)	4,054	1,592
Increase in trade and other payables	721	1,010	5,601
Taxation paid	(42)	(261)	(552)
Cash flows from operating activities	13,480	16,621	29,413
Investing activities			
Purchase of Investment Properties	(31,365)	-	(70,975)
Prepayments on acquisition of shares (see note 24)	(18,114)	-	-
Development expenditure	(4,363)	(4,200)	(8,433)
Purchase of plant and equipment	(380)	(388)	(736)
Net proceeds on disposal of properties	(68)	2,119	4,403
Interest received	29	10	42
Cash flows used in investing activities	(54,261)	(2,459)	(75,699)
Financing activities			
Issue of shares	48,899	(133)	38,324
Dividends paid	(3,425)	(1,018)	(3,871)
Proceeds from loans	59,000	-	36,000
Repayment of loans	(58,324)	(3,753)	(6,717)
Exit fees/Prepayment penalties - Refinancing	(5,929)	-	-
Finance charges paid	(5,463)	(4,999)	(11,060)
Cash flows from financing activities	34,758	(9,903)	52,676
Decrease/(Increase) in cash and cash equivalents	(6,023)	4,259	6,390
Cash and cash equivalents at the beginning of the period	20,137	13,747	13,747
Cash and cash equivalents at the end of the period	14,114	18,006	20,137

The notes on pages 13 to 22 form an integral part of this interim condensed set of financial statements.

Notes forming part of the financial statements

for the six months ended 30 September 2015

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 Alternative Investment Market (AIM) of the London Stock Exchange (primary listing) and the Alternative Exchange (AltX) of the Johannesburg Stock Exchange (secondary listing).

The unaudited interim condensed set of consolidated financial statements of Sirius Real Estate Limited comprises that of the Company and its subsidiaries (together referred to as the "Group").

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

The audited consolidated financial statements of the Group as at and for the year ended 31 March 2015 are available upon request from the Company's registered office at PO Box 119, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB, Channel Islands or at www.sirius-real-estate.com.

2. Significant accounting policies

(a) Basis of preparation

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

The audited consolidated financial statements of the Group for the year ended 31 March 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("Adopted IFRSs") and The Companies (Guernsey) Law, 2008. The unaudited interim set of consolidated financial statements included in this Interim Report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU. The interim set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2015. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 March 2015. Having reviewed the Group's current trading and forecasts, together with sensitivities, mitigating factors and the available facilities, the Board has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

(b) Basis of consolidation

The unaudited interim condensed set of consolidated financial statements comprises the financial statements of the Group as at 30 September 2015. The financial statements of the Company's subsidiaries are 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 and profits and losses 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 Parent Company shareholders' equity.

(c) Significant accounting policies

The accounting policies applied by the Group in this unaudited interim condensed set of consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 March 2015.

3. Operating segments

Segment information is presented in respect of the Group's operating segments. The operating segments are based on the Group's management and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

Management considers that there is only one geographical segment, which is Germany, and one business segment, which is investment in commercial property.

4. Revenue

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Rental and other income from investment properties	25,869	21,533	45,394

5. Operating profit

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

Direct costs

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Service charge income	(15,962)	(16,344)	(33,995)
Property and overhead costs	24,291	24,015	49,077
Irrecoverable property costs and overheads	8,329	7,671	15,082

Administrative expenses

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Audit fees	288	170	409
Legal and professional fees	740	706	1,379
Other administration costs	681	558	907
Non-recurring items	(58)	226	3,831
Administrative expenses	1,651	1,660	6,526

Other operating expenses

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Directors' fees	85	86	171
Bank fees	62	49	88
Depreciation	293	510	893
Marketing and other expenses	568	606	1,261
Other operating expenses	1,008	1,251	2,413

6. Employee costs and numbers

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Wages and salaries	4,789	4,347	11,450
Social security costs	943	816	2,159
Other employment costs	29	18	49
	5,761	5,181	13,658

All employees are employed directly by Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG Nova GmbH and Sirius Corporate Services B.V., all Group subsidiary companies. The average number of persons employed by the Group in the reporting period was 188 (31 March 2015: 169; 30 September 2014: 165), expressed in full-time equivalents.

The Board of Directors consists of four Non-executive Directors and two Executive Directors.

7. Equity-settled share-based payments

The Group has a long-term incentive scheme for the benefit of certain key management personnel. As a result, 3,471,210 shares were issued to the Company's management pursuant to the scheme during the reporting period (31 March 2015: 666,668). An expense of €86,246 was recognised in the consolidated statement of comprehensive income to 30 September 2015 (31 March 2015: €261,000), the remaining expense having been accrued in the prior period.

During the period, a further 38,709 shares were issued to the Company's management through its share matching scheme and shares taken in lieu of bonus (31 March 2015: 870,279). For the issued shares that were not expensed in prior years, income of €63,538 was recognised in the consolidated statement of comprehensive income to 30 September 2015 (31 March 2015: expense of €109,000).

8. Finance income and expense

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Bank interest income	29	10	42
Finance income	29	10	42
Bank interest expense	(5,462)	(4,999)	(11,060)
Amortisation of capitalised finance costs	(809)	(794)	(1,644)
Refinancing costs	(7,595)	-	-
Finance expense	(13,866)	(5,793)	(12,704)
Net finance expense	(13,837)	(5,783)	(12,662)

The refinancing costs for the six months ended 30 September 2015 relate to the exit costs associated with the refinancing of the Macquarie loan facilities with the new €59 million SEB loan facility.

9. Taxation

Consolidated statement of comprehensive income

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Current income tax			
Current income tax credit/(charge)	256	(249)	(564)
Adjustments in respect of prior period	-	-	(267)
	256	(249)	(831)
Deferred tax			
Relating to origination and reversal of temporary differences	(441)	(2,366)	(4,820)
Income tax charge reported in the statement of comprehensive income	(185)	(2,615)	(5,651)

Deferred income tax liability

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Opening balance	9,020	4,200	4,200
Taxes on the revaluation of investment properties and derivative financial instruments ^[1]	441	2,366	4,820
Balance as at period end	9,461	6,566	9,020

1 [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)]

Management does not recognise deferred tax assets in respect of revaluation losses as they may not be used to offset taxable profits elsewhere in the Group.

10. Earnings per share

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

	(Unaudited) six months ended 30 September 2015 €000	(Unaudited) six months ended 30 September 2014 €000	(Audited) twelve months ended 31 March 2015 €000
Earnings			
Basic earnings	28,079	12,637	26,985
Diluted earnings	28,204	12,762	27,235
Headline earnings	1,561	2,341	5,110
Diluted headline earnings	1,686	2,466	5,360
Adjusted			
Basic earnings after tax	28,079	12,637	26,985
Deduct revaluation surplus, net of related tax	(26,586)	(9,212)	(20,605)
(Deduct gain)/Add back loss on sale of properties	68	(1,084)	(1,270)
Headline earnings after tax	1,561	2,341	5,110

Add back change in fair value of derivative financial instruments	(271)	2,567	2,753
Add back non-recurring items	7,537	(49)	3,831
Adjusted earnings after tax	8,827	4,859	11,694
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and headline earnings per share	707,075,634	520,244,292	557,221,586
Weighted average number of ordinary shares for the purpose of diluted earnings and diluted headline earnings per share	727,908,968	541,077,625	578,054,919
Weighted average number of ordinary shares for the purpose of adjusted earnings per share	707,075,634	520,244,292	557,221,586
Basic earnings per share	3.97c	2.43c	4.84c
Diluted earnings per share	3.87c	2.36c	4.71c
Headline earnings per share	0.22c	0.45c	0.92c
Diluted headline earnings per share	0.23c	0.46c	0.93c
Adjusted earnings per share	1.25c	0.93c	2.10c

The number of shares has been adjusted for the 1,471,875 shares held by the Company as Treasury Shares.

The non-recurring items consist mainly of the €7.6 million early termination fees for the repayment of the Macquarie facilities.

The Directors have chosen to disclose adjusted earnings per share in order to provide a better indication of the Group's underlying business performance; accordingly, it excludes the effect of non-recurring costs, deferred tax and revaluation surpluses and deficits on investment properties and derivative instruments.

11. Net assets per share

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Net assets			
Net assets for the purpose of assets per share (assets attributable to the equity holders of the Parent)	362,926	238,123	288,224
Deferred tax arising on revaluation of properties	9,461	6,566	9,020
Derivative financial instruments	1,824	2,063	2,249
Adjusted net assets attributable to equity holders of the Parent	374,211	246,752	299,493
Number of shares			
Number of ordinary shares for the purpose of net assets per share	746,410,666	522,075,395	630,338,749
Net assets per share	48.62c	45.61c	45.73c
Adjusted net assets per share	50.13c	47.26c	47.51c

The number of shares has been adjusted for the 1,471,875 shares held by the Company as Treasury Shares.

12. Investment properties

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

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Investment properties at market value	615,240	463,576	550,030
Adjustment in respect of lease incentives	(2,020)	(1,959)	(2,004)
Directors' discretionary impairment of non-core asset valuations	(3,100)	(2,654)	(2,400)
Reclassified as investment properties held for sale	-	(2,097)	-
Balance as at period end	610,120	456,866	545,626

The fair value (market value) of the Group's investment properties at 30 September 2015 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2014: Cushman & Wakefield LLP), an independent valuer.

The value of each of the properties has been assessed in accordance with 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 cap rate is applied to the more uncertain future income, discounted to a present value. The weighted average lease expiry remaining across the whole portfolio as at 30 September 2015 was 2.5 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 movement on the valuation of the investment properties of market value as set out in the valuer's report is as follows:

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Total investment properties at market value as per valuer's report as at 1 April	550,030	448,653	448,653
Additions	31,365	-	70,975

Subsequent expenditure	6,102	4,699	8,591
Adjustment in respect of lease incentives	16	(57)	102
Disposals	-	(1,035)	(3,132)
Surplus on revaluation above capex	27,027	11,578	25,425
Reclassified as other fixed assets	-	(33)	(111)
Changes in Directors' discretionary impairment of non-core asset valuations	700	(229)	(473)
Total investment properties at market value as per valuer's report as at period end	615,240	463,576	550,030

13. Investment properties held for sale

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Berlin Gartenfeldstr. land	-	1,800	-
Cottbus site	-	297	-
Balance as at period end	-	2,097	-

14. Goodwill

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Opening balance	3,738	3,738	3,738
Additions	-	-	-
Impairment	-	-	-
Closing balance	3,738	3,738	3,738

On 30 January 2012 a transaction was completed to internalise the Asset Management function and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3,738,000 was recognised. The impairment review methodology for goodwill is unchanged from that described in the 2015 Annual Report and Group Financial Statements. Current business plans indicate that the balance is unimpaired.

15. Trade and other receivables

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Trade receivables	1,857	1,240	3,591
Other receivables	6,206	6,473	5,532
Balance as at period end	8,063	7,713	9,123

16. Prepayments

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Balance as at period end	19,307	898	325

The prepayments to 30 September 2015 include prepayments of €18,144,177 made for the purchase of a property in Cologne through the purchase of shares in the company Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH, Rüsselsheim, in the amount of €18,144,177. The shares in this company were purchased with effect 1 October 2015 (see note 24 for further details).

17. Cash and cash equivalents

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Cash at banks and in hand	14,114	18,006	20,137
Balance as at period end	14,114	18,006	20,137

The fair value of cash is €14,114,083 (31 March 2015: €20,137,487).

As at 30 September 2015 €8,727,735 (31 March 2015: €10,073,021) of cash is held in blocked accounts. Of this €4,357,323 (31 March 2015: €3,880,386) relates to deposits received from tenants. An amount of €15,561 (31 March 2015: €15,561) is cash held in escrow as requested by a supplier and €153,777 (31 March 2015: €116,307) is held in restricted accounts for office rent deposits. An amount of €3,201,074 (31 March 2015: €6,060,767) 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 €1,000,000 (31 March 2015: €nil) relates to amounts reserved for future capital expenditure.

18. Trade and other payables

	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Trade payables	7,359	7,071	5,001
Accrued expenses	8,236	6,314	9,712
Accrued interest	1,614	1,811	692
Other payables	9,375	7,354	10,457
Balance as at period end	26,584	22,550	25,862

19. Interest-bearing loans and borrowings

	Effective interest rate per cent	Maturity	(Unaudited) 30 September 2015 €000	(Unaudited) 30 September 2014 €000	(Audited) 31 March 2015 €000
Current					
SEB AG					
- fixed rate facility	1.84	1 September 2022	1,180	-	-
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG					
- capped floating rate facility	Capped floating ^[1]	31 March 2019	1,150	1,150	1,150
- hedged floating rate facility	Hedged ^[1]	31 March 2019	1,150	1,150	1,150
Berlin-Hannoversche Hypothekenbank AG					
- fixed rate facility	2.85	31 December 2019	720	-	720
Macquarie Bank Limited					
- hedged floating rate facility	Hedged ^[2]	17 January 2017	-	543	555
- floating rate facility	Floating ^[2]	17 January 2017	-	169	158
- floating rate facility	Floating ^[3]	17 January 2017	-	325	325
K-Bonds I					
- fixed rate facility	6.00	31 July 2020	1,000	1,000	1,000
Capitalised finance charges on all loans					
			(853)	(1,616)	(1,756)
			4,347	2,721	3,302
Non-current					
SEB AG					
- fixed rate facility	1.84	1 September 2022	57,820	-	-
Berlin-Hannoversche Hypothekenbank AG/ Deutsche Pfandbriefbank AG					
- capped floating rate facility	Capped floating ^[1]	31 March 2019	54,625	55,775	55,200
- hedged floating rate facility	Hedged ^[1]	31 March 2019	54,625	55,775	55,200
Berlin-Hannoversche Hypothekenbank AG					
- fixed rate facility	2.85	31 December 2019	34,740	-	35,100
Macquarie Bank Limited					
- hedged floating rate facility	Hedged ^[2]	17 January 2017	-	19,457	19,445
- floating rate facility	Floating ^[2]	17 January 2017	-	6,075	5,538
- floating rate facility	Floating ^[3]	17 January 2017	-	30,880	29,793
K-Bonds I					
- fixed rate facility	4.00	31 July 2023	45,000	45,000	45,000
- fixed rate facility	6.00	31 July 2020	4,000	5,000	5,000
Convertible fixed rate facility	5.00	21 March 2018	5,000	5,000	5,000
Capitalised finance charges on all loans					
			(3,895)	(4,101)	(3,796)
			251,915	218,861	251,480
Total			256,262	221,582	254,782

1 This facility is half floating charged interest at 300 bps plus EURIBOR with a cap at 4.50 per cent and half hedged with a SWAP charged at a rate of 4.065 per cent.

2 €20.0 million of this facility was charged interest at 6.0 per cent plus 0.629 per cent by means of an interest rate swap. The remainder of the facility was charged interest at 6.0 per cent plus EURIBOR. This facility was paid in full through refinancing with the SEB loan on 15 September 2015.

3 This facility was charged interest at 6.0 per cent plus EURIBOR. This facility was paid in full through refinancing with the SEB loan on 15 September 2015.

The Group has pledged 27 (31 March 2015: 29) investment properties to secure related interest-bearing debt facilities granted to the Group. The 27 (31 March 2015: 29) properties had a combined valuation of €531,779,000 as at 30 September 2015 (31 March 2015: €527,075,000).

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59 million to refinance the two existing Macquarie facilities. The loan terminates on 1 September 2022 and is charged a fixed interest rate of 1.84% for the full length of the facility. The loan requires annual amortisation payments of 2% of the initial loan amount, with the remainder due on 1 September 2022. This facility is secured over 12 of the 14 property assets previously financed through the Macquarie 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-Hannoversche Hypothekbank AG

On 15 December 2014, the Group agreed to a facility agreement with Berlin-Hannoversche Hypothekbank AG for €36 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 at the end of the fifth year. The facility is charged a fixed interest rate of 2.85% for the full length of the loan. This facility is secured over three property assets and is subject to various covenants with which the Group has complied.

Berlin-Hannoversche Hypothekbank AG/Deutsche Pfandbriefbank AG

On 31 March 2014, the Company entered into a facility agreement with Berlin-Hannoversche Hypothekbank AG and Deutsche Pfandbriefbank AG for €115,000,000. The loan terminates on 31 March 2019. Amortisation was set at 2 per cent p.a. for the first two years, 2.5 per cent for the third year and 3 per cent thereafter, with the remainder due at the end of the fifth year. Half of the facility is charged interest at 3 per cent plus three months' EURIBOR and is capped at 4.5 per cent; the other half has been hedged with a SWAP at an all-in interest rate of 4.065 per cent until 31 March 2019. This facility is secured over nine property assets and is subject to various covenants with which the Group has complied.

Macquarie Bank Limited

On 17 January 2013, the Company entered into a facility agreement with Macquarie Bank Limited for €28,500,000. The loan was to terminate on 17 January 2017. Amortisation was set at 2.5 per cent p.a. for the first three years, with the remainder due at the end of the fourth year. The facility was subject to a cash sweep each quarter whereby Macquarie swept the rent collection accounts of the facilities' borrowers applying any excess towards the loan balance with immediate effect and without penalty. €20.0 million of the facility was hedged at a rate of 6.629 per cent until 23 July 2016 by way of an interest rate swap. The remainder of the facility was charged interest at 6 per cent plus three months' EURIBOR. This facility was secured over five property assets and was subject to various covenants with which the Group complied. The facility was paid back in full through refinancing with the SEB loan on 15 September 2015.

On 13 December 2013, the Company entered into a second facility agreement with Macquarie Bank Limited for €32,500,000. The loan was to terminate on 17 January 2017. Amortisation was set at 1 per cent p.a. for the first three years, subject to meeting an agreed business plan, with the remainder due at the end of the fourth year. The business plan was tested quarterly in arrears and, if the projected plan numbers were not achieved, Macquarie had the option to sweep the facilities' borrowers' rent collection accounts applying any excess towards the loan balance with immediate effect and without penalty. The facility was charged interest at 6 per cent plus three months' EURIBOR. This facility was secured over nine property assets and was subject to various covenants with which the Group complied. The facility was paid back in full through refinancing with the SEB loan on 15 September 2015.

K-Bonds

On 1 August 2013, the Company entered into a facility agreement with K-Bonds for €52,000,000. The loan consists of a senior tranche of €45,000,000 and a junior tranche of €7,000,000. The senior tranche has a fixed interest rate of 4 per cent p.a. and is due in one sum on 31 July 2023. The junior tranche has a fixed interest rate of 6 per cent and terminates on 31 July 2020. The junior tranche is amortised at €1,000,000 p.a. over a seven year period. This facility is secured over three properties and is subject to various covenants with which the Group has complied.

Convertible shareholder loan

On 22 March 2013, the Company issued €5 million convertible Loan Notes due in 2018 (the "Loan Notes"). The entire issue of €5 million was taken up by the Karoo Investment Fund S.C.A. SICAV-SIF and Karoo Investment Fund II S.C.A. SICAV-SIF, the largest shareholder in Sirius. The Loan Notes were issued at par and carry a coupon rate of 5 per cent p.a. The Loan Notes are convertible into ordinary shares of Sirius at an original conversion price of €0.24 and can now be converted at any time. The conversion price is subject to dividend protection and when considering the dividends that the Group has paid to date, the current conversion price is €0.224 as at 30 September 2015. The majority of the proceeds from the issue of the Loan Notes were used to reduce debt levels, thereby facilitating the Group's refinancing completed earlier in 2014.

20. Financial instruments**Fair values**

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

	(Unaudited) 30 September 2015		(Unaudited) 30 September 2014		(Audited) 31 March 2015	
	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets						
Cash	14,114	14,114	18,006	18,006	20,137	20,137
Trade receivables	1,857	1,857	1,240	1,240	3,591	3,591
Derivative financial instruments	66	66	165	165	73	73
Financial liabilities						
Trade payables	7,359	7,359	7,071	7,071	5,001	5,001
Derivative financial instruments	1,890	1,890	2,228	2,228	2,322	2,322
Interest-bearing loans and borrowings:						
Floating rate borrowings	-	-	37,449	37,449	35,814	35,814
Floating rate borrowings - hedged ^[1]	55,775	55,775	76,925	76,925	76,350	76,350
Floating rate borrowings - capped	55,775	55,775	56,925	56,925	56,350	56,350
Fixed rate borrowings	149,460	149,969	56,000	56,116	91,820	91,094

¹ The Group holds interest rate swap contracts and cap contracts designed to manage the interest rate and liquidity risk of expected cash flows of its borrowing with the variable rate facilities with Macquarie Bank Limited and with Berlin-Hannoversche Hypothekbank AG/Deutsche Pfandbriefbank AG. The swap contract with Macquarie Bank Limited was terminated on 15 September 2015 when the facility that it hedged was repaid in full. The swap contracts as well as the cap contracts hedging the facility with Berlin-Hannoversche Hypothekbank AG/Deutsche Pfandbriefbank AG mature on 31 March 2019.

21. Issued share capital

	Number of Share capital shares	€
Authorised		
Ordinary shares of no par value	Unlimited	-
As at 30 September 2015	Unlimited	-

	Number of shares	Share capital €
Issued and fully paid		
Ordinary shares of no par value		
Issued ordinary shares	327,800,000	-
Shares brought back and held in treasury	(25,576,824)	-
Issued Treasury Shares during the period	15,355,000	-
As at 31 March 2013	317,578,176	-
Issued ordinary shares	197,619,038	-
Issued Treasury Shares during the period	3,703,093	-
As at 31 March 2014	518,900,307	-
Issued ordinary shares	109,901,495	-
Issued Treasury Shares during the period	1,536,947	-
As at 31 March 2015	630,338,749	-
New shares issued	112,562,008	-
Issued Treasury Shares during the period	3,509,909	-
As at 30 September 2015	746,410,666	-

In May 2015, the Company announced a dividend of 0.84c per share with a record date of 12 June 2015 and payable on 10 July 2015. The dividend was offered to shareholders in cash or scrip form. Accordingly, on 10 July 2015, the Company allotted and issued 758,036 ordinary shares at a reference price of 48.685 cents (Euro) to UK shareholders who elected to receive ordinary shares under the Scrip Dividend Programme, and 3,108,320 ordinary shares at a reference price of 647.56225 cents (Rand) to South African shareholders who elected to receive ordinary shares under the Scrip Dividend Programme as an alternative to the dividend. The new shares rank pari passu in all respects with previously existing issued shares of the Company including the right to receive all dividends and other distributions declared after admission and the right to vote at any general meeting.

On 15 June 2015, the Company conducted a private placement equity raising through the issue of 108,695,652 ordinary shares of no par value, representing approximately 17 per cent of Sirius Real Estate's issued ordinary share capital prior to the private placement. These shares were issued at a price of 46 cents (Euro) per share to UK investors and 646.3 cents (Rand) to South African investors. The private placement shares were not eligible to receive the final dividend of 0.84 Euro cents declared in respect of the twelve months ending 31 March 2015, nor to participate in the scrip dividend alternative in relation to that dividend. The private placement shares rank pari passu in all respects with existing issued shares of the Company including the right to receive all dividends and other distributions declared after admission.

The Company holds 1,471,875 of its own shares, which continue to be held in Treasury. No share buybacks were made in the period.

22. Dividends

In May 2015, the Company announced a dividend of 0.84c per share with a record date of 12 June 2015 and payable on 10 July 2015. On the record date, 635,320,533 shares were in issue, of which 1,471,875 were held in Treasury and 633,848,658 were entitled to participate in the dividend. Holders of 223,849,004 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Programme representing a dividend of €1,898,693, while holders of 409,999,654 shares opted for a cash dividend with a value of €3,425,636. The total dividend was €5,324,329. The dividend paid per the Statement of Changes in Equity includes the cash dividend, the scrip dividend and the value of the scrip shares issued.

The Board continues to support the dividend policy to pay out 65 per cent of FFO comprising recurring earnings after tax, adjusted for depreciation, amortisation of debt arrangement fees and other non-cash items.

In line with this policy, the Board has proposed to pay a dividend for the period ended 30 September 2015 of 0.92c per share, again providing the option of receiving scrip in lieu of the dividend. The dividend per share was calculated as follows:

	30 September 2015 € million	30 September 2014 € million
Reported profit before tax	28.3	15.3
Adjustments for:		
Gain on revaluation	(27.0)	(11.6)
(Profit)/loss of disposals	-	(1.1)
Non-recurring (revenue)/costs ^[1]	7.5	(0.1)
Change in fair value of derivatives	(0.2)	2.6
Recurring profit before tax	8.6	5.1
Adjustments for:		
Depreciation	0.3	0.5
Amortisation of financing fees	0.8	0.8
Current taxes receivable/(incurred) (see note 9)	0.2	(0.2)
Funds from operations	9.9	6.2
Dividend pool	6.9 ^[2]	
DPS	0.92c	

- 1 Includes the net effect of Macquarie refinancing costs, management LTIP rewards, aborted acquisition costs and non-recurring foreign currency gains
 2 Calculated as 65 per cent of FFO of 1.41c/share based on average number of shares outstanding of 707,075,634 shares

A detailed dividend announcement including the dates of the dividend will be made in due course. The scrip dividend circular will be distributed to shareholders following the aforementioned announcement.

23. Capital and other commitments

As at 30 September 2015 the Group had contracted capital expenditure on existing properties of €4,870,000 (31 March 2015: €4,389,000) and commitments of €3,392,000 (31 March 2015: €744,000) derived from office rental contracts. These commitments have not yet been provided for in the balance sheet.

24. Post Balance Sheet Events

On 1 October 2015, the Group acquired 94.15% of the shares in the Company Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH, Rüsselsheim, for total consideration of €18,144,177 (shown in Prepayments, see note 16 above). The assets and liabilities of the acquired company will be consolidated into the Group's financial statements with effect of 1 October 2015. This company owns the property in Cologne which is one of the five assets the Company announced it would purchase with the proceeds from the capital raised on 15 June 2015 as described in Note 21. The property is a modern freehold multi-let Business Park totalling 13,640 sqm of net lettable area built in 2002 comprising a mixture of offices and warehouse on the ground floor and offices on the upper floors. Additional development land of 8,155 sq m was included in the purchase and is located adjacent to the Business Park. The property is 89.7% occupied, let to 13 tenants producing an annual income of €1.47 million and having a weighted average remaining lease term of 1.9 years.

On 20 October 2015, the Group concluded a facility agreement with the Bayerische Landesbank for €25.4 million on four of the five assets the Company announced it would purchase with the proceeds from the capital raised on 15 June 2015 as described in Note 21. These assets have a fair value of €46.2 million as at 30 September 2015. The 5-year facility terminates on 19 October 2020. Amortisation is 2% p.a., charged semi-annually, with the remainder due in one instalment on the final maturity date. The facility is hedged with a swap with an all-in interest rate of 1.66%.

With effect from 1 November 2015, the Group acquired the fifth property that it had announced it would purchase with the proceeds from the capital raised as described in Note 21. This property is a mixed use business park located in Aachen totalling 9,679 sqm of net lettable area and comprising multi-let office (26%), warehousing (74%), which was built in 1993. The property is 96.7% occupied and let to 4 tenants producing an annual income of €532,424 and having a weighted average remaining lease term of 2.0 years

On 18 November 2015, the Group notarised the purchase of the "Gutenberg Park" property in Mainz. This property is a mixed use business park comprising multi-let office and warehousing constructed in 1992/1995, totaling 25,112 sqm. The property is 82.8% occupied and let to 30 tenants producing an annual income of €2.2 million and having a weighted average remaining lease term of 3.9 years. The purchase price is €24.0 million, with the expected all-in costs being €25.6 million.

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