Diversification and growth

Sirius Real Estate Limited
Annual Report and Accounts 2022

Sirius
Real Estate

Organic and acquisitive growth delivering attractive returns

Sirius Real Estate Limited is a leading owner and operator of branded business parks providing flexible workspace in Germany and the UK.

Contents

Strategic report

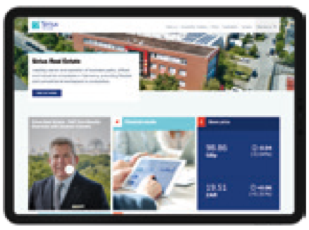
Governance

Financial statements

OUR PURPOSE

Empowering business, unlocking potential

Our purpose is to create and manage optimal workspaces that empower small and medium-sized businesses to grow, evolve and thrive. We seek to unlock the potential of our people, our properties and the communities in which we operate so that, together, we can create sustainable impact and long-term financial and social value.



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

FINANCIAL HIGHLIGHTS

Organic and acquisitive growth driving continued strong performance

Diversification and balance sheet transformation drive dividend growth

€168.9m
↑ 3.2%
Profit before tax at 31 March 2022

€2,074.9m
↑ 54.0%
Portfolio book value – owned investment properties

4.41c
↑ 16.1%
Total dividend for the year

102.04c
↑ 15.5%
NAV per share

41.6%
Net loan to value ratio

107.28c
↑ 16.2%
European Public Real Estate Association ("EPRA") NTA per share

€74.6m
↑ 22.5%
Funds from operations at 31 March 2022

Throughout this Annual Report and Accounts certain industry terms and alternative performance measures are used; see the Glossary, Business analysis and Annex 1 – non-IFRS measures within this Annual Report and Accounts for full explanations and reconciliations of alternative performance measures to IFRS numbers.

OPERATIONAL HIGHLIGHTS

Organic and acquisitive growth supported by transformed balance sheet

The Company delivered profit before tax of €168.9 million including €140.9 million in net valuation gains. The year ended 31 March 2022 was transformational for the Company with the issuance of its first corporate bonds preceding the entrance into a new market with the acquisition of BizSpace in the UK. The Company's trading through the year continued to be strong with like-for-like annualised rent roll growth of 6.4% recorded in Germany and 7.6% recorded in the UK for the 4.5 months BizSpace was owned by Sirius. The strong performance in the period resulted in a total accounting return of 20.0%. Dividends for the year amounted to 4.41c, an increase of 16.1% on the prior year based on a 65% of funds from operations pay-out ratio.

1. Organic growth across both German and UK platforms

The Company delivered its eighth consecutive year of like-for-like annualised rent roll growth in excess of 5.0% in Germany with an increase of 6.4% and a 7.6% increase in annualised rent roll in the UK relating to the 4.5 months of ownership of BizSpace which it acquired in November 2021. Taking into account the effect of organic growth and the impact of acquisitions and disposals the Company's total annualised rent roll at 31 March 2022 amounted to €113.7 million in Germany and £45.1 million (€53.3 million) in the UK. FFO increased to €74.6 million from €60.9 million leading to dividends for the year amounting to 4.41c, an increase of 16.1% on the prior year based on a 65% pay-out ratio.

2. Acquisitive growth

The Company continued its acquisitive growth in Germany through the commitment of €201.9 million into acquisition assets that provide an attractive mix of income and value add opportunity. In addition, the Company entered into a new market through the acquisition of BizSpace and, as a result, added 72 strategically located business plans throughout the UK.

3. Balance sheet transformation through bond issuances

The Company issued two corporate bonds in the year totalling €700.0 million which it used to fund its German acquisition pipeline, acquire BizSpace and repay a significant amount of secured debt. Whilst all of the above was significantly accretive to earnings, this has been transformational for the Company's balance sheet which now includes 127 unencumbered assets with a book value of €1.6 billion whilst its cost of borrowing decreased to 1.4% and weighted average debt expiry increased to 4.3 years from 2.7 years.

AT A GLANCE

We are an owner and operator of branded business parks providing conventional and flexible workspace in Germany and the UK

The Group's assets contain space with a range of usages including production, offices, warehouses and storage. Most sites have a combination of anchor tenants which provide secure long-term income, SME tenants on a combination of conventional and flexible lease terms and Smartspace serviced tenants which comprise a wide variety of companies and individuals using self-storage, serviced office and workbox products.

The stability of the anchor tenants is important for income security as the high-yielding Smartspace products, which are generally created by transforming previously sub-optimal space, acquired for very low cost, provide a substantial boost to income returns.

Sirius applies a high-return, value-add business model to investments in industrial, warehouse and out of town office properties in Germany and the UK. The Company derives value through the execution of a stringent acquisitions process followed by selective capital investment and the roll-out of an intensive asset management plan which focuses on transforming vacant and sub-optimal space into high-quality conventional and flexible workspace. When assets have been fully transformed they are either held for their stable income or sold, with the proceeds recycled into opportunistic assets with value-add potential.

Focus on Germany

As at 31 March 2022 in Germany the Group owned 69 wholly owned business parks comprising 1.8 million sqm of lettable space. In addition, the Group managed two, and held a 35% interest in seven additional properties through its Titanium venture with AXA IM Alts. The value of owned property in Germany held by the Group as at 31 March 2022 was €1.6 billion. The German portfolio can be split into the following three categories, of which rent roll contribution relates to the German rent roll only:

Traditional business parks

57.9%

of annualised rent roll

Modern business parks

25.2%

of annualised rent roll

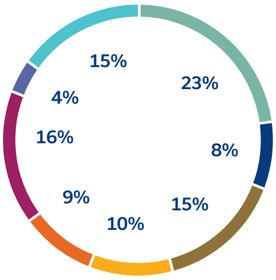
Office buildings

16.9%

of annualised rent roll

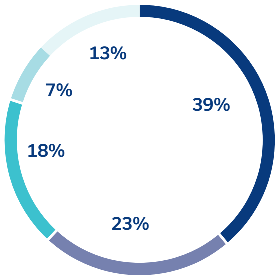
Strategic report
Governance
Financial statements

Revenue by city



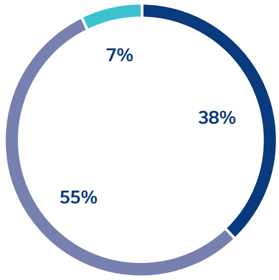
- Frankfurt
- Berlin
- Stuttgart
- Cologne
- Munich
- Düsseldorf
- Hamburg
- Other

Total portfolio split by revenue



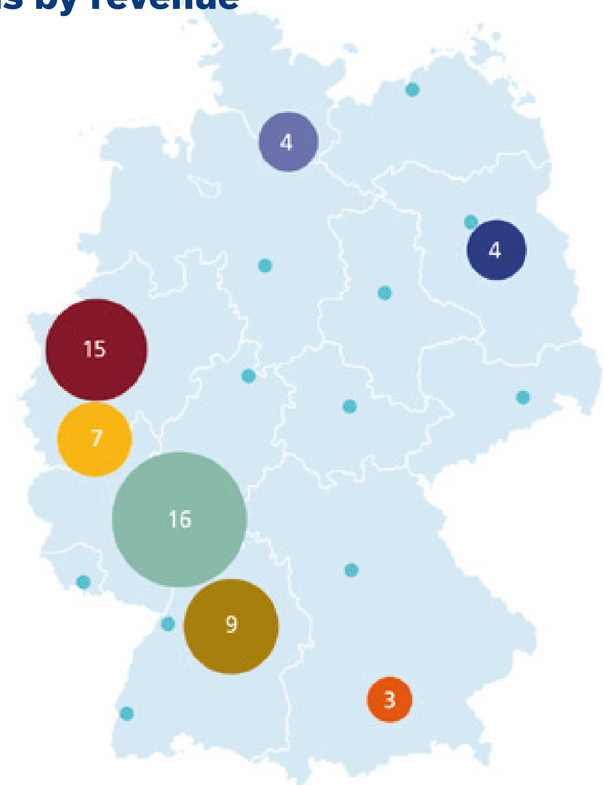
- Office
- Storage
- Production
- Smartspace
- Other

Tenant split by revenue



- Top 50 anchor tenants
- Smartspace SME tenants
- Other SME tenants

Our locations by revenue



1.8m
lettable sqm

6,076
tenants

69
total number of properties owned

73%
of revenue is created in the top five German cities

- Berlin
- Cologne
- Düsseldorf
- Frankfurt
- Hamburg
- Munich
- Stuttgart
- Other

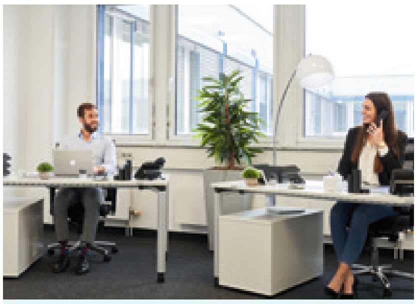
Some of our tenants

DEMATIC
ESE
GKN AEROSPACE
IMI BOPP & REUTHER
TDK

Our workspace

The Group has a well-diversified income and tenant profile from large multinational corporations working within a broad range of industries to smaller SMEs and individual customers. These tenants use several types of workspace on both long-term and flexible leases. Much of the workspace is created through the Company's capex investment programmes, which transform vacant and sub-optimal space into high-quality conventional production, storage and office facilities, as well as our innovative range of flexible Smartspace products.

As a result, the Company attracts a wide variety of tenants and increases footfall on its properties whilst generating higher income and capital growth from space that would often have been considered structural vacancy and remain empty or be rented at low rates.



Offices

The office space within the German portfolio comprises office areas and buildings on industrial business parks, office buildings attached to warehouses and standalone office buildings in more traditional office areas.

Within these office types we offer a wide range of conventional and flexible office solutions on either long or short-term leases. Some business centres offer service packages such as furniture, IT and conferencing as well as co-working areas and virtual offices.

Offices and co-working and office space are securable in Sirius business parks.

- Conventional offices
- Smartspace office
- Officepods
- Virtual office
- 39.2% of Group annualised rent roll
- 33.7% of total sqm
- €7.76: average rate per sqm

Storage

For businesses and private households, the wide range of storage space on offer in the Sirius estate provides many options on varying scales.

Warehouse, storerooms and self-storage options are available in Sirius business parks.

- Classical storage spaces
- Smartspace storage
- Flexistorage
- 23.2% of Group annualised rent roll
- 32.4% of total sqm
- €4.57: average rate per sqm

Production, warehouses and workshops

Large production areas form the base of many Sirius' business parks; however, these are complimented by smaller workshop areas, which give clients optionality as they start their businesses and as their business needs change.

Additionally, the modern business parks often have large warehouse spaces which can be used for many different purposes.

- Large-scale production spaces
- Warehouse spaces
- Smartspace workbox
- 17.6% of Group annualised rent roll
- 20.9% of total sqm
- €4.72: average rate per sqm

Strategic report
Governance
Financial statements

Traditional business parks

The majority of our traditional business parks were originally constructed by owner occupiers with many having construction dates going back to the early to mid-1900s. Traditional business parks typically comprise multiple mixed-use buildings and contain in excess of 30,000 sqm of workspace. The original design and set-up of these sites was generally for manufacturing and industrial usage and over time they have undergone significant investment and have been reconfigured to cater to multi-tenants use. After the Sirius transformation, our traditional business parks offer conventional large-scale industrial, storage and office facilities as well as flexible serviced office, self-storage and workbox options which are created from the more difficult areas of the sites. These business parks are home to large blue-chip industrial tenants such as GKN, Bopp & Reuther and Borsig as well as a significant number of SME and individual tenants that together create thriving business communities.

» Multi-tenanted

» Long-term leases

» Production, storage and office space

» Large multinational companies

Modern business parks

Modern business parks typically contain a combination of warehouse and office buildings across a site which is 20,000 sqm or more. The quality and look of the modern business parks are usually of a higher standard and whilst they are easier to manage due to a higher proportion of office space, the value-add potential that can be extracted from the assets within the Sirius business model is usually still very good.

» Multi-tenanted

» Long and short-term leases

» Warehouse, storage and office space

» SMEs and individual customers

Office buildings

The pure office buildings we buy are usually well located on the periphery of major economic centres and offer both conventional and flexible office space to SMEs and larger corporates seeking a cost effective alternative to city centre locations. Our office buildings provide high-quality space that can be quickly adapted to meet the changing needs and working practices of our tenants.

» Single and multi-tenanted

» Office space

» SMEs

» Long and short-term leases

AT A GLANCE CONTINUED

Focus on the UK

The acquisition of BizSpace in November 2021 provided the Group with an entry into a new market at scale in a single transaction. BizSpace operates 72 sites throughout the UK, comprising 4.3 million square feet of lettable space, generating £45.1 million (€53.3 million) of annualised rent roll. The portfolio can be broadly split into three main categories.

3.9
average tenure (yrs)

3,376
tenants

- Industrial
- Office
- Mixed use

Office

41%

of total annualised rent roll

Industrial

32%

of total annualised rent roll

Mixed use

27%

of the total annualised rent roll

Our workspace

BizSpace, is a leading provider of regional workspace across the UK, offering light industrial, workshop, studio and out of town office units to a wide range of businesses offering a blend of flexible agreements and longer-term leases.

Industrial

BizSpace's industrial workshops are a combination of self-contained units which have roller shutter doors and converted manufacturing complexes which have been subdivided to cater for SMEs. This product is unfurnished and sold on a sq ft basis.

Mixed use

BizSpace's mixed sites have a combination of workshop space and office space on site. These sites are typically converted mills or factories which have been modernised and repositioned to provide flexible workspace accommodation. The sites all have a part-time or full-time manager on site, but the customer proposition is centred around value for money. All units are sold unfurnished on a sq ft basis with the customer having the flexibility to choose between a lease or a licence.

Office

BizSpace's office assets are dedicated to SMEs and microbusinesses that seek maximum flexibility. The units are generally unfurnished and sold on a sq ft basis with customers benefiting from a dedicated on-site manager. Customers have the ability to take advantage of additional services such as the provision of internet services and furniture. In addition, BizSpace provides a full serviced office offering at a smaller number of locations which enable customers to benefit from a wider range of services at an all-inclusive, fixed price per desk.

Asset acquisitions in Germany provide mix of income and value add opportunity

Acquired in the period




Oberhausen	Frankfurt III	Heiligenhaus	Essen I
November 2021	November 2021	October 2021	May 2021
Total acquisition cost €39,843,000	Total acquisition cost €21,245,000	Total acquisition cost €14,237,000	Total acquisition cost €10,706,000
Tenants 58	Tenants 12	Tenants 5	Tenants 6
Lettable space 77,605 sqm	Lettable space 10,187 sqm	Lettable space 45,100 sqm	Lettable space 14,711 sqm
Occupancy 63%	Occupancy 54%	Occupancy 77%	Occupancy 80%
Annualised rent roll €3,218,000	Annualised rent roll €849,000	Annualised rent roll €1,396,000	Annualised rent roll €829,000
Vacant space 28,680 sqm	Vacant space 4,696 sqm	Vacant space 10,269 sqm	Vacant space 2,897 sqm
Rate per sqm €5.22	Rate per sqm €11.02	Rate per sqm €2.44	Rate per sqm €5.85

Acquired in the period continued

Essen II
November 2021

Total acquisition cost
€12,151,000
Tenants
16
Lettable space
11,709 sqm
Occupancy
81%
Annualised rent roll
€954,000
Vacant space
2,248 sqm
Rate per sqm
€7.79

Öhringen
August 2021

Total acquisition cost
€9,023,000
Tenants
0
Lettable space
18,010 sqm
Occupancy
0%
Annualised rent roll
€nil
Vacant space
18,010 sqm
Rate per sqm
€nil

Neckartenzlingen
December 2021

Total acquisition cost
€34,485,000
Tenants
2
Lettable space
54,514 sqm
Occupancy
80%
Annualised rent roll
€2,196,000
Vacant space
10,705 sqm
Rate per sqm
€3.84

Erfurt
November 2021

Total acquisition cost
€11,679,000
Tenants
7
Lettable space
22,333 sqm
Occupancy
81%
Annualised rent roll
€766,000
Vacant space
4,143 sqm
Rate per sqm
€3.25

Notarised in the period

Rastatt
March 2022

Total acquisition cost
€8,783,000
Tenants
0
Lettable space
21,426 sqm
Occupancy
0%
Annualised rent roll
€nil
Vacant space
21,426 sqm
Rate per sqm
€nil

Düsseldorf III
March 2022

Total acquisition cost
€39,789,000
Tenants
21
Lettable space
34,310 sqm
Occupancy
55%
Annualised rent roll
€2,105,000
Vacant space
15,517 sqm
Rate per sqm
€9.33

Other additions

In September 2021, the Company acquired a land parcel adjacent to its existing asset in Neuruppin for €500,000. In March 2022, the Company acquired a building adjacent to its existing asset in Potsdam for €827,500.

Disposals

On 29 October 2021, the Company notarised for disposal a business park in Magdeburg for proceeds amounting to €13.8 million. The property comprises a net lettable area of 32,070 sqm and let to several tenants with occupancy of 69% and generating approximately €1.2 million of annual net operating income. The asset was classified as held for sale as at 31 March 2022 and completed on 1 April 2022.

On 3 March 2022, the Company disposed of a surplus car park within its UK portfolio, generating proceeds of £1.2 million (€1.5 million).

On 16 May 2022 the Group exchanged contracts relating to the sale of an asset in Camberwell, London for £16.0 million (€18.9 million). The multi-tenanted business park, which comprises approx. 34,700 sq ft (3,224 sqm) of industrial and office space, is 91% occupied. The sale is expected to complete in July 2022.

CHAIRMAN'S STATEMENT

Building on successful foundations

Overview

This is my fourth Annual Report as Chairman and I am pleased to record another period of operational and strategic success for the business despite the continued disruption and challenges that have arisen from the Covid 19 pandemic, and more latterly, the inflationary environment which has been exacerbated by the conflict in the Ukraine. I would like once again to express my thanks to the management and employees who continued to operate with such resilience when servicing our tenants and executing the Company strategy in the most challenging circumstances. Notably, this year the business entered the UK market with the acquisition of BizSpace and I am delighted to welcome all our employees in the UK to the wider group. I have absolute confidence in the ability of the management teams in Germany and the UK to ensure the ongoing integration process is successful, as well as to unlock new growth opportunities in the UK. Undoubtedly lots of that work still lies ahead and I look forward to reporting back on progress next year.

Looking forward, Sirius is well placed to keep delivering on our growth strategy. Our primary focus remains on our largest market, Germany, where we expect to continue to deliver attractive and sustainable returns for shareholders there. The year ahead looks set to be shaped by the fallout from the conflict in the Ukraine. Whilst premature to speculate on how the crises will impact our markets, the Company considers itself well positioned to trade through any potential headwinds and, most importantly, we all hope for an immediate cessation of hostilities and de-escalation of the conflict.

Executing the strategy

Our core strategy continues to focus on the acquisition of business parks in Germany which have either attractive yields or value-add potential or both. Sirius transforms these business parks into higher-quality assets through investment and intensive asset management. When sites are mature and net income and values have been optimised, Sirius may refinance sites to release capital for investment in new sites or consider the disposal of sites in order to recycle equity into assets which present greater opportunity to deploy the asset management capabilities of the Company's internal operating platform.

Germany

The capex investment programmes upgrade and transform space that would often be considered as structurally void and, in doing so, aim to deliver excellent returns by growing income and capital values. The primary focus in Germany remains on its seven largest cities of Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich, with a secondary focus on a selection of key towns such as Aachen, Saarbrücken and Freiburg which benefit from cross-border opportunities. Sirius seeks mixed-use properties, primarily light industrial units, business parks or office buildings outside city centres or on the edge of towns where there is a high density of commercial and industrial activity and good transport links. The Company has approximately 6,000 tenants across Germany representing a wide range of industries. The Company also manages seven business parks owned by Titanium, a venture with AXA IM Alts where Sirius holds a 35% equity share.

United Kingdom

BizSpace is a natural fit for Sirius and provides the combined business with opportunities for meaningful operational and financial synergies. Like Sirius' German business, BizSpace primarily owns out of town offices and industrial assets with similar characteristics. We see significant organic growth potential in rental pricing and other opportunities in intensive asset management , particularly given the high level of exposure to the regions where the UK Government's levelling up initiatives are being focused. In the UK, we expect acquisition opportunities to come primarily from portfolio acquisitions or consolidation rather than acquiring single new assets which are generally much smaller than those available in Germany. BizSpace owns and operates 72 sites, across 4.3 million sq ft providing a range of office, studio and workshop units to the SME sector in convenient locations across the UK.

Shareholder returns

Reflecting the continued robust operational performance and the strength of the Company's balance sheet, the Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share representing 65% of FFO, an increase of 19.7% on the 1.98c dividend for the equivalent dividend last year. This brings total dividend for the year to 4.41c compared to 3.80c for the year ended 31 March 2021 and reflects an increase of 16.1%.

"The team are deploying their experience and asset management expertise across both markets and in doing so are delivering results both organically and through acquisitions."

The Sirius business model continues to deliver not only progressive income returns but also attractive capital growth as measured by adjusted net asset value ("adjusted NAV") per share. Combining the growth in adjusted NAV and taking into account dividends paid in the period, the Company has delivered a total shareholder accounting return of 20.0% for the year to 31 March 2022. While dividend distributions have typically contributed approximately one third and adjusted NAV growth two thirds of returns, it is pleasing to note that the valuation movement of our investment properties continues to be derived predominantly from organic increases in income rather than yield movement. The consistent delivery of impressive double digit accounting returns is a testament to the continued excellence of our people who continue to execute our core strategy that focuses on growing income at property level and selective asset recycling.

Sustainability

We have continued to develop our approach to sustainability and ESG as we look to further embed environmental and social value within the business, with the Board and Senior Management Team leading on this important topic. We have made significant progress, but also recognise that we have more to do, in particular as we start our journey of reducing our environmental footprint with the ambition of having an overall positive impact on the planet and society. I would like to thank Kremena Wissel, our Chief Marketing and Impact Officer, and her team for their work, which now also includes the integration of BizSpace into our ESG programme.

During the year we have started to implement the core drivers of our sustainability programme that were identified through the ESG materiality assessment exercise completed in early 2021. We have provided more details on our ESG objectives and actions within this annual report, and we are aiming to provide additional insight into our ESG strategy, roadmap and targets in our first standalone ESG Report later in 2022. We have recognised our responsibility to the environment for a number of years, evidenced by us providing 100% certified green energy to over 94% of our portfolio. This year we are going further and have started on our journey to become a net zero emissions business, as identified in our implementation of the Task Force on Climate-Related Financial Disclosures ('TCFD'). As we have made clear before, our ESG decisions will be grounded in economic viability. As such, we have recently given permission for a detailed structural and emissions assessment of a sample of our portfolio which will give the management team the necessary information to make informed operational and financial decisions towards taking the business forward on its net zero emissions pathway.

Our strength this year is best evidenced, yet again, by our employees. For the second year, the Covid 19 pandemic had the potential to disrupt our operations, however our employees embraced the challenge and delivered across the whole business. I have also been fortunate to be able to visit BizSpace's buildings and meet as many of the team as possible. I hope that I was able to adequately demonstrate our welcome to them and the recognition of the value they will bring to our combined team. People are core to our business success, and we will continue to develop our approach to creating a positive social impact, both inside and outside the company. This includes working with our tenants. I am pleased that the tenant survey we conducted this financial year showed they recognise the efforts we made for them and the support we implemented throughout the pandemic. Our purpose is to empower small and medium-sized business to grow and to unlock the potential of our people and our properties. With the support of our people and all our stakeholders, I can say with confidence we have achieved our purpose again this year.

Governance and culture

On 1 September 2021, we welcomed Joanne Kenrick to the Board as an independent Non-Executive Director. Joanne brings a wealth of commercial marketing experience to the Sirius Board with extensive listed, private and charitable board experience and has already provided valuable contributions throughout the year. I am pleased that the Sirius Board now has a better gender balance with three female appointees in place which we have already appointed or are about to be appointed to the important roles of Chairs of the Audit and Remuneration Committees and as the Senior Independent Director.

I would also like to congratulate Diarmuid Kelly, who was promoted to the Board to be Chief Financial Officer, taking over from Alistair Marks, who we are pleased remains with us on the Board in a new role as Chief Investment Officer. Further information relating to these Board changes is provided in the Corporate Governance Report on page 72 and in the Nomination Committee report on page 86.

The Board is fully committed to compliance with the UK Corporate Governance Code as published in July 2018 by the Financial Reporting Council (the "2018 Code"). Under a dispensation issued by the Johannesburg Stock Exchange, the Company is not required to apply the King IV Code on Governance™ for South Africa 2016. A detailed description of our governance and leadership arrangements and how we have complied with the principles and provisions of the 2018 Code is provided in the Corporate Governance Report on pages 71 to 79. This includes an explanation of the link between the Board's decision-making and the Group's purpose and strategy. It also details how stakeholder interests and the other matters set out in Section 172 of the UK Companies Act 2006 have been considered in the Board's discussions and decision making. Information on the Group's culture can be found on page 72 of the Corporate Governance Report.

Outlook

On behalf of the Board, I would like to thank all those connected with Sirius for their hard work which has allowed the Company to record another strong year, with the business continuing to execute its strategy effectively and further building on the successful foundations that have been laid over the last decade. The leadership team has performed extremely well through the Covid-19 pandemic, and this gives me every confidence of its ability to deliver returns in both good and more challenging times. Following the issuance of two corporate bonds which resulted in a reduction of its weighted average interest rate to 1.4% and extension of its weighted average debt term to 4.3 years Sirius is in a strong position to continue to execute on its ambitious growth strategy in both Germany and the UK.

Daniel Kitchen
Chairman
10 June 2022

CEO'S Q&A

A year of growth and transformation

What are the key opportunities for Sirius following the BizSpace acquisition?

I want to start by echoing the Chairman's remarks expressing gratitude to our employees for their efforts and commitment over the past year as well as welcoming BizSpace's employees to the team. In what have continued to be uncertain circumstances Sirius has performed strongly and taken numerous significant steps forward. So, thank you to all of you.

We see significant opportunities for growth across the Group, not least in Germany, which remains our largest market. We will continue to focus on growth asset by asset as we have for many years. Our primary focus remains cementing our critical mass around Germany's "big seven" cities, with a secondary focus on a selection of key border towns where we can reap the benefits of markets on both sides of the border.

In the UK, the acquisition of BizSpace provides a fantastic opportunity to enter this new market in one significant transaction. It also enables the Group to capitalise on both structural tailwinds offered by the trend towards onshoring of supply chains and the growth of trade-commerce, as well as the political impetus in the UK towards levelling up regional centres. Importantly, we acquired a business with strong earnings adding to our FFO goal and a ready-made platform that can form the basis of growth going forward. Moreover, we see significant organic growth potential in rental pricing, and opportunity to adopt further intensive asset management learning from our experiences in Germany over the last decade.

BizSpace complements Sirius' existing platform well and we're seeing meaningful operational and financial synergies bearing fruit. There are common opportunities in the asset class across Germany and the UK with growing demand and shortening supply in both markets. In the UK our future growth opportunities are likely to come from future consolidation rather than acquiring single new assets, largely due to the average size of individual assets being typically smaller than those in Germany. We're delighted to have welcomed the BizSpace team to the wider Group and we look forward to growing together across these two important markets.

How is the commercial real estate market evolving across Germany and the UK?

Across both markets the common denominator for the asset class that we are involved in is growing demand and shortening supply.

In Germany, this increase in demand is being driven by light industrial manufacturers reorganising their supply chain. These businesses are bringing supply chains closer to their centres of operation and end customers, increasing flexibility and reducing dependence on just in time supply chains in favour of "just in case" – placing an increased focus on resilience and adaptability.

Regardless of current global uncertainties Germany also remains a safe haven for business and investment, and the "Mittelstand" companies that form the backbone of the nation's economy remain strong. All told, this is contributing to growing demand for out of town and edge of town industrial space.

In the UK, demand remains strong and supply tight, but the drivers of this are more complex. Firstly, as in Germany businesses are looking to onshore their supply chains and reduce dependency on long, more fragile systems. In the UK, this is compounded by the effects of Brexit.

Politically, the focus on "levelling up" regions across the UK is placing greater emphasis on smaller commercial and industrial centres, and investment in out of town spaces. Equally, consumer trends underpin growing demand for commercial real estate. The rise in e-commerce means greater need for logistics and fulfilment centres close to customers. At the same time, consumers are ever more environmentally conscious and increasingly seeking to purchase from suppliers with shorter supply chains.

In the office market in both countries, we are also positioned well to benefit from any tightening of belts required following the rising costs affecting the whole of Europe given our typically lower price points and also the desire to work closer to home and with easy access compared to town centres.

Finally, as the economic environment moves to one characterised by inflationary concerns and interest rates increases I believe Sirius' strong financial profile, agility in approach and proven operational excellence will continue to provide opportunities for future growth.

What are your key highlights from the financial year?

Alongside two major milestones for the business, this has been another year of growth for Sirius across our key operating metrics and we have maintained high cash collection rates. We have continued to execute our strategy effectively, building on the successful foundations we have laid over the past decade.

One of the major milestones of the year was the complete transformation of our balance sheet with two corporate bond issuances amounting to €700 million. These reduced our weighted average cost of debt to 1.4% and extended the weighted average term of debt out to 4.3 years.

The second major event was adding BizSpace to the Group, in a transaction which was supported by a successful equity raise, undertaken at a significant premium to the last reported net asset value per share and for which there was very strong demand.

Beyond this, we have deployed or committed to over €200 million of on balance sheet acquisitions, adding to our portfolio of spaces across Germany as we continue to focus on developing our pipeline and taking advantage of the opportunities available in the market. In our existing portfolio in Germany we have also delivered organic like-for-like rent roll growth to 6.4%, representing the eighth consecutive year of growth in excess of 5%.

As such, we have been able to increase our FFO to €74.6 million, and our shareholders have been able to enjoy double digit accounting returns as they have for the past seven years. Financial performance is just part of the picture, however. ESG continues to be a significant focus for the leadership team and the Company has been working hard to progress our strategy and agenda as evidenced within the Annual Report and Accounts 2022.

All told, the past financial year has been one of the most successful and significant for Sirius, and I'd like to extend my thanks once again to our fantastic team for its efforts in enabling this success.

How has Sirius' sustainability agenda progressed over the past year?

We take our responsibility to the environment extremely seriously and fully recognise its importance. It is fair to say that our concentration on sustainability and the drivers of ESG has increased over the last two years and the progress we have made this year reflects this. At the same time, as the chairman has mentioned, our approach to ESG is based on sound economic management principles of insight, planning and the need to generate long-term financial returns as well as doing what is right for all our stakeholders. This takes time to do properly and we fully recognise we have more to do as we look to embed ESG into our operations and financial planning.

Through the end of the last financial year and the beginning of the year under review, we completed our first assessment looking at the material drivers of ESG for the business. We will build on this process, but it has already provided us with the platform to develop an ESG programme linked more closely to the performance of the business. As a result of this work, we will be publishing our first standalone ESG Report later in the current financial year as we want to provide an even greater level of transparency and data behind our ESG programme.

This year we also completed a detailed study of embodied carbon within our supply chain as we refurbish and modernise our buildings. We are now starting to use this data in our dialogue with suppliers and in our refurbishment programmes to reduce our overall carbon footprint. We have continued our roll-out of smart-meters and LED lights across the business and have centralised the collection of all our waste to allow us to better manage and reduce carbon emissions, improve recycling and reduce waste to landfill. All these actions will be brought together in a detailed assessment we commissioned towards the end of the financial year based on modelling a sample of our buildings to understand the operational and financial implications of bringing our portfolio towards net zero for our Scope emissions. I am pleased to report that we will achieve net-zero for our Scope 1 and 2 emissions in Germany this year, as a first step in our emissions reduction journey. We have also implemented a biodiversity programme to improve our positive impact across the 500,000 sqm of green spaces we have in Germany.

We have always said that Sirius is about where people meet property and following another year of Covid-19 related disruption, our people have excelled again. We have continued the roll-out of our purpose and values across the business and these have clearly played a role in how we have grown the business. This roll-out is now being extended to BizSpace. We have also built on our engagement with tenants and were encouraged by the results of the tenants survey we completed during the year. Yet again, we have looked externally and worked with our local communities to support them where possible and linked with causes we identify with.

In summary, it has been a year in which we have grown our sustainability programme and we have started to integrate it into BizSpace since the acquisition. I look forward to giving our stakeholders more information on our progress later in the year.

What can we expect for the year ahead?

This has been a fantastic year for Sirius and we're looking forward to continuing in this same vein. In the immediate term we will continue the process of integrating BizSpace from a wider asset management and strategic perspective. We expect to see the full year benefit to earnings from the acquisition of BizSpace in the new financial year, and I look forward to updating on this in due course.

In last year's Annual Report, I closed by restating our goal to increase our funds from operations to €100.0 million. Now that target is within reach we will look to surpass this goal and begin on our journey towards €150.0 million FFO. We'll achieve this through growth, both organic and acquisitive. By remaining agile and opportunistic we are confident in our ability to grow across both markets in which we operate, underpinned by our continued commitment to intensive asset management.

As we continue to process of putting the pandemic behind us, I and the rest of the management team are also looking forward to getting out on the road more often and meeting with our staff in the field, our tenants and our investors face to face. It continues to be a privilege to lead this business and its team of commited high-performing employees.

Andrew Coombs
Chief Executive Officer
10 June 2022

BUSINESS MODEL

Property powered by our platform

Sirius specialises in the ownership, development and operations of business parks throughout Germany, and more recently through its acquisition of BizSpace, the UK. What makes Sirius different is its best-in-class operating platform and intensive asset management programme. Combining the Sirius property portfolio with our unique operating platform gives us a range of advantages in the market which enable the delivery of strong and consistent returns for shareholders.

Sirius harnesses its in-house asset and property management platform through a stringent acquisitions process. This is followed by an intensive capital investment and asset management plan which focuses on transforming vacant and sub-optimal space into high-quality conventional and flexible workspace.

Our platform

The Sirius operating platform offers a number of benefits including direct sourcing of new asset acquisition opportunities, reduced reliance on commercial agents and local brokers, higher cost recovery, greater lead generation and more efficient new tenant acquisition, and increased optionality in terms of space configuration, as well as enhanced control, focus and speed in developing space. Taken as a whole this means lower risk and higher returns.

Key drivers

Capital efficiency

Sirius intends to grow the portfolio with accretive acquisitions which have been funded historically through new equity, refinancings or disposals of mature or non-core assets.

Favourable market environments

The German economy is the largest in Europe and its Mittelstand (SME) market is particularly deep, meaning demand for both the Group's conventional space and flexible workspace continues to be high. The UK commercial real estate market is characterised by growing demand and shortening supply, driven by complex long-term tailwinds including nearshoring of supply chains and shifting consumer demand.

People

The Company is internally managed and relies on its employees and their experience, skill and judgement in identifying, selecting and negotiating the acquisition and disposal of suitable properties, as well as the development and property management of the portfolio when owned.

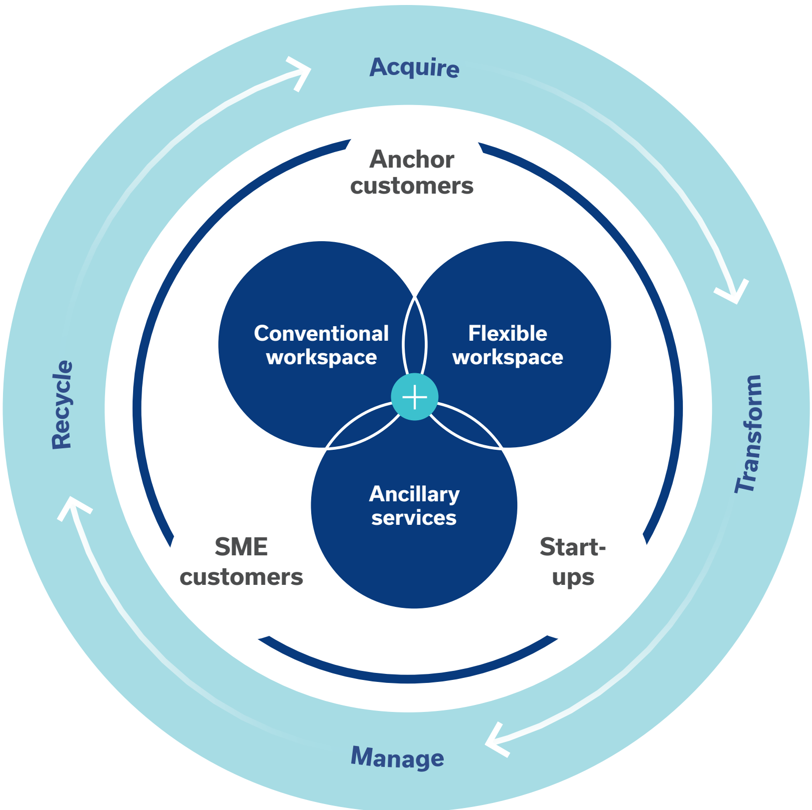
Strong management capabilities

Sirius has a highly experienced Senior Management Team with a strong track record of in the German and UK property markets, through both good and difficult economic conditions. The team is able to leverage its strong market connectivity and track record of acquiring assets to access a large number of potential investment opportunities.

Value created for our stakeholders

Sirius' cycle

Enhancing rental and capital value through active portfolio management.



Conventional workspace

- Long term
- Large scale
- Production
- Storage

Flexible workspace

- Long and short term
- Office
- Production
- Storage

Ancillary services

- Conferencing
- Catering
- Internet and telephony
- Virtual office

Value creation

Intensive asset management

- Acquisitions and disposals assessment and execution
- Strong banking relationships
- Detailed asset-level business plans
- Advanced IT systems

Active tenant and lettings management

- Sophisticated internet-based marketing
- Substantial marketing and sales teams
- Structured sales process and mystery shopping
- Comprehensive customer database

Transformation and conversion of space

- Utilisation of structural vacancy
- Highly accretive capex investment programmes
- Experienced development team

Asset recycling

- Recycling of capital from mature assets into assets with value-add potential
- Adding to capex investment programmes
- Developing and selling surplus land

People **Shareholders** **Local communities** **Suppliers** **Employees**

Occupier demand and structural changes drive investment into light industrial assets

Introduction

Sirius continues to operate largely in Germany where it owns and manages a well-diversified portfolio of mature business park assets, as well as those where there is an opportunity to add value through asset management. This year the Company also acquired BizSpace, a leading provider of regional flexible workspace across the UK, offering light industrial, workshop, studio and office units to a wide range of businesses. The acquisition complements Sirius' existing platform and allows for meaningful operational and financial synergies. Sirius' portfolio in the UK and Germany continues to increase in size through a combination of organic and acquisitive growth underpinned by the Company's internal operating platform.

In Germany, the primary focus is to build a "critical mass" around its "big seven" cities of: Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich. The Company has a secondary focus on a selection of key border towns where we can reap the benefits of markets on both sides of the border and the periphery of the "big seven" cities. The Company provides in the region of 1.8 million sqm of manufacturing, storage and office space. To maximise the utilisation of space, Sirius has developed a range of high-yielding products including serviced offices, self-storage and workboxes which have their own Smartspace brand and are particularly popular with tenants seeking flexible solutions to their accommodation needs. The products are usually created through investment into space that other owners may regard as a structurally void and then using the capability of the in-house sales and marketing teams to let these at premium rental rates. The Company's tenant base is diverse ranging from multinational corporations and government agencies to SMEs within the German Mittelstand and individual tenants.

In the UK, BizSpace is a leading provider of regional flexible workspace. Offering office, studio and workshop units to a wide range of businesses in convenient regional locations. The Company provides in the region of 4.3 million sq. ft across 72 sites. The business provides Sirius with a unique opportunity to enter, at scale, an under-served wider UK market with the one-step acquisition of an established platform. Additionally, it provides Sirius with a high-quality portfolio in a supply constrained market and offers significant organic growth potential in rental pricing. BizSpace's tenant base is similarly diverse, ranging from multinational businesses to manufacturing-focused SMEs and individual tenants.

The German market

Germany remains comfortably the largest economy in the European Union and the fourth largest in the world after the USA, China and Japan. It has maintained its reputation as an industrial powerhouse with a strong export-focused economy characterised by low unemployment. Relative to many other European economies Germany performed well through the Covid-19 crisis and, notwithstanding the impact of recent events in Ukraine and related economic effects, is projected to grow strongly in 2022. At the time of writing, which was before the material escalation of events in Ukraine, the OECD predicted 4.1% GDP growth in 2022 and a further 2.4% in 2023.(1) It expects a strong potential rebound in manufacturing if supply restraints begin to recede, with interest rates and unemployment projected to remain relatively low. Following more recent events in the Ukraine it is clear forecasts of economic growth will need to be revisited with many commentators pointing to significant inflationary pressure particularly in relation to utilities and the likelihood of interest rate increases.

Commercial real estate transaction volumes in Germany in 2021 were €64.1 billion according to BNP Paribas; this is the second highest year recorded, which demonstrates remarkable underlying resilience given the disruptive factors the market faced in 2021 such as supply bottlenecks for primary products, the rise in inflation and the ongoing challenges presented by Covid-19 and the conflict in Ukraine. Once again, the majority of sales volume was registered in and around Germany's seven major cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart), totalling €37.1 billion, exceeding the prior year by 14%. Unsurprisingly Berlin leads the way with €11.2 billion invested, the second highest total on record and up 25% on the previous year. Munich follows with €7.7 billion recorded, up 53% on the previous year. Frankfurt follows in third place with just under €6.7 billion, roughly similar to the previous year. Cologne recorded the strongest growth, up 182% to €3.8 billion. In contrast there were declines on the previous year's performance in Hamburg at €3.1 billion (-43%) and Düsseldorf at €2.4 billion (-34%). Looking at investment types, offices remained the top performer, with approximately €30.7 billion of investments; around 48% of transaction volume is attributable to this class. Logistics properties followed with a volume of just under €9.9 billion; this is an increase of almost 25% on 2020, setting an all-time high. Foreign investors were responsible for around €24.8 billion of capital investment, around 39% of total investment levels – at a similar level to last year.(2)

Looking closely at economic data examining Germany's so called "Unternehmensimmobilien" – a distinct asset class of German multi-use and multi-let commercial properties, that is home to the heart of the Germany economy – we can see a strong recovery in the sector in the first half of 2021. A new record was set in H1 with an investment volume of around €2.9 billion, an increase of 87% compared with the previous half year. Some of this activity was likely due to a "catch-up effect" from the previous year's disruption. Looking at the different categories that make up the Unternehmensimmobilien we can see that business parks are the most in-demand category, accounting for a significant 48% of total volume.

Light manufacturing properties are the second most in-demand category, at 23%; notably this is the only property type among the Unternehmensimmobilien that can point to a volume of take-up in the first half of the year that is above the average of the past five years, exceeding it by around 16%. Demand for warehouse properties was much lower, at just 4,000 sqm. Looking at specific sectors more closely we can see that manufacturing remained an extremely important driver of demand for space, demonstrating the robustness of the sector. Accounting for 30% of total take-up, exceeding its average by around 9%. Some clear regional trends emerged in the first half of 2021. Munich and the surrounding area accounted for one-third of the total transaction volume with €934 million. The Rhine-Ruhr conurbation follows, accounting for €378 million in volume, and the West region registered the third highest volume at €375 million.[3] The Unternehmensimmobilien has been resilient as an asset class during past major economic events and recessions and appears to have maintained resilience through Covid-19 too. This is due to multiple factors such as the flexibility and diversity inbuilt within multi-tenanted business parks, the tendency for companies engaged in production and manufacturing to respond to economic contractions by reducing output rather than space and the depth of the Mittelstand market – these factors all contribute to the ongoing growth and stability of the asset class.

Commercial real estate transaction volumes in Germany in 2021

€64.1bn

Seven major cities attracted the majority of capital with around

58%

of transaction volumes

(1) https://www.oecd.org/economy/germany-economic-snapshot/.

(2) https://www.realestate.bnpparibas.de/en/market-reports/investment-market/germany-at-a-glance.

(3) https://initiative.bulwiengesa.de/unternehmensimmobilien/sites/default/files/2021-11/IUI_Marktbericht15_20211109.pdf.

Entering into the UK market through the acquisition of BizSpace

The UK market

The UK economy bounced back strongly in 2021 with growth registered at 7.5%, despite falling back in December due to new restrictions to manage the Omicron variant. Prior to the escalation of events in Ukraine, the OECD pointed to the UK economy growing by a further 4.7% in 2022 with business investment set to improve when compared to recent years as the country adapts to the new post-Brexit environment.[4] The OECD pointed to unemployment continuing to fall, and inflation is set to slow, heading back towards the 2% target by the end of 2023. Following more recent events in Ukraine it is clear forecasts of economic growth will need to be revisited, with many commentators pointing to significant inflationary pressure particularly in relation to utilities and the likelihood of interest rate increases.

As a result the prospects for growth in the commercial real estate sector and in the UK regions remain uncertain despite supply constraints due to a lack of land and increased building costs driving rental growth. Looking back to 2021, quarter four of 2021 saw commercial property in the United Kingdom record its best single-quarter total return since quarter four of 2009. A quarterly return of 6.3% drove the rolling annual total return of the MSCI UK Quarterly Property Index to 16.5%, a six year high. However, while previous cyclical upswings saw the main property sectors move in relative unison, the current cycle is largely driven by the strength of industrial property. Of the 16.5% annual index return, 12.9% could be attributed to the industrial sector courtesy of a 36.4% total return. Yield compression was the main driver of industrial outperformance as its equivalent yield effectively halved in ten years as it strengthened to 4.2% at the end of 2021 from 8.4% in quarter four of 2011. The combined impact of a strengthening yield and rental growth saw industrial become the largest sector by value in the Index at 35%, up 2.3x over ten years.[5] In its 2022 cross-sector outlook published prior to the escalation of events in Ukraine and agnostic of the related economic impact, Savills also noted that regional office markets saw upward pressure on pricing in 2021 and it expects this to continue into 2022 and beyond, noting that some regional office markets look undersupplied.[6]

(4) https://www.oecd.org/economy/united-kingdom-economic-snapshot/.

(5) https://www.commercialsearch.com/news/uk-industrial-property-surged-in-2021-as-median-total-return-topped-30/.

(6) https://www.savills.com/research_articles/255800/323301-0.

"Notwithstanding the effect of macro economic factors that have more recently impacted markets, the prospects for growth in the commercial real estate sector and in the UK regions continue to be strong, with supply constraints due to a lack of land and increased building costs driving rental growth."


time for
coffee.

Continuing to deliver on our strategy

Our core strategy

The Group's core strategy is the acquisition of business parks across Germany and the UK that provide a mix of stable income and value-add potential which allow the Group to deliver consistent and attractive risk-adjusted returns for shareholders. The Group's strategy is executed through its internal operating platform that is responsible for the investment into vacant space and roll-out of a range of intensive asset management initiatives. Once mature, assets will either be held to provide stable income, or sold with the capital recycled into new value-add opportunities.

In addition the Group holds a 35% interest in the Titanium venture with AXA IM Alts that provides the Company with an alternative source of capital and exposure to assets with differing return characteristics than those held on its own balance sheet, as well as income from its asset management services.

Our five value drivers

Active portfolio management

Sirius grows income and the capital value of its assets through active asset management throughout the period in which they are owned. The Group's internal operating platform is focused on key drivers such as property and tenant management, new lettings, service charge recovery, lease management, tenant renewals and debt collection.

Sirius' asset management initiatives are designed to convert properties into sustainable, more efficient and higher-yielding conventional and flexible workspaces.

Link to risks
see pages 57 to 63
1 5 6 8 9 10 11

Transformation and conversion of vacant space

The Company's extensive capex investment programmes continue to deliver exceptional returns and remain key drivers of organic income and capital value growth. The programmes are focused on converting vacant or sub-optimal spaces like excess office space, redundant halls and basements into both the Group's conventional and Smartspace flexible workspaces. The investment also includes upgrading common and outside areas as well as branding sites. Often amenities like conferencing rooms, canteens and fitness centres are created on site and let to external operators which increases footfall and overall attractiveness of the properties.

The returns that the Company achieves from these improvements are high as typically they not only deliver rental income and service charge recovery gains that come from letting the transformed areas but also include significant valuation uplifts that come from improving the space and business parks as a whole. The capex investment programmes commenced in January 2014 focusing on assets already owned by the Company and extended to include assets that were acquired after April 2016. In total, the capex investment programmes have transformed over 380,000 sqm of sub-optimal or vacant space. Returns from the programmes have been highly impressive with an investment of €58.5 million generating €24.3 million of annualised rent roll based on occupancy of 78% at 31 March 2022. In addition the Company actively seeks out opportunity to make accretive investment into space that has been recently vacated or is due to be vacated in order to capture reversionary value whilst enhancing the value of the space.

Link to risks
see pages 59 to 63
5 11

Occupancy and rental growth

The internal asset management platform remains a key differentiator for Sirius over its competitors and plays an integral role in driving occupancy and rental growth. In Germany, the internal marketing team has developed a significant internet presence over the last ten years and consistently drives an average well in excess of 1,000 leads per month predominantly from the Company's website and the internet portals on which vacancies are advertised. Once leads have been generated, a dedicated call centre immediately deals with all enquiries and converts approximately 77% of all enquiries into viewings. The on-site sales teams follow a structured sales process and are incentivised through the setting of asset specific lettings targets.

All aspects of the Company's sales process as well as those of many of its competitors are mystery shopped in order to measure performance and ensure standards are continually met. This highly specialised in-house capability enables the Company to secure and retain tenants without reliance on external agents and brokers and is the key behind being able to realise the full potential of the transformed vacant space that is created through the capex investment programmes. As part of its acquisition of BizSpace the Company acquired an existing platform that is expected to be enhanced as part of the wider integration process.

Link to risks
see pages 60 to 62
6 9 10

Improvement in service charge recovery

Poor recovery of service charge costs in mixed-use, multi-tenanted business parks typically results in high leakage from net operating income. Over the last ten years, the Group has invested substantially in building an in-house team that is entirely focused on optimising service levels and costs as well as improving service charge recovery levels. These investments include the following:

» developing utilities metering and consolidating purchasing power to negotiate better utilities deals and improve consumption allocation;

» creating detailed equipment lists and matrices to manage maintenance programmes better and improve allocation;

» increasing service charge prepayments to reduce the need to chase balancing payments at the end of each year; and

» improving the overall cost allocation and recovery process.

The Company has developed the ability to achieve a cost recovery percentage that is higher than occupancy, which it believes represents best-in-class performance.

Link to risks
see pages 59 to 62
5 6 8 10

Growth through acquisition and recycling

Sirius actively seeks to grow its portfolios in both Germany and the UK through acquisitions which are typically funded through a combination of share placings, attractively priced financing and the selective recycling of equity out of mature or non-core assets. In order to establish and maintain a balanced portfolio, both opportunistic and stable assets have been acquired, providing the Company with an attractive combination of secure income and the potential to create significant value by utilising the abilities of our internal operating platforms. The Company's Titanium venture with AXA IM Alts provides additional growth and income potential for the Company as the relationship develops and new investment opportunities are considered.

Link to risks
see pages 57 to 63
1 2 3 4 7 10 12

OUR PORTFOLIO

Strategy in action

Modern business park Alzenau – acquired December 2019

Strategy in action

- Well-located mixed-use business park located to the east of Frankfurt totalling 59,925 sqm including 3,897 sqm of vacant space at an EPRA net yield of 7.8%
- High-quality and modern park which houses two long-term anchor tenants
- Financed by a five year facility at an interest rate of 1.34%, maturing in December 2023
- As at 31 March 2022 rent roll has increased to €4.8 million as a result of increasing average rates
- Total return of €19.8 million equating to a geared IRR of 37%

	Acquisition €m	As at 31 March 2022 €m	Total improvement €m
Total acquisition cost/ valuation	44.5	**58.8**	14.3
Invested equity	18.6	**—**	—
Annualised rent roll	4.1	**4.8**	0.7
Annualised net operating income	3.5	**3.8**	0.3
Occupancy	94%	**92%**	(2%)
EPRA net yield[1]	7.8%	**6.3%**	(1.5%)

	Total return to 31 March 2022 €m
Retained profit[2]	**8.2**
Valuation increase	**14.3**
Capex	**(2.7)**
Cumulative total return	**19.8**

(1) Includes purchaser acquisition costs.

(2) Retained profit calculated as net operating income less bank interest.

Actual returns

Geared annualised IRR	37%
Ungeared annualised IRR	18%

Traditional business park Buxtehude – acquired May 2019

Strategy in action

- Excellently located fully vacant site in a well-established industrial area near Hamburg
- Former bottling plant providing a value-add opportunity through 28,532 sqm of vacant space requiring upgrade and a targeted sales and marketing plan
- Fully equity financed with an expected capex investment of €3.4 million to transform the asset and bring it to maturity
- As at 31 March 2022, occupancy had increased to 86% with annualised rent roll of €1.2 million
- Total return of €9.6 million equating to an ungeared IRR of 15%

	Acquisition €m	**As at 31 March 2022 €m**	Total improvement €m
Total acquisition cost/valuation	8.7	**14.2**	5.5
Invested equity	8.7	**—**	—
Annualised rent roll	—	**1.2**	1.2
Annualised net operating income	(0.5)	**0.5**	1.00
Occupancy	—	**86%**	86%
EPRA net yield[1]	(5.5%)	**6.2%**	11.7%

	Total return to 31 March 2022 €m
Retained profit[2]	**2.7**
Valuation increase	**5.5**
Capex	**(2.9)**
Cumulative total return	**5.3**

(1) Includes purchaser acquisition costs.

(2) Retained profit calculated as net operating income less bank interest.

Actual returns

Ungeared annualised IRR	15%

KEY PERFORMANCE INDICATORS

Organic and acquisitive growth driving progress

KPI	KPI measure	Commentary	FY22/23 ambition	Link to strategy

Adjusted profit before tax (€m)

Reported profit before tax adjusted for property revaluation, gains and losses relating to disposal of properties, gains and losses relating to loss of control of subsidiaries, changes in fair value of derivative financial instruments and other adjusting items including goodwill write off, expenses relating to share incentive plans and other costs considered to be non-recurring in nature such as restructuring costs and expected selling costs relating to assets held for sale.

€77.1m

↑ 27.9%

Commentary: Adjusted profit before tax for the year ended 31 March 2022 was €77.1 million, representing an increase of 27.9% on the same period the previous year. The strong increase in earnings resulted from a combination of organic and acquisitive growth in Germany and the acquisition of BizSpace in November 2021.

FY22/23 ambition: To increase adjusted profit before tax as a result of continued organic growth and the contribution to earnings of recently acquired assets.

Link to strategy: 1 2 3 4 5

EPRA earnings per share (c)

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

6.44c

↑ 14.4%

Commentary: EPRA earnings per share for the year ended 31 March 2022 was 6.44c, representing an increase of 14.4% on the previous year. The development in EPRA earnings per share is resulted from a combination of organic and acquisitive growth in Germany and the acquisition of BizSpace in November 2021.

FY22/23 ambition: To increase EPRA earnings per share as a result of continued organic growth and the contribution to earnings of recently acquired assets.

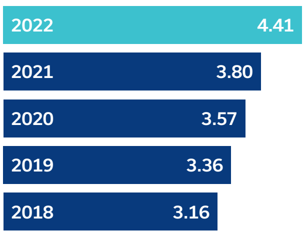
Link to strategy: 1 2 3 4 5

Dividend per share (c)

Total dividend for the reporting period which is calculated as a percentage of funds from operations ("FFO"). The Company has chosen to pay out 65% of FFO in relation to the dividend for the financial year ended 31 March 2022. The Directors maintain discretion to pay out more than 65% of FFO in order to compensate for the timing effect of, for instance, asset recycling activity or equity raises in order to continue to pay a progressive dividend where appropriate.

4.41c

↑ 16.1%



Commentary: The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share, representing 65% of FFO, an increase of 19.7% on the equivalent dividend last year, which also represented 65% of FFO. The total dividend for the year is 4.41c, an increase of 16.1% on the 3.80c total dividend for the year ended 31 March 2021.

FY22/23 ambition: To grow the dividend primarily through the accretive impact on earnings of continued organic growth and impact of acquisitions. The Company remains committed to its policy of paying shareholders at least 65% of FFO semi-annually.

Link to strategy: 1 2 3 4 5

Strategic report
Governance
Financial statements

KPI	KPI measure	Commentary	FY22/23 ambition	Link to strategy
Property valuation – owned properties (€m) The book value of owned investment property in both Germany and the United Kingdom for the year ended March 2022 including that categorised as held for sale as derived from an independent valuation performed by Cushman & Wakefield LLP.	**€2,074.9m** ↑ 54.0% 2022: 2,074.9 2021: 1,347.2 2020: 1,186.2 2019: 1,132.5 2018: 931.2	The book value of the Group's owned investment property increased by 54.0%, primarily driven by strong income driven like-for-like increases in valuation, asset purchases and the acquisition of BizSpace.	To continue to grow the value of the Group's portfolio through acquisitions and valuation gains derived predominantly through increases in income. The Company's capex investment programmes and investment into vacant space are expected to continue to impact valuation positively.	1 2 3
EPRA NTA per share (c) EPRA NTA per share is a definition of net tangible assets as set out by the European Public Real Estate Association. EPRA NTA represents net assets after adjusting for derivative financial instruments and deferred tax relating to valuation movements, goodwill and intangible assets. EPRA NTA per share also takes into account the effect of the granting of shares relating to long-term incentive plans.	**107.28c** ↑ 16.2% 2022: 107.28 2021: 92.29 2020: 80.44 2019: 74.52 2018: 68.95	EPRA NTA per share increased in the period by 16.2% to 107.28c (31 March 2021: 92.29c). The increase is attributable to the valuation increases seen in the year and increased profits driven by organic and acquisitive growth.	To grow EPRA net tangible assets ("EPRA NTA") per share, through the continued execution of the Group's asset management initiatives relating to organic growth and asset recycling.	1 3

Strategic priorities

1. Active portfolio management
2. Transformation and conversion of vacant space
3. Occupancy and rental growth
4. Improvement in service charge recovery
5. Growth through acquisition and recycling

Read more about our strategy
see pages 22 and 23

Active asset management

Introduction

Sirius owns and manages business parks and industrial estates in and around the top seven cities in Germany, as well as some sites located in border towns to France and the Netherlands. Sirius operates a value add business model where it utilises the asset management expertise of its internal operating platform and aims to increase occupancy, net operating income and capital values in the properties it owns. The Company currently owns a total of 69 mixed-use industrial, warehouse and office properties in Germany whilst managing an additional nine (seven of which it holds a 35% interest through the Titanium venture with AXA IM Alts).

In Germany the Company provides 1.8 million sqm of lettable production, storage and office space, most of which is offered on a conventional basis with approximately 6% of space converted into Sirius' unique and highly effective Smartspace products which are offered on a more flexible basis with a range of services. Smartspace products include serviced offices, self-storage and workboxes and are usually created from excess office space, basements and redundant halls which most conventional property owners would often leave as structural vacancy as they do not have the capacity or know-how to deal with such space. Key to providing such a wide range of options to its tenants is the Company's internal operating platform and sophisticated online marketing and IT infrastructure which it has developed over the last 15 years.

Sirius has over 6,000 tenants in Germany; 38% of the annualised rent roll is attributable to the top 50 tenants which are generally large multinational businesses and 55% to around 3,000 SME tenants which form the backbone of the German economy. The remaining 7% of its annualised rent roll comes from the 3,000 micro-SMEs and individual tenants which rent space through the Company's Smartspace range of products where they benefit from cost certainty and maximum flexibility.

The Company's ability to provide a mix of conventional and flexible space significantly enhances the returns and sustainability of income that can be generated from German light industrial and out of town office assets. This has been proven by the Company's track record of being able to deliver significant organic increases in net operating income in Germany over the last 15 years in all market conditions.

€113.7m
total annualised rent roll

€6.31 per sqm
average rate

€201.9m
of new on balance sheet acquisitions completed or notarised in the period

Lettings and rental growth

The Company recorded a like-for-like increase in its German annualised rent roll of 6.4% to €102.7 million (31 March 2021: €96.5 million*) whilst the German total annualised rent roll increased in the year end by €17.2 million to €113.7 million with €6.2 million relating to organic growth and €11.0 million representing the impact from acquisitions.

Encouragingly, like-for-like average rate per sqm increased by 5.3% to €6.50 (2021: €6.17*) demonstrating the reversionary potential within the portfolio that the Company is confident of realising through its range of intensive asset management activities.

Like for like occupancy increased to 87.4% (March 2021: 86.6%*) whilst, importantly, the acquisitions made during the year resulted in total occupancy reducing to 84.2% (March 21; 86.6%*) providing significant opportunity to add value and grow income which is expected to help Sirius continue its strong organic growth record into the future.

The increase in annualised rent roll in the period can be broken down into move-outs of 127,091 sqm that were generating €10.2 million of annualised rent roll at an average rate of €6.67 per sqm being offset by move-ins of 140,087 sqm generating €13.5 million of annualised rent roll at an average rate of €8.02 per sqm. Additionally, contracted rental rate increases and uplifts on renewals added a further €2.9 million to the annualised rent roll at the period end. As mentioned above, the acquisitions that completed in the financial year added €11.0 million to the annualised rent roll.

The movement in annualised rent roll is illustrated in the table below:

	€m
Annualised rent roll 31 March 2021	96.5*
Move-outs	(10.2)
Move-ins	13.5
Contracted uplifts	2.9
Acquisitions	11.0
Annualised rent roll 31 March 2022	**113.7**

* Annualised rent roll of €96.5 million when excluding the expected move-out in the first half of the March 2022 financial year relating to the Fellbach II acquisition which completed in March 2021.

Underpinning the strong increase in rent roll in the year was an 8.6% increase in the number of enquiries generated compared to the previous year, while a conversion rate of 13% remained steady year on year. A month-by-month comparison of enquiries relating to the wholly owned portfolio in Germany is set out in the table below:

Enquiries comparison FY22 to FY21

	No. of enquiries FY22	No. of enquiries FY21	Change %
April	**1,235**	1,031	19.8%
May	**1,333**	1,044	27.7%
June	**1,341**	1,176	14.0%
July	**1,305**	1,198	8.9%
August	**1,435**	1,241	15.6%
September	**1,387**	1,353	2.5%
October	**1,351**	1,354	(0.2)%
November	**1,421**	1,341	6.0%
December	**1,183**	1,049	12.8%
January	**1,495**	1,376	8.6%
February	**1,324**	1,268	4.4%
March	**1,370**	1,467	(6.6)%
Total	**16,180**	14,898	8.6%

Against the backdrop of the pandemic, disruption to supply chains and changes in tenant demands the Company continued to adopt a highly progressive and flexible approach to its marketing activities with several initiatives launched based on data generated from detailed analysis of online search patterns. Flexibility and competitive pricing continued to be key factors in decision making whilst demand for storage and flexible office space also increased compared to the prior year.

As a result of having direct line of sight into the marketplace the Company was able to focus its marketing strategies on spaces and products that meet fast changing demand dynamics. Accordingly, the Company generated an increased number of enquiries compared with the prior year which resulted in an increase in the volume of sales by sqm.

Details of the month-by-month lettings performance and square metre volumes compared to the same period in the previous year are set out in the table below:

Lettings comparison FY22 to FY21

	New deals twelve months to March 2022	New deals twelve months to March 2021	Total sqm let twelve months to March 2022	Total sqm let twelve months to March 2021	Average sqm per deal twelve months to March 2022	Average sqm per deal twelve months to March 2021
April	**219**	115	**13,463**	8,025	**61**	70
May	**170**	130	**15,953**	11,282	**94**	87
June	**166**	165	**12,629**	11,242	**76**	68
July	**139**	215	**15,185**	13,170	**109**	61
August	**182**	259	**11,877**	15,324	**65**	59
September	**175**	226	**14,650**	15,052	**84**	67
October	**193**	220	**14,336**	12,371	**74**	56
November	**163**	192	**10,357**	14,193	**64**	74
December	**171**	168	**12,042**	12,327	**70**	73
January	**138**	215	**15,065**	13,248	**109**	62
February	**198**	197	**13,769**	14,502	**70**	74
March	**157**	143	**12,778**	20,329	**81**	142
Total	**2,071**	2,245	**162,102**	161,065	**78**	72

Tenant retention in the period was encouraging with a 75% renewal rate by square metres in the period being successfully extended (2021: 72%). Overall, the continued positive performance in marketing, lettings and renewals provides a clear demonstration of the ability of the Company to grow against the backdrop of rapidly changing market dynamics.

ASSET MANAGEMENT REVIEW – GERMANY CONTINUED

Cash collection

Having visibility and close control of cash collection continues to be an advantage of having an internal operating platform as the impact of the pandemic remains. As a result of the combination of close collaboration between the Company's experienced cash collection team and on-site staff the Company was able to increase its cash collection rate to 98.4% (March 2021: 98.2%) as set out in the table below. This was also despite the material increase in total billing to €163.0 million (net of VAT) from €143.8 million in 31 March 2021.

Cash collection

	Invoiced €000	Outstanding €000	Collection %
April	12,551	135	98.9%
May	12,488	149	98.8%
June	12,747	144	98.9%
July	12,895	165	98.7%
August	12,932	161	98.8%
September	13,113	180	98.6%
October	13,085	164	98.7%
November	14,090	190	98.7%
December	14,833	251	98.3%
January	14,565	313	97.9%
February	14,859	327	97.8%
March	14,863	431	97.1%
Total	**163,021**	**2,610**	**98.4%**

As at year end uncollected debt amounted to €2.6 million with outstanding rent of €2.0 million and service charge prepayments of €0.6 million. From a tenant base of approximately 6,000 tenants the Group issued ten deferred payment plans amounting to €0.6 million whilst total write-offs amounted to €45,000. The Company expects to collect most of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

Acquisitions and disposals

As investment markets in Germany grew in confidence following the easing of the pandemic, the Company was able to increase its investment activity, finishing the year with a total of €201.9 million invested or committed in ten acquisitions. These fully owned assets are expected to contribute a total of €8.8 million of net operating income at 62% occupancy, representing an EPRA net initial yield of 4.4%. The acquisitions provide the opportunity to grow income through increasing occupancy, with more than 118,000 sqm of vacant space and significant scope for selective investment in unused or underutilised space.

A summary of the acquisitions that completed or were notarised in the year are detailed in the table below:

	Total investment (incl. acquisition costs) €000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rent roll* €000	Acquisition non-recoverable service charge costs €000	Acquisition maintenance costs €000	Annualised acquisition NOI* €	EPRA net initial yield*(1) %
Sirius									
Essen I	10,706	14,711	80	2,897	829	(125)	(13)	691	6.5
Öhringen	9,023	18,010	–	18,010	–	(609)	(32)	(641)	(7.1)
Heiligenhaus	14,237	45,081	77	10,269	1,396	(233)	(41)	1,123	7.9
Frankfurt III	21,245	10,187	54	4,696	849	(209)	(43)	598	2.8
Essen II	12,151	11,709	81	2,248	954	(92)	(11)	851	7.0
Erfurt	11,679	22,333	81	4,143	766	(123)	(20)	623	5.3
Oberhausen	39,843	77,605	63	28,680	3,218	(795)	(90)	2,334	5.9
Neckartenzlingen	34,485	54,514	80	10,705	2,196	(237)	(22)	1,937	5.6
Rastatt	8,783	21,426	–	21,426	3	(220)	(19)	(236)	(2.7)
Subtotal	**162,152**	**275,576**	**63**	**103,074**	**10,211**	**(2,643)**	**(291)**	**7,280**	**4.5**
Notarised									
Düsseldorf III**	39,789	34,310	55	15,517	2,105	(521)	(31)	1,552	3.9
Total	**201,941**	**309,886**	**62**	**118,591**	**12,316**	**(3,164)**	**(322)**	**8,832**	**4.4**

(1) Includes purchaser costs.

* See the Glossary section of the Annual Report and Accounts 2022.

** Expected to complete July 2022.

A summary of the opportunities and characteristics of each asset acquired in the period is detailed below.

- The Essen I asset completed in May 2021 and was acquired for total acquisition costs of €10.7 million. The asset provides a mix of production, storage and office space located in the heart of Germany's industrial Rhein-Ruhr region. The acquisition represents the Company's first of two investments in Essen during the period, providing for meaningful operational synergies in a location the Company knows well through its long-standing management of an asset located in the city.
- The Öhringen asset was completed in August 2021 for total acquisition costs of €9.0 million. Located in the town of Öhringen in Baden-Württemberg, the asset provides over 18,000 sqm of lettable space including 15,800 sqm of desirable warehouse space. The site includes a land parcel that may be considered for future light industrial development amounting to 11,600 sqm. The asset, having been acquired wholly vacant,, has already benefited from integration into the Sirius operating platform with occupancy rapidly increasing to approximately 92% and generating €1.0 million of annualised rent roll as at 31 March 2022.
- The Oberhausen business park, completed in November 2021 for €39.8 million, is located in a well-developed commercial area of the city of Oberhausen, in the northwest of Germany's Rhein-Ruhr region. Providing day one net operating income of €2.3 million, the asset offers a wide range of uses with approximately 77,600 sqm of lettable space, of which 47,400 sqm is office space, 19,200 sqm warehouse space, 4,600 sqm storage and 6,400 sqm other space.
- The multi-tenanted business park at Heiligenhaus, Nordrhein-Westfalen, was acquired for total acquisition costs of €14.2 million. The asset provides approximately 45,000 sqm of lettable space consisting of 23,200 sqm of office space, 11,400 sqm of warehouse space, 7,800 sqm of production space and 2,600 sqm of other space. The town of Heiligenhaus is located between the cities of Essen, Duisburg, Düsseldorf and Wuppertal and benefits from good autobahn and public transport links. The property was acquired with annualised net operating income of €1.1 million per annum at 77% occupancy and, with an undemanding average rent of €2.44 per sqm (excluding parking and other income), it provides opportunity through vacancy and to capture reversionary income growth.
- The Company completed the acquisition of a multi-tenanted office tower in Frankfurt comprising total lettable area of approximately 10,000 sqm for total acquisition costs of €21.2 million. At acquisition, the property generated annualised net operating income of €598,000 at 54% occupancy equating to an average rent of €11.02 per sqm (excluding parking and other income). The property benefits from its location close to two main autobahn routes and aligns to the Company's strategy of providing a range of flexible out of town office products that appeal to the local market.
- Following on from the completion of the Company's first investment in Essen in May 2021 the Company added to its footprint through the completion of the Essen II property for total acquisition costs of €12.2 million in November 2021. The Essen II asset comprises 11,709 sqm of office and production space and, at 81% occupancy, generated annualised net operating income of €851,000 representing an attractive day one net initial yield of 7.0%.
- The completion of the multi-tenanted business park asset in Erfurt, lying halfway between Frankfurt and Berlin, represents the Company's first investment into this key logistics location. With total acquisition costs of €11.7 million the asset consists of 14,000 sqm of industrial space, 7,400 sqm of office space and 760 sqm of other space. At date of acquisition, the site generated €623,000 of annualised net operating income at 81% occupancy providing opportunity to grow income through the letting of vacant space as well as the potential to invest into the 18,000 sqm land parcel acquired as part of the transaction.
- The Company completed the acquisition of the Neckartenzlingen property, located to the south of Stuttgart, for total acquisition costs of €34.5 million in December 2021. The high-quality asset comprises 54,515 sqm of predominantly production and warehouse space with annualised net operating income of €1.9 million and a WALE of 8.1 years providing stable, long-term cash flows. Income growth opportunity is expected to come from the letting of vacant space which amounted to 10,700 sqm (19.6% of total space) at date of acquisition.
- The fully vacant Rastatt asset completed in March 2022 for total acquisition costs amounting to €8.8 million. Located in a key logistical city on the French-German border, this property provides 6,000 sqm of office space and 15,000 sqm of industrial space. With over 21,000 sqm of high-quality vacant space the Company is confident of quickly growing occupancy and rental income.
- Within the period the Company notarised the acquisition of the Düsseldorf III asset which is expected to complete in July 2022 for total acquisition costs of €39.8 million. The multi-tenanted site is located in close proximity to the Düsseldorf international airport and provides 24,400 sqm of office and 9,900 sqm of industrial space. With over 15,500 sqm of vacant space at the date of notarisation, the site provides significant rental growth opportunity. In addition, as the Company's third investment in the Düsseldorf market, Sirius expects to benefit from meaningful operational synergies.

The marketing and sales capabilities within the operating platform are part of several asset management disciplines that provide the Company with a significant competitive advantage over other owners of light industrial and business park assets in Germany. This allows Sirius to be more flexible with how it configures and offers its vacant space which should result in the Company being able to more easily to fill up and transform these newly acquired sites and hence make the high returns at the asset level which underpins the Company's significant organic growth it generates each year.

Capex investment programmes

The Group's capex investment programmes have historically and continue to be focused on the transformation of sub-optimal vacant space acquired through the Company's acquisition programme, but now also includes undervalued and lower quality space which it receives back from vacating tenants. This acquired vacant space is usually purchased for very little or no cost due to it being considered as structurally void by former owners, whilst the low quality vacated space has significant potential to increase income and value through investment before re-letting.

The capex investment programme commenced in 2014 on sub-optimal vacant space identified within the existing portfolio and has been expanded significantly through all of the acquisitions which have taken place since then. To date, approximately 381,000 sqm of space has been transformed with a total investment of €58.5 million generating €24.3 million of annualised rent roll at 78% occupancy. As occupancy increases to budgeted levels, an additional €0.9 million of annualised rent roll is expected to be generated from this transformed space. The success of the investments made has been attributable in part to the unique marketing and sales initiatives that Sirius deploys.

ASSET MANAGEMENT REVIEW – GERMANY CONTINUED

Capex investment programmes continued

Not only has a significant amount of incremental annualised rent roll been generated but also the transformation and let up of this suboptimal space has made a strong contribution to the improvement in service charge cost recovery and valuation gains the Company has recorded in recent years. In addition, the transformative nature of the Company's capex investment programmes increases the overall desirability and quality of the portfolio.

More detail on the Company's capex investment programme to date is provided in the following table:

Combined capex programmes	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to March 2022 €m**	Occupancy budgeted %	**Occupancy achieved to March 2022 %**	Rate per sqm budgeted €	**Rate per sqm achieved to March 2022 €**
Completed	380,876	64.0	58.5	23.2	**24.3**	81%	**78%**	6.27	**6.85**
In progress	1,652	1.2	0.6	0.1	**–**	80%	**–**	6.99	**–**
To commence in next financial year	62,497	15.8	–	4.4	**–**	81%	**–**	7.26	**–**
Total	445,025	81.0	59.1	27.7	**24.3**	81%	**–**	6.41	**–**

* See the Glossary section of the Annual Report and Accounts 2022.

In addition to the space that has been completed and let or is currently being marketed, a total of approximately 64,000 sqm of space is either in progress of transformation or awaiting approval to commence transformation. A further €16.4 million is expected to be invested into this space, on top of the €0.6 million already spent, and, based on achieving budgeted occupancy, incremental annualised rent roll in the region of €4.5 million is expected to be generated from it.

As set out within the acquisitions analysis within this report, approximately 118,000 sqm of vacant space was acquired relating to assets that completed or were notarised in the year under review. A total of 76,361 sqm of space was identified as suitable for investment within these assets and have subsequently been added to the capex investment programme. The capex investment programmes have been one of the key income and valuation growth drivers over the last few years and the Company will continue to seek to acquire assets with sub-optimal vacancy in order to refuel these highly accretive programmes.

In addition to the capex investment programmes on the acquired sub-optimal vacancy, Sirius also looks for opportunities to upgrade recently vacated space that is returned as a result of move-outs. Within the existing vacancy as at 31 March 2022, the Company has identified approximately 27,300 sqm of recently vacated space that has potential to be upgraded. This space was generating €1.0 million in annualised rent roll from the existing tenants and can be upgraded with an investment of €6.4 million to generate €2.4 million in annualised rent roll when re-let. This selective investment in vacated space allows the Company to capture reversionary potential whilst significantly enhancing the desirability and value of lower quality space.

The analysis below details the sub-optimal space and vacancy at 31 March 2022 and highlights the opportunity from developing this space.

Vacancy analysis – March 2022

Total space (sqm)	1,785,276
Occupied space (sqm)	1,503,097
Vacant space (sqm)	282,179
Occupancy	84%

	% of total space	Sqm	Capex investment €m	ERV* (post investment)
Structural vacancy	**2%**	**39,879**	**–**	**–**
New acquisitions capex investment programme	4%	64,145	(16.4)	4.5
Recently vacated space	2%	27,300	(6.4)	2.4
Total space subject to investment	**5%**	**91,445**	**(22.8)**	**6.9**
Lettable vacancy:				
Smartspace vacancy	1%	26,455	–	2.8
Other vacancy	7%	124,400	(0.7)	7.1
Total lettable space	**8%**	**150,855**	**(0.7)**	**9.9**
Total vacancy	**16%**	**282,179**	**(23.5)**	**16.8**

* See the Glossary section of the Annual Report and Accounts 2022.

As a result of adding the vacant space within the acquired assets in the period, the Company's headline occupancy rate reduced to 84.2% (March 2021: 86.6%). When excluding the structural vacancy, the Company has over 240,000 sqm of space to let with an ERV of approximately €16.8 million.

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

Whilst adding vacancy through acquisitions enhances the organic growth opportunity into the future, the Company maintains a risk adjusted strategy and expects to continue to hold a significant amount of core mature assets in order to maintain a balanced portfolio that provides a combination of stable, long-term financeable income with value-add assets with growth potential.

Well-diversified income and tenant base

Against the backdrop of continued market disruption, the importance of a well-diversified tenant base and wide range of products is clear. Sirius' portfolio includes production, storage and out of town office space that caters to multiple usages and a range of sizes and types of tenants. The Company's business model is underpinned by its tenant mix which provides stability through its large long-term anchor tenants and opportunity through the SME and flexible individual tenants.

The Group's large anchor tenants are typically multinational corporations occupying production, storage and related office space whereas the SMEs and individual tenants occupy space on both a conventional and a flexible basis including space marketed under the Company's popular Smartspace brand which provides tenants with a fixed cost and maximum flexibility. The Company's largest single tenant contributes 2.2% of total annualised rent roll whilst 7.1% of its annualised rent roll comes from government tenants.

SMEs in Germany, the Mittelstand, are typically defined as companies with revenues of up to €50.0 million and up to 500 employees. SME tenants remain a key target group which the Company's internal operating platform has demonstrated an ability to attract in significant volumes as evidenced through the high number of enquiries that are generated each month, mainly through the Company's own marketing channels. The wide range of tenants that the Sirius marketing and sales team is able to attract is a key competitive advantage for the Company and results in a significantly de-risked business model when compared to other owners of multi-tenanted light industrial and business park assets.

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

	No. of tenants as at 31 March 2022	Occupied sqm	% of occupied sqm	Annualised rent roll* €m	% of total annualised rent roll* %	Rate per sqm €
Top 50 anchor tenants(1)	**50**	671,748	45%	43.7	38%	5.41
Smartspace SME tenants(2)	**3,016**	69,935	5%	7.7	7%	9.23
Other SME tenants(3)	**3,010**	761,414	50%	62.3	55%	6.82
Total	**6,076**	1,503,097	100%	113.7	100%	6.31

(1) Mainly large national/international private and public tenants.

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

(3) Mainly small and medium-sized private and individual tenants.

* See the Glossary section of the Annual Report and Accounts 2022.

Smartspace and First Choice

Sirius' Smartspace products are designed with flexibility in mind, allowing tenants to benefit from a fixed cost which has proven to be desirable in all market conditions. The majority of Smartspace has been developed from space that is either sub-optimal or considered to be structurally void by most light industrial real estate operators. Following conversion, the area is transformed into space that can be let at significantly higher rents than the rest of the business park and, as a result, is highly accretive to both income and value.

5,267 sqm of Smartspace was created in the year including 3,592 sqm of Smartspace storage product developed as a direct result of the increased demand for storage space identified by the Company's sales and marketing teams in the last few years. The Company was also able to capitalise on high storage demand by providing additional container space storage on non-income producing land. At 31 March 2022, these containers were generating €305,000 (31 March 2021: €168,000) in annualised rent roll.

The total amount of Smartspace in the portfolio at the year end was 96,390 sqm (31 March 2021: 93,705 sqm), generating €7.7 million (31 March 2021: €6.5 million) of annualised rent roll which equates to 6.8% of the Company's total annualised rent roll. Most encouragingly, average rate per sqm increased by 10.6% year on year, highlighting the premium pricing opportunity associated with flexibility.

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

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €	% of total Smartspace annualised rent roll* %	Rate* per sqm (excl. service charge) €
First Choice office	5,117	3,156	62%	838,000	11%	22.13
SMSP office	32,031	23,890	75%	2,744,000	35%	9.57
SMSP workbox	5,974	5,829	98%	435,000	6%	6.22
SMSP storage	47,817	34,870	73%	3,216,000	42%	7.69
SMSP container	—	—	—	305,000	4%	n/a
SMSP subtotal	**90,939**	**67,745**	**74%**	**7,538,000**	**97%**	**9.27**
SMSP FlexiLager	5,451	2,190	40%	209,000	3%	7.95
SMSP total	**96,390**	**69,935**	**73%**	**7,747,000**	**100%**	**9.23**

* See the Glossary section of the Annual Report and Accounts 2022.

Ongoing integration and identification of new opportunities

Introduction

BizSpace currently owns and operates a total of 72 industrial and out of town office properties across the UK. Through its internal operating platform it aims to increase occupancy, net operating income and capital values. BizSpace provides over 4.2 million sq ft of lettable light industrial, studio, storage and office space, on both conventional and flexible terms.

BizSpace has approximately 3,400 customers; 26% of the annualised rent roll is attributable to the Company's top 100 tenants which are generally larger corporate customers and 74% is attributable to SME and micro-SME customers.

Lettings and rental growth

Since the Group completed the acquisition of BizSpace on 15 November 2021, annualised rent roll has increased by 7.6% to £45.1 million* (15 November 2021: £41.9 million*). The increase in annualised rent roll was delivered through a combination of increases in occupancy and strong growth in average rate.

Occupancy increased to 90.5%* from 88.7%* within the 4.5 month period of ownership, highlighting the attraction of BizSpace's range of spaces and products to a variety of tenants. Encouragingly, the 4.5 month period of ownership saw a 6.5% increase in average rate from £10.98* per sq ft to £11.69* per sq ft, highlighting the Company's ability, through its internal operating platform, to capture reversion in a market characterised by undersupply.

The positive net take-up of space in the period can be broken down into move-ins of 323,528 sq ft generating £5.8 million of annualised rent roll at an average rate of £18.04 per sq ft being offset by move-outs of 282,037 sq ft that were generating £4.4 million of annualised rent roll at an average rate of £15.64 per sq ft. Additionally, rental uplifts on existing tenants added a further £1.8 million to the annualised rent roll at the period end.

£45.1m
total annualised rent roll

£11.69 per sq ft
average rate

99.6%
cash collection rate

The movement in annualised rent roll is illustrated in the table below:

	£m
Annualised rent roll 15 November 2021	41.9*
Move-ins	5.8
Move-outs	(4.4)
Uplifts on existing tenants	1.8
Annualised rent roll 31 March 2022	**45.1***

* Excluding the Ipswich asset, which is unoccupied.

With tenants needs continuing to change rapidly and flexibility becoming more of a necessity BizSpace is well placed to continue its strong lettings and rental growth into the new financial year.

Cash collection

A combination of its dedicated cash collection team and the strong tenant relationships maintained by its on-site staff resulted in the BizSpace recording a 99.6% cash collection rate for the period under review. A month-by-month summary detailing cash collection is set out in the table below.

Cash collection

	Invoiced £000	Outstanding £000	Collection %
November	3,281	–	100.0%
December	4,413	5	99.9%
January	3,822	5	99.9%
February	3,608	33	99.1%
March	4,405	29	99.3%
Total	**19,529**	**72**	**99.6%**

From total net of VAT billing amounting to £19.5 million, uncollected debt for the period amounted to £72,000, representing a cash collection rate of 99.6%. From a tenant base of approximately 3,400 tenants the Company has one deferred payment plan in place whilst total write-offs amounted to £21,000. The Company expects to collect the majority of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

Site investment

BizSpace has historically invested in its sites in order to maintain and upgrade its spaces and allow it to adapt to changes in tenant demand and drive occupancy and price. In the period under review the BizSpace invested a total of £1.6 million into its sites focussed primarily on improving the condition of spaces and expects to identify further similar investment opportunities in the new financial year whilst at the same time it will continue to progress its ESG related investment in order to align itself with the wider Group.

Well-diversified income and tenant base

BizSpace's portfolio includes light industrial, studio and out of town office space and storage that caters to multiple usages and a range of sizes and types of tenants. As a result, the Company's business model is underpinned by a well-diversified tenant base.

The Company's top 100 tenants, which are typically large corporates, account for 26% of the annualised rent roll with the next 900 SME tenants accounting for 44% of annualised rent roll. The remaining 31% of annualised rent roll relates to over 2,000 SME and micro-SME tenants which occupy 23% of the overall estate.

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

	No. of tenants as at 31 March 2022*	Occupied sq ft*	% of occupied sq ft*	Annualised rent roll* £m	% of total annualised rent roll* %	Rate per sq ft £
Top 100 tenants	**100**	1.1	28%	11.5	26%	10.21
Next 900 tenants	**900**	1.9	49%	19.7	44%	10.61
Remaining SME tenants	**2,376**	0.9	23%	13.9	30%	15.92
Total	**3,376**	3.9	100%	45.1	100%	11.69

* Excluding the Ipswich asset, which is unoccupied.

SMEs in the UK are typically defined as companies with revenues of up to £50.0 million and up to 250 employees. The Company's internal operating platform and product offering have a strong track record of attracting and retaining customers in this segment of the market which is expected to continue to grow as a result of structural trends impacting the UK market.

SUSTAINABILITY

Embedding sustainability into our future

In line with our sustainability framework, we have continued this year to develop and embed our environmental, social and governance ("ESG") programme into our business and strategy. We place our people, environmental performance, and ethical practices at the centre of our decision making, while at the same time always considering the economic sustainability of all our actions. We believe we have made significant progress during the year with our ESG programme, though we recognise we have more to do as part of our ESG journey. We plan to publish a dedicated report on our ESG strategy and actions later in the year to provide more context to our ambitions. Following the acquisition of BizSpace, we are also working to integrate its platform and team into the ESG programme.

Our sustainability framework, first published in 2019, is overseen by the Board and the Sustainability and Ethics Committee. Economic sustainability sits at its core with the central belief that only a financially sustainable business can provide a long-term positive contribution to all our stakeholders and the environment.

Sirius' sustainability framework

This framework continues to be the foundation to our approach. At the beginning of the financial year, the Sustainability and Ethics Committee reviewed the results of our first ESG materiality assessment and, on their approval, these are now being integrated into our framework and actions. The environmental and social drivers are being further embedded throughout the business as part of our developing ESG programme.

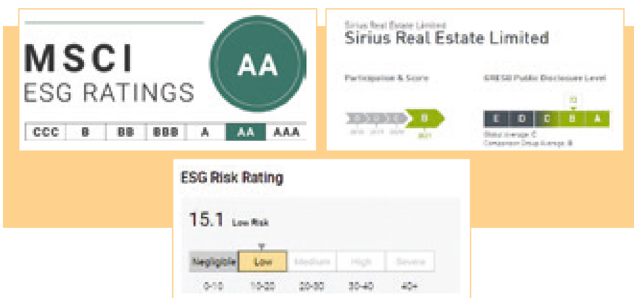
The results of the materiality exercise are summarised in the following table which ranks the identified drivers of ESG in declining order of importance to our stakeholders. We engaged with a wide range of stakeholders including the Board, managers, employees, shareholders, tenants and suppliers. We were encouraged that many of the focus areas were already part of our sustainability programme, though the results of the materiality exercise have enabled us to better understand the core areas for development and improvement.

Materiality factors	Ranking
Business ethics and governance (Board accountability, etc.)	1
Transparency and stakeholder engagement	2
Carbon emissions reduction	3
Modernisation/refurbishment of older properties	4
Employee wellbeing	5
Developing and training employees	6
Water, waste and energy management	7
Longer term physical impacts of climate change	8
Well defined purpose and culture	9
Diversity and inclusion	10
Closer collaboration with tenants on sustainability, green leases, H&S, etc.	11
Biodiversity and green spaces	12
Managing supply chain risks	13
Local training and employment for local communities	14
Community-driven collaborative projects	15

This was our first assessment of materiality, and it is our intention to update and build on the findings through a triennial assessment, noting that the drivers of materiality and the relevance to our stakeholders will change over time.

All of our actions are supported by our purpose, strategy and values, which continue to guide us and our behaviour in our dealings with all our stakeholders.

As we continue to develop and embed our sustainability and ESG programme, we are pleased that our work continues to be recognised.



Environment

As highlighted within our sustainability framework, our responsibility to the environment has been core to our strategy for a number of years. Our work on materiality has assisted us to start to deliver a roadmap on how we plan to manage and minimise our environmental impact and create a more sustainable future, taking into account carbon emissions, water, waste and energy management and considering the long-term impacts of climate change.

We see our responsibility to the environment as a core part of our overall strategy to transform business parks into quality assets through intensive asset management. The maintenance and refurbishment of existing buildings help to minimise urban sprawl and will contribute to protecting undeveloped land. By recycling existing properties, we conserve resources and minimise the use of materials and energy required to construct new properties. We believe that our wider stakeholders will increasingly recognise the value of maintaining older buildings and extending their use, thereby extending the lifespan of the embodied carbon used in their original construction. Clearly, older buildings have the potential to be responsible for higher annual carbon emissions and the actions we have taken this year look at addressing this point.

Firstly, we have continued the commitment we made a number of years ago to sourcing our electricity for our portfolio from renewable sources. The proportion of renewable electricity against total electricity provision table below reflects our progress across the entire property portfolio. As we acquire new sites, the renewable electricity proportion fluctuates, as we transfer them from their existing energy mix onto our renewable energy platform, once their existing energy contracts allow. We estimate that the business has this year increased its renewable electricity use to 94.6% across the whole portfolio, which reflects the near 100% provision of renewable electricity to much of its portfolio as well as newly acquired sites.

Year	2019/20	2020/21	2021/22
Proportion of renewable electricity	85.8%	82.4%	**94.6%**

We have also continued our support to our tenants by continuing to roll out both smart meters and EV charging infrastructure across our portfolio. EV charging stations as well as waste management, emissions reductions and renewable energy initiatives were all key areas of priority for our tenants in our annual tenant survey conducted in June 2021, and we have made progress across all areas in this financial year. We remain on target to have smart meters across all our sites in Germany by 2027.

Smart energy meters	March 2021	March 2022
Total number of sites	67	**77**
Total number equipped	5	**12**
Proportion of sites equipped	7.5%	**15.6%**

EV charging	March 2021	March 2022
Total number of sites	67	**77**
Total number equipped	1	**38**
Proportion of sites equipped	1.0%	**49%**

Secondly, we have undertaken a detailed assessment of the embodied carbon used within the refurbishment and modernisation of our portfolio. This will enable us to understand and measure the level of embodied carbon used as we extend the life of buildings. In the future, the levels of embodied carbon

will be built into our decision-making processes and engagement with our supply chain. This will also form part of our pathway to net zero emissions which is covered in more detail later in this report.

Thirdly, we centralised our collection of waste across the portfolio. This benefits us through the calculation of our carbon emissions through waste, which through better data will enable us to understand how we can further reduce emissions through coordinated waste management. We can also now ensure that our recycling rate and waste to landfill are improved and managed as part of our waste reduction processes.

Our actions on the use of renewable energy, the assessment of embodied carbon and the centralisation of waste management are reflected in our greenhouse gas emissions, and included in our Scope 1, 2 and 3 emissions.

Carbon emissions

Our Scope 1 emissions are based on our owned or controlled sources, which include the use of natural gas in our Berlin head office, and the heating of offices belonging to Sirius managers on location in our business parks.

Our Scope 2 emissions are the indirect emissions resulting from the generation of purchased energy, namely the electricity consumption for the Sirius manager offices on location in our business parks.

Our Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in our value chain, including both upstream and downstream emissions. These include water consumption; waste generated in operations; business travel; embodied carbon; upstream leased assets; and downstream leased assets.

As we reported last year, due to timing of our utility invoicing and other data collection and in order to provide a complete year's analysis, our emissions calculations are based on the last full year of available data. Given there have not been any material changes in either the occupancy or the consumption patterns, this data is assumed to be applicable for the 2021/22 financial year. The data used for the basis of calculations of emissions for the leased assets (Scope 3) and for our Scope 1 and 2 for our offices based on our business parks is from 1 April 2020 to 31 March 2021. The data attributed to Scope 1 for our Berlin office is from 1 April 2019 to 31 March 2020. We continue to work with our utility providers etc to bring our emissions data in line with our financial calendar.

SUSTAINABILITY CONTINUED

Environment continued

Carbon emissions continued

Summary – Scope emissions

Scope categorisation	Category	GHG emissions $MTCO_2$-e
Scope 1	Berlin head office (NG) & Sirius offices heating	84
Scope 2	Electricity and cooling (Sirius offices)	15
Scope 3	Berlin (electricity & cooling), business travel, Berlin (water & wastewater) & SO (water & wastewater) Upstream (Sirius + AXA facilities), downstream (leased location), water consumption (leased location), waste generated (leased location), renewable energy & embodied carbon	42,821
Total		**42,920**

GHG intensity for Scope 1 – 0.0164 ($MTCO_2$-e/sqm)

GHG intensity for Scope 2 – 0.0049 ($MTCO_2$-e/sqm)

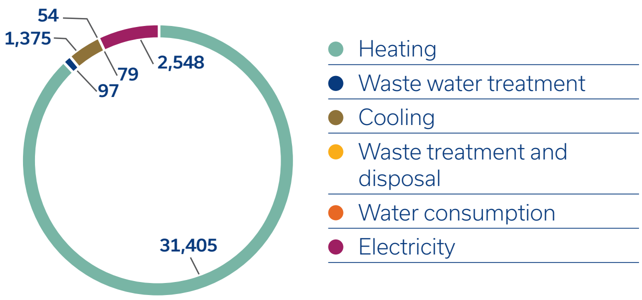
Due to the nature of our business model, our Scope 3 emissions account for 99.77% of our total emissions. This has slightly increased from 98.9% last year as our head office and company cars are leased and so are now allocated to our Scope 3 emissions. As a result, the year-on-year comparison is summarised in the table to the right.

Scope	2020/2021 total emission $MTCO_2$-e	**2021/2022 total emission $MTCO_2$-e**
Scope 1	247.15	**84.02**
Scope 2	152.49	**15.46**
Scope 3	37,321.67	**42,820.79**
Total	37,721.31	**42,920.28**

Our total emissions for the year come to 42,920 $MTCO_2$-e, which compares to 37,721 $MTCO_2$-e for the year to March 2021. A number of factors explain this increase and relate to the actions taken during the year to better account for and address our carbon footprint.

Our ongoing strategy to acquire renewable energy, shown in the breakdown of our leased locations emissions below, continues to significantly reduce our potential overall emissions. For this data period from 1 April 2020 to 31 March 2021, 82.4% of the electricity consumed by our portfolio was sourcing from renewable electricity. As we have highlighted already, this will increase to 94.6% as we now acquire just under 100% of our electricity from renewable sources.

Leased locations – GHG emissions breakup (tCO_2-e)



A breakdown of our Scope 3 emissions provides insight into our actions to manage and reduce our carbon emissions.

Scope	Category	Description	Total Emission	UOM
Scope 3	Purchased goods – water	Water consumption details considered	53.98	MT CO_2e
Scope 3	Purchased goods – embodied carbon	Embodied carbon	6,776.61	MT CO_2e
Scope 3	Waste generated in operations	Waste water & solid waste considered	177.14	MT CO_2e
Scope 3	Business travel	Car & train & air & hotel considered	258.62	MT CO_2e
Scope 3	Upstream leased assets	Berlin & Sirius facilities & Titanium venture	226.69	MT CO_2e
Scope 3	Downstream leased assets	69 Locations considered	35,327.75	MT CO_2e

Firstly, our total emissions for the current year include 6,777 $MTCO_2$-e of embodied carbon emissions, which were not included in our calculations last year. As we go forward, we will look to reduce our levels of embodied carbon as part of our carbon reduction programme.

Secondly, the centralisation of our waste management has enabled better data collection which has enabled us to monitor that 42.3% of our waste was recycled and a further 54.4% was converted from waste to energy, with only the remaining 3.3% going to landfill. This has accounted for a reduction in our emissions as without the respective data, as last year we had to assume that 100% of waste went to landfill.

Thirdly, the total number of business parks included in our emissions report increased from 65 to 69 during the period which together with a slight increase in heating use in the portfolio accounts for an increase of 4,490 $MTCO_2$-e during the year.

To highlight the work we have been doing on managing on our emissions, the table below provides an analysis of our core emissions on a per meter basis for the total portfolio estate for both years. As we continue to develop our pathway towards net-zero emissions it is clear that our approach will concentrate on the reduction of our heating emissions intensity.

GHG comparison	GHG emissions 2020/2021 ($MMTCO_2$-e/sqm)	**GHG emissions 2021/2022 ($MMTCO_2$-e/sqm)**
Net Electricity emissions intensity	0.00223	**0.00173**
Heating emissions intensity	0.01921	**0.02109**
Water consumption emissions intensity	0.00011	**0.00004**
Waste water emissions intensity	0.00022	**0.00007**
Waste Disposal Emission Intensity	0.00634	**0.00007**

A breakdown of our energy consumption by kWh is summarised in the table below:

Buildings	Heating consumption (kWh)	Electricity consumption (kWh)	Cooling consumption (kWh)	Renewable energy (kWh)
Berlin	1,93,049.50	2,14,020.62	–	–
Space office on site	2,74,464.94	81,025.89	5,370.74	–
Sirius facilities	4,26,595.66	90,477.62	–	–
Titanium venture	75,954.89	7,890.99	–	–
69 leased locations	17,47,45,664.68	8,10,36,239.85	76,79,027.13	–
Total	**17,57,15,729.67**	**8,14,29,654.97**	**76,84,397.87**	**6,68,02,096.27**

3. Methodology

The reporting boundary was determined by Sirius. The organisational boundary covers the entire operations in Germany where Sirius has absolute financial & operational control. The reporting boundary also includes the Corporate Head Office and site offices of Sirius, its sister company SFG Nova & its leased locations.

The activity data was screened in the as-is condition for any inconsistencies or irregularities. The sources and sinks to be included in the inventory were then identified and verified as per The Greenhouse Gas Protocol – i)A Corporate Accounting and Reporting Standard; ii) Scope 2 Guidance; iii) Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 1 – stationary combustion

Scope 1 included the Stationary combustion of Berlin offices and offices occupied in every leased location of Sirius. Heating consumption emissions of these locations accounted in Scope 1 category. The emission factors are suppliers specific.

Scope 2 – purchased electricity

The emissions from the purchased Electricity and Cooling consumption of the offices occupied in every leased location of Sirius were accounted in Scope 2 inventory. The emission factors are used from Defra 2021.

Scope 3 – Category 1 purchased goods & services

Emission from water consumption & construction works were accounted in this inventory. For water consumption the emission factor is from Defra 2021 & the emission factor of the embodied carbon is supplier specific.

Scope 3 – Category 5 waste generated in operations

The Emission from waste disposal & wastewater generated were accounted in this category. The Emission factors were specific to disposal type used from Defra 2021.

Scope 3 – Category 6 business travel

The emission from car, train, air & hotel stay were accounted in this category. Emission factors for all this travel is supplier specific.

Scope 3 – Category 8 upstream leased assets

The purchased electricity of Berlin Head Office, and electricity, heating and cooling of Sirius Facilities GmbH and Titanium venture were accounted in this category. Supplier Specific & Defra factors were used wherever applicable.

Scope 3 – Category 13 downstream leased assets

The heating, electricity and cooling for all 69 leased sites were accounted in this category.

The emission factors used:

» For electricity – Supplier specific emissions factor

» For waste, wastewater, hotel stay and heating – Defra Conversion-Factors-2021-Full-set-for-advanced users

Net zero emissions pathway

During the latter part of the year, we commenced our programme to deliver a carbon emissions reduction plan which will lead to our net zero pathway. As a first step, we have looked at our carbon reduction opportunities within our Scope 1 and 2 emissions and are pleased to announce that we will achieve net-zero emissions for our Scope 1 and 2 emissions in Germany this year. Where we can make no further reductions to our Scope 1 and Scope 2 emissions, the remaining unavoidable emissions will be offset through carefully selected offsetting projects. By far the largest share of our total emissions come from operating our assets and the energy used in our buildings by our tenants – our Scope 3 emissions. For a number of years, we have had decarbonisation actions in place including our sourcing of renewable electricity and the smart-meter roll-out as mentioned in this report. During the current year, we will also reduce our emissions further by moving to a new Head Office in Berlin which is DGNB certified and will be powered by renewable electricity. However, as a landlord we recognise our responsibility is to ensure that our business parks can be operated as energy-efficiently as possible. We are currently developing a German portfolio-wide net-zero carbon strategy for all the different building types within our portfolio and are in the early stages of creating detailed assessment models of a representative sample of our buildings. Once these are complete and reviewed, we will then extrapolate the findings across the Sirius Facilities portfolio. Our aim is for this to be in line with the Science Based Targets Initiative (SBTI). Based on the outcome of this assessment, we will then be in a position to communicate our decarbonisation plans and net zero pathway in due course. A similar assessment model for Scope 1, 2 and 3 emissions will also be undertaken for the BizSpace portfolio.

We recognise the importance of a net zero pathway for a number of our stakeholders and the transition to net zero is a key element of our management plans. This is best represented through our implementation of the Task Force on Climate-related Financial Disclosures ("TCFD") which we commenced last year.

TCFD disclosure for year end to March 2022

As a business we fully support the aims and implementation of the TCFD, and we will continue to build on and improve on our actions and disclosure as we embed climate-related risks and opportunities into our business and strategy. We believe that we have made significant progress during the financial year ended 31 March 2022. We also recognise that we have more to do, in particular with regard to the integration of BizSpace, acquired in November 2021, into our climate-related strategy. This report on implementing the recommendations of TCFD relates specifically to the Group's German operations and assets.

In the financial year ended 31 March 2022, we completed our next steps in the TCFD process by undertaking a climate scenario analysis based on the transition risks and potential impacts of 1.5–2.0°C of climate change in line with the Paris Agreement. We have also undertaken an initial assessment of our physical risks up to 1.2°C of climate change. In both cases we are looking to build on these assessments during the current financial year. We believe we are compliant with all the recommendations of TCFD, though we will always aim to continue to improve our performance and disclosure across Governance, Strategy, Risk Management and Metrics and Targets.

We have been aware of and taken seriously our responsibilities to the environment for a number of years and we provide an estimated 94.6% of our electricity to tenants from renewable sources. During the year we have also completed a detailed assessment of the embodied carbon within our supply chain and how this relates to the refurbishment and modernisation of our assets. In addition to this, we have started on our detailed plans for carbon emissions reduction leading to a net zero strategy for our Scope 1, 2 and 3 emissions. This detailed assessment commenced in the beginning of calendar year 2022, prior to our reporting period ending, and we will be updating our stakeholders in due course. As a first step, we aim to be net-zero for our Scope 1 and 2 emissions in Germany in the current year.

Looking forward, during the financial year to March 2023, we aim to integrate BizSpace into our transition risks and potential impacts in line with the Paris Agreement; undertake a further climate scenario analysis for the business for 3.0–4.0°C of climate change; and also conduct a further physical risk assessment.

The table below outlines our progress to date against the TCFD recommendations.

	TCFD disclosures
Governance Describe the Board's oversight of climate-related risks and opportunities	The Board assumes overall responsibility and accountability for the management of climate-related risks and opportunities. The Chief Executive Officer provides regular updates to the Board on ESG and sustainability-related issues, through his role as Chair of the Sustainability and Ethics Committee. The Sustainability and Ethics Committee advises the Board on the economic sustainability of the business and works with the executive management to shape policy and strategy to improve the Group's environmental performance. The Board is further supported by the Audit Committee which has responsibility for the review of the risk management methodology and the effectiveness of internal controls. The Board reviews the risk register on an annual basis. The Board also receives and discusses reports from the ESG Working Group.
Describe management's role in assessing and managing climate-related risks and opportunities	The Chief Marketing and Impact Officer is responsible for the management of climate change related issues. The Chief Marketing and Impact Officer also heads the ESG Working Group which meets monthly and is responsible for climate-related risks being integrated across all parts of the business. The other members of the ESG Working Group are the Chief Financial Officer, the Environmental Director, and the Asset Management Director. The ESG Working Group identifies ESG within its Principal Risks, within which climate-related risks and opportunities are captured. A risk management framework is in place to ensure that relevant risks are identified and mitigated in order to significantly increase the chances of being able to achieve the Group's objectives of creating and sustaining shareholder value. The ESG Working Group is also currently in the process of finalising an ESG Framework for the business, which includes climate-related issues. The Framework will ensure that we operate responsibly in relation to the climate, biodiversity and other ESG issues for long-term sustainable growth. The TCFD Working Group, also headed by the Chief Marketing and Impact Officer, has responsibility to implement the recommendations of TCFD in line with the Company's business plan and strategy. The TCFD Working Group reports into the ESG Working Group which in turn reports into the Sustainability and Ethics Committee, detailed above.

	TCFD disclosures
Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	As already highlighted, this TCFD report relates to the Group's German assets and operations. We intend to integrate BizSpace into the TCFD recommendations in the financial year ended 31 March 2023. Sirius considers itself to be a responsible business and is increasingly including climate-related risks and opportunities across its business activities. During the year we completed our review of an ESG Materiality Assessment which identified in declining order carbon emissions reduction; the modernisation/refurbishment of older buildings; water, waste, and energy management; the longer-term physical impacts of climate change; and biodiversity as areas for ESG consideration. We are developing our ESG Strategy, incorporating an environmental strategy, which will formalise the identification of climate-related risks and opportunities, supported by the findings of our materiality assessment and scenario analysis outcomes. As part of this process, we will further define the short-term, medium-term and long-term issues to better align with our Risk Management Framework. For the purposes of this TCFD report, we define the short-term as 1–5 years, the medium-term as 5–10 years and long-term as 10+ years. We will build on these going forward to better understand the strategic and financial impacts of the issues identified within these time horizons. **Short-term: 1–5 years** We will take a proactive approach to minimising the risks and maximising the opportunities as the regulatory landscape and our tenants' expectations changes in relation to climate-related issues. Actions are already being undertaken in recognition of the importance of improving our environmental performance, our provision of renewable electricity, our roadmap to net-zero emissions, the role of our supply chain, our approach to biodiversity and working to minimise the risk of reputational damage where expectations are not met. **Medium-term: 5-10 years** In the medium term we will be focused on further managing the risks and opportunities related to climate change. We recognise the growing importance of having a clear net-zero pathway and the importance this will have to tenants, the capital markets and reputational value. We believe that our business strategy of extending the life of older buildings through refurbishment and modernisation together with actions we are taking on embodied carbon and biodiversity will provide resilience and opportunity to the business. **Long-term: 10+ years** Our initial scenario planning examines the potential impact of "early policy" changes, so we recognise we have more work to do on our long term assessment and this will be covered in the current year. As we continue to examine the long term, we will consider climate-related issues as well as an expected greater emphasis from regulators and tenants on the importance of a neutral to positive impact on the environment of our assets. This will have an increasing influence on asset valuations and income.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	As we continue to develop our ESG programme, we are beginning to factor climate-related risks and opportunities into our business, strategy, and financial planning, and as we develop our acquisition process and our approach to transforming and managing our assets. We are fully committed to decarbonising our business across Scope 1, 2 and 3 and will look to further develop our net zero roadmap. We will be net-zero for our Scope 1 & 2 emissions in Germany in the current year. We will add our German Scope 3 emissions and the BizSpace portfolio to our Net-Zero pathway in due course. Our work on our net-zero pathway includes reviews of individual assets in order to assess energy efficiency improvement opportunities and monitoring and management of consumption data across energy, water, waste, and embodied carbon. We are also modelling a sample of our German assets to understand the actions and investment needed to become net-zero. This model will then be rolled out across our German portfolio. Once completed a similar exercise will be undertaken for our UK assets. We believe future energy efficiency measures implemented will yield improvements in overall maintenance costs, resulting in direct financial savings and increased attraction to new and current tenants. We focus on transforming our assets into high-quality conventional and flexible workspaces. Our capital investment and asset management plans incorporate environmental considerations, and we completed an embodied carbon project to better understand and measure the embodied carbon related to the operation and modernisation/refurbishment of our buildings. Going forward we will be working with our supply chain to reduce the levels of embodied carbon. Our acquisition framework has been updated to include environmental considerations within the pre-acquisition due diligence. A strategic priority for the Company for 2022/23 is to set out our ESG framework to allow us to build on our understanding and implementation of the climate-related risks and opportunities into our business, strategy, and financial planning in the short, medium and long-term.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	As described, we have reviewed our strategy against an "early policy" scenario aligned to 1.5-2.0 degrees of climate change, to meet the Government emissions targets in Germany, and have identified a number of climate-related risks and opportunities. The result of this review is being factored into both our ESG strategy and operational plans. We will also be undertaking a further risk and opportunity scenario for 3.0-4.0 degrees of climate change that could have a material financial impact to the Group in the current year. We have undertaken an initial physical risk assessment to 1.2 degrees of climate change. It is our intention to undertake further physical risk assessments in the current year for two degrees and lower scenarios as well as greater levels of global temperature rises. This assessment will include changes to temperatures leading to increase cooling and heating loads, changes in precipitation leading to flash flooding and physical damage to buildings from extreme weather events. Our current actions, our plans for carbon emissions reduction, our roadmap to net-zero, the greater level of physical risk assessment and our biodiversity plans will be developed to support the resilience of our business as we look to address both the physical and transitional risks of climate change and maximise the opportunities.

TCFD disclosure for year end to March 2022 continued

	TCFD disclosures
Risk management Describe the organisation's processes for identifying, assessing, managing climate-related risks and how these are integrated into the organisation's overall risk management	Sirius has policies and procedures in place for the timely identification, assessment and management of the Group's material risks and how these are integrated into the organisations overall risk management. The Group has an established risk management approach to identify, monitor, and mitigate risks, including ESG risks. These will be further developed as we progress with our ESG programme. Risk management is an integral part of the Group's business and risks are considered at every level of decision making and across all business activities. The risk framework is updated annually and is regularly reviewed by the Audit Committee. We have set out below an overview of the material climate-related transitional risks we have identified as part of our scenario process. These risks are being adopted within the current Risk Management Framework and are currently viewed on an equal risk basis. These risks will be considered further as we develop the recommendations of TCFD and our approach to climate risk and opportunities: **TRANSITIONAL RISKS** **Markets and technology** » Reduced market demand for assets without a carbon reduction plan; » New technologies (smart meters etc) become a hygiene factor. **Reputation** » Loss in confidence in management without emissions reduction/climate plan; » Challenge in attracting new tenants and talent. **Policy changes** » Increased input/operating costs due to introduction of carbon price; » Threats to licence to operate due to regulatory change. **Legal and insurance** » Higher insurance rates for buildings without green certification; » Threat of lawsuits in regard to lack of climate risk disclosure. **PHYSICAL RISKS** We also recognise the importance of physical risk assessments and will be looking to develop this further in the current financial year and will update and disclose our findings in due course. We have undertaken an initial physical risk analysis of our German assets. This covers river flood, pluvial flood, coastal storm surge and windstorm for climate change up to 1.2 degrees. In summary: » 15% of the portfolio are subject to a 0.5% chance of river flood over a 200 year return period; » 1% of the portfolio is subject to a 0.5% chance of rain related flooding over a 200 year return period and 1% is subject to a 0.2% rain related flooding over a 500 year return period; » 1% of the portfolio is subject to a 0.2% coastal storm surge over a 500 year return period; » None of the portfolio are subject to windstorm. Operationally and strategically, several mitigating actions to address these transitional and physical risks are being built into the ESG programme. These include: » Creation and development of an ESG framework and strategy including climate-related risks; » The creation of carbon emissions reduction plan leading to net-zero strategy; » The management of sustainability within the supply chain; » Development of a biodiversity strategy with complete transparency on actions and targets; » Continued monitoring of regulatory outlook; » Roll out of smart meters and other energy efficiency technologies across the asset portfolio; » Continued purchase of renewable electricity; » Continued refurbishment and modernisation of assets; » Continued development and management of the risk framework to include ESG and climate-related matters. It is our intention to undertake further physical risk assessments in the current year for further climate warming scenarios and to expand the physical risk coverage in the current year. For further details of our risk management, framework and governance, please see pages 54 to 55.

Strategic report
Governance
Financial statements

	TCFD disclosures
Metrics and targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	To date, we measure a wide range of consumption data relating to energy, water, waste, and embodied carbon. Carbon emissions is one of our main areas of focus and we report on GHG emissions, which are disclosed in the Annual Report including Scope 1, 2 and 3 emissions. As our ESG programme develops including the implementation of TCFD, we expect to be able to identify and disclose additional metrics and KPIs, in particular in relation to our net zero plans.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Detailed reporting of our energy consumption and our Scope 1, 2 and 3 carbon emissions are disclosed in our Annual Report on pages 37 to 39. We calculate our emissions in line with the Greenhouse Gas (GHG) Protocol and provide the prior year performance.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	As we develop our ESG programme and strategy, in particular as relates to our net-zero ambitions and climate-related actions, we have the ambition to set a number of challenging climate-related targets. We are in the process of building a carbon reduction plan leading to net-zero and it is our intention to announce a roadmap to net-zero for Scope 1 and Scope 2 in Germany in the current financial year, and for Scope 3 in due course. We intend to link metrics and targets to this process.

BizSpace

We are in the process of integrating BizSpace's environmental programme which remains at the early stages. As part of the integration, we have commenced a detailed assessment of the EPC ratings for the property portfolio. We are currently undertaking a review of the EPC data held by BizSpace to identify any gaps in the energy data requirements to build an accurate baseline on the current ratings. To date we have completed an EPC review on 20% of the BizSpace portfolio. We will then be in position to start to build a detailed model that will show any potential improvements to be made to each building. Once this process is completed, we can commence the implementation phase of a programme of improvements to achieve a higher rating in line with the UK Government's proposed plans for all commercial rental property to have an EPC rating of "C" by 2027 and "B" by 2030.

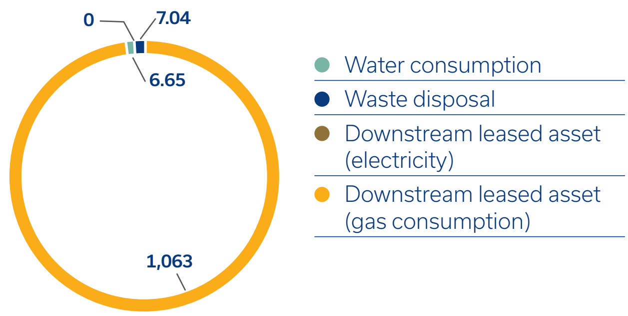
As we have mentioned previously, we will also be including the BizSpace portfolio in our future net zero pathway for the Group and we are treating the EPC review as part of the decarbonisation programme to look at emission reduction opportunities. A first step towards this is understanding BizSpace's GHG emissions and how they compare to those in Germany. This analysis is ongoing and will continue during the current year. However, based on an initial assessment of the last four months of the financial year, which is the best representative period following the acquisition, we have outlined a summary of BizSpace's GHG emissions below.

Summary – Scope emissions

Scope categorisation	Category	GHG emissions $MTCO_2$-e
Scope 1	Space Offices – Heating	9.10
Scope 2	Space Offices – Electricity	—
Scope 3	Water Consumption (Leased Locations), Waste disposal (Leased Locations), Downstream leased asset (Electricity & Heating)	1,096.57
Total		**1,105.67**

BizSpace utilises 100% renewable electricity from the grid and for the basis of this calculation we have assumed a markets based approach, so there are no emissions from purchased electricity to be accounted in the Scope 2 category. We do highlight that this assumption may change in the future as we continue the integration process. BizSpace's total GHG emissions are calculated as 1106 $MTCO_2$-e. As the table shows, the majority of the GHG emissions are classified as Scope 3 from the operational use of BizSpace's properties by tenants across the 72 sites, representing over 97% of our total emissions. In the chart below, we have broken down the emissions at the leased properties, which are directly attributed to the operational use of our assets.

Leased Locations – GHG emissions breakup ($MTCO_2$-e)



Methodology and emissions factors

The data used for the basis of calculations of emissions for the leased assets is for energy consumption from 1 December 2021 to 31 March 2022.

The area occupied by BizSpace's space offices for each site has been assumed to be 350 sq ft in order to compute the heating emission for Scope 1 Inventory & Electricity Emission for Scope 2 Inventory.

Scope 3 Emission were calculated based on Water consumption, Waste disposal, Business travel & Downstream leased assets.

We will also, in the future, integrate BizSpace's activities into our embodied carbon initiatives as well as our biodiversity programme.

SUSTAINABILITY CONTINUED

Biodiversity

At Sirius we also recognise the importance of protecting biodiversity and the natural environment and take our responsibility through the assets we own extremely seriously. Our actions to date have been based on improving biodiversity through the creation of new habitats or improving existing ones.

Across Germany we have over 500,000 sqm of green space and we are focused on protecting and enhancing these spaces. Our work is concentrated on three areas where we believe we can have a direct and positive impact – trees, flowers and bees.

There are currently 9,000 trees on Sirius properties, which we care for and protect. In addition to our work on our own properties, we recognise the significant role trees play in the global ecosystem as suppliers of oxygen, capturers of CO_2, protectors of the water supply and against soil erosion and providers of habitat. Through a partnership with Tree Nation, we created a Sirius corporate forest which supports various reforestation projects around the world and set a target to plant 10,000 trees by the end of the financial year to March 2022. In recognition of our own impact on the planet, we agreed to plant a tree for every employee anniversary, conclusion of a new rental agreement, completion of a tenant questionnaire in our surveys, and participant meeting in a Sirius conference centre. A total of 10,458 trees were planted in the year, accounting for 1,129.5 tonnes of carbon dioxide being absorbed through reforestation projects covering the Amazon, Kenya, Madagascar, Tanzania, Nepal and Spain.

Our work with the natural habitat also looks at expanding the diversity of our green spaces. We have identified over 30,000 sqm of green space that were previously lawns which are being converted into natural wildflower meadows. To date, 21,559 sqm have already been converted during the year, with the remainder to be completed in 2022. This is part of our plan to create spaces for pollinators and insects through a seed mix developed for use in urban areas, producing meadows that are both a protective habitat and food supply for insects and smaller animals.

Our work on our green spaces links to the third strand of our biodiversity programme which is the protection and promotion of bees. Working with Hektar Nektar, Sirius has sponsored ten bee colonies that have been placed in the most suitable habitats and are taken care of by beekeepers across Germany, with a further ten hives added post year end in April 2022. It is estimated that we have already enabled the bee population in these hives to have increased to 1,000,000 bees since the project commenced as of April 2022. This is part of our co-operation with Hektar Nektar to increase the overall bee population in Austria and Germany by 10% by 2028.

PROJEKT 028 2028 WIR SIND DABEI!

People

Our people are central to our success, and we work hard to ensure that they feel valued and included in the development of our business and as we execute on our strategy. Despite the continued disruption from Covid-19 that we faced throughout the year, with the need for many people to adapt their working patterns, we managed to build on the foundations of our strong culture, purpose and values. This year, we have also had the opportunity of welcoming the BizSpace team to the wider Group and we look forward to working as one team to unlock opportunities in the UK and Germany.

Our annual employee survey was undertaken in May 2021 and shows the results of our efforts. The survey continues to be an important instrument for us to measure our progress and engagement with our colleagues. We had a very strong response rate of 86.5% and the leadership of the Company received praise with over 77% of employees showing strong approval, and 75% of employees also stating they feel valued by their managers, which is a testament to our culture. Almost 80% of our colleagues also found that positive changes have been implemented since the last survey, which we are proud of considering the challenges we have all faced during the Covid-19 pandemic. We followed up the survey with a series of CEO Forums across Berlin and the regions to ensure our employees were fully briefed and part of the feedback and findings process.

Values, behaviours and competencies

Last year, we defined the values which we believe have been, and will be, integral in shaping our success. Our values drive the culture and behaviour that enable us to implement our strategy and achieve our purpose. This year, one of our main priorities has been to bring our Sirius values to life. We have translated the values into competencies and behaviours to support our employees in understanding and adapting them into their day-to-day working lives. We have commenced the roll-out of the values throughout the business with in-person and virtual sessions, and embedding them into our existing processes including training, recruitment and onboarding and introducing our annual values champion recognition and award scheme.

We started the roll-out with our Board and our senior managers, recognising that change must be led from the top. Through an inclusive engagement programme involving our senior team and a small group of volunteers, we are currently extending our programme to all members of staff, which we have targeted to be completed by June 2022. We will review our progress during our annual employee survey which will again be undertaken this summer.

These values are also transferable, and we have started, with success, to embed our purpose and values into the BizSpace operation, with the necessary behaviours and competency work being completed during the remainder of 2022. It is very encouraging to note the similarities in both the purpose and values held by the two businesses and the integration is progressing in line with expectations.

Sirius core values

Humility	» Value openness and inclusivity, and be curious about ideas, opinions and experiences » Seek, provide and encourage honest feedback and discussion » Be hungry to listen and learn from others
Integrity	» Act responsibly, take personal accountability for our actions and commit to the success of the team » Demonstrate respect towards others at all times and maintain professionalism in everything we do
Adaptability	» Be agile, ready to tackle new challenges when they arise and grasp new opportunities » Value flexibility in the way we work and respond to customer needs » Be open to change, encourage innovation and be relentless about looking for ways to adapt and improve
Industriousness	» Work hard and smart, and show determination to find solutions and achieve results » Pursue excellence, and define success as doing the right thing, well

Diversity and inclusion

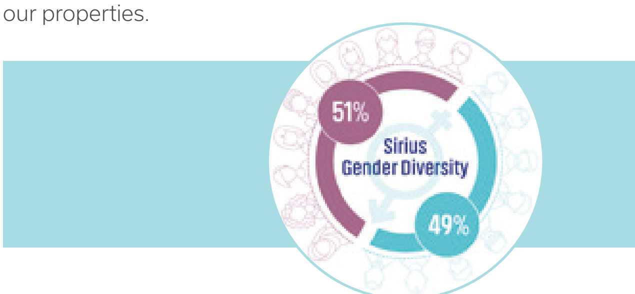
This year, our focus has been on continuing to evolve our approach to diversity and inclusion ("D&I"), driven by the work of our diversity committee and diversity ambassadors. D&I is at the core of our employee value proposition as we work to promote diversity, prevent discrimination and create equal opportunities. We do this through numerous programmes and initiatives throughout our Company.

We have focused on the overall employee experience at each stage of the employment life cycle at Sirius. This was done in partnership with a group of diverse employees who shared their experiences and ideas for further evolving D&I. Priorities have included a review of policies and procedures to ensure they are D&I compliant as well as an increased focus on mentorship.

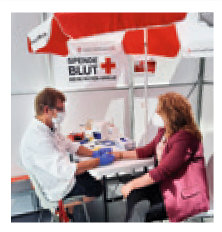
We are also linking all of our D&I work to the Sirius values and competencies which, as we have described in this report, are being rolled out across our business, and will also be embedded into BizSpace in the next financial year.

Our colleagues are reflective of our commitment to diversity and inclusion, with 37 nationalities represented across a range of ages of 20 to 64. We also have a near 50:50 gender balance across the business with 51% female and 49% male employees. Looking at gender balance in leadership positions, a woman holds every third leadership position (34%). We are pleased to see our efforts are being recognised, with Sirius receiving a score of 74 out of 100 by the Women's Career Index (FKi – Frauen Karriere Index), which benchmarks companies that support the advancement of women and promote diversity.

This year, we maintained our support for LGBTQ+ employees through our membership of the LGBTQ Great, a global membership organisation that specialises in developing diversity and inclusion within the workplace. This follows our signing of the European Commission's Diversity Charter for Germany, of which we have been a signatory since 2014, which covers all dimensions of diversity including sexual orientation and gender identity. Other initiatives in the year include the introduction of non-binary bathrooms in head office and across our properties.



SUSTAINABILITY CONTINUED



Health and wellbeing

Health and wellbeing have always been key priorities for us and remain at the heart of our engagement with our colleagues, in particular in the context of how the Covid-19 pandemic has shifted the way in which we work. A focus on mental and physical health and the emphasis on work–life balance has become central to our employee wellbeing programmes.

We are pleased we have been able to support our colleagues with flexible working hours and continue to review our flexible working arrangements. We also provide training opportunities in mental health aspects such as dealing with change, time management and communication. We also recognise that physical health is as important as mental health and we offer access to fitness facilities and weekly yoga sessions, as well as group events related to running, volleyball and more, which have the added benefit of supporting and creating a positive team dynamic.

The implications of the Covid-19 pandemic have also influenced how we supported and engaged with our colleagues. This year we continued to provide rapid antigen tests, personal protective equipment and hand disinfectant at all of our sites and hygiene measures have remained in place to ensure our colleagues could work safely. We also worked hard to ensure they were kept up to date with regular communication from HR on the pandemic, precautionary measures and the relevant legal requirements.

Our health and safety focus is also reflected in our extensive training programme with instructions on fire protection and occupational safety included. We also provided first aid training for a total of 103 employees in the year.

Training and development

Our training and development programme is central to our engagement with our employees, and a core part of our commitment to providing a positive environment in which they can grow and develop their interests and careers. We recognise that training and career development opportunities are important for our employees, as was also flagged in our annual employee survey. We have invested €146,046 in employee training in this financial year, representing 996 days of training across the Company (up from 644 in the year to March 2021). We will continue to explore ways to extend and grow our programme.

The training and development programme covers a wide range of subjects and disciplines. Some topics are mandatory for all our employees to support our governance efforts, including anti-bribery and corruption, modern slavery, anti-discrimination training and data protection. This year our competencies and behaviours roll-out has also featured in the training programme, with which we aim to reach all of our employees in the current year.

We also strongly encourage our employees to explore their interests and talents, either through seeking new degrees and qualifications, or through engaging with our training platform, the Sirius Academy. The Sirius Academy enables knowledge sharing across our Company, with employees offering seminars and workshops based on their area of expertise. In addition to providing cross-functional and divisional insight into how Sirius works and what our colleagues do, it also enables an exchange of ideas and helps promote our collaborative culture. Some of the topics covered this year have included self-defence for women, fundamentals of real estate law and communication with tenants.

Engagement

Our annual employee survey, and the accompanying CEO Forums which follow, is the centrepiece of our employee engagement, and allows us to benchmark our activities and engagement. We intend on extending the employee survey to also include the BizSpace team as of June 2022, so that all employee opinions are considered as we develop our strategy and engagement programmes. Just as important as this is the day-to-day interaction across our business and ensuring there are mechanisms in place for us to gather insight and feedback, such as our annual survey. Engagement is particularly important to us, given our wider goal for all of our employees to be able to participate more in the success of Sirius through ownership. Currently 101 of our colleagues, representing 35% of the workforce, are shareholders.

While people are core to our business success, we also continue to develop our approach to creating a positive social impact, both inside and outside the Company, which also includes working with our tenants. In June 2021, we conducted a tenant survey in which 4,820 of our tenants took part with representatives from our top 50 by revenue, as well as SME office, SME warehouse, First Choice Business Centre ("FCBC") and self-storage. In addition to operational issues such as quality of service, cleanliness and reliability, we also explored our engagement, Covid-19 and wider sustainability issues including waste management, emissions reduction and biodiversity. We were pleased to see that our tenants recognised our efforts and the support we provide on a day-to-day basis and in recognition of the pandemic.

Community

As part of our ambitions to have an overall positive impact on the planet and society, we recognise the importance of effective community engagement, understanding local needs and adapting our approach and business activities, including acquisition and development projects, to minimise any potential negative impact on local communities.

We also express our care through various charitable initiatives. In addition to involving our colleagues in our engagement with charities and donations, including sporting events and fundraising initiatives, we also contribute to our local communities at a business level. During the year we have supported a number of different organisations including educational non-profit A Bleistift FOR EVERYONE, the Berlin City Mission, which engages in social work projects across the city, and local community shelters in Berlin. We also regularly encourage our employees to participate in the "Post mit Herz" campaign and send letters or postcards to those lonely or isolated in nursing homes, hospitals or hospices. Sirius has also been involved in the "Christmas in a Shoebox" campaign since 2018, and this year, in collaboration with our tenants and employees, filled 119 shoeboxes together.

Beyond ongoing donations, we also take action when local needs arise. Against the backdrop of the flood disaster in Ahrweiler in July 2021, Sirius called on its employees to participate in a fundraising campaign and immediately offered its help to Caritasverband Düsseldorf e.V. by making storage space available.

Ethical

As we have communicated, our purpose is to "empower business and unlock potential". This includes conducting our business in an honest and ethical manner. How we behave to our employees and all our stakeholders is core to our business growth and clearly represented through our purpose, values and culture. At the centre of our ethics is how we govern and manage our Company through the Board and our Sustainability and Ethics Committee and throughout the organisation, as well as the policies we promote and live by and the relationships and transparency we maintain with our stakeholders.

We have a clear set of policies that are available to all our external stakeholders and promoted to all employees via the employee handbook, our monthly impact newsletter and the training and development programme. A summary of our policies follows, and they are available in full directly from our Company Secretary and from our website. These policies have been actively overseen and reviewed by the Board, the Sustainability and Ethics Committee and the asset management team during the year.

Code of Conduct

All of our employees in Germany receive training on the General Equality of Treatment Act (Allgemeines Gleichbehandlungsgesetz) and how to adhere to the Sirius Code of Conduct which explains the expectations of everyone working for the Group, in terms of responsibility to each other and to our business partners and stakeholders. Our Code of Conduct also carries clear statements on modern slavery, which is also included in all our contracts with our suppliers.

Modern slavery

Sirius is committed to identifying and tackling the potential exploitation of vulnerable workers within the Group and our supply chain. Sirius has adopted a risk-based approach and continually assesses the adequacy of the anti-slavery measures to provide assurance that we are leveraging our influence to the greatest effect. The Modern Slavery Statement was republished on 31 March 2022. We have found no instances of modern slavery within the Group or across our supply chain in this financial year, nor over the last three years.

Anti-bribery and Corruption Policy

We uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we conduct business. We take a zero tolerance to all forms of bribery and corruption, and we are committed to maintaining proportionate, risk-based procedures designed to prevent persons associated with our business from undertaking such conduct. The Anti-bribery and Corruption Policy, training and procedure are now embedded across the Group and there have been no material cases to date.

Anti-discrimination and Diversity Policy

We value diversity in our structure, ways of working and ways of thinking. We fully recognise that diversity means a wealth of ideas, creativity, enrichment and growth. Differences in terms of origin, gender, age, sexual orientation, religion or ideology are met with the highest acceptance and appreciation. We expressly declare that we will not discriminate against any person on the grounds of origin, gender, religious belief, disability, age, sexual orientation and identity, or other physical characteristics. We want to promote diversity, prevent unequal treatment and create equal opportunities. We have a "zero tolerance policy" against discrimination and unequal treatment.

Supplier Code of Conduct

We see ourselves as a business partner with integrity, reliability and a sense of responsibility. We endeavour to make sure that our actions are held to the highest quality standards, and we expect our trade and business partners to be subject to the same standards. We believe our responsibility can only be sustainable if our business partners share and are compliant with the requirements of our guidelines. Our Supplier Code of Conduct is based on the United Nations Global Compact ("UNGC"), the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights ("UDHR").

Health and Wellbeing Policy

We are responsible for ensuring that the health of our employees does not suffer as a result of the work they are required to conduct or the working conditions they are required to work in. We are very much aware of this responsibility and take measures to preserve, protect and strengthen both the physical and mental health of our employees.

Sustainability Policy

We are committed to operating in a sustainable and economically responsible way and look to achieve that through governance, social and environmental policies. These are deeply embedded in the management of the Company and ensure the highest standards of business conduct. Our actions are shown through our sustainability framework and our continuing development of our ESG programme.

Whistleblowing Policy

We are committed to the highest standards of openness, integrity and accountability and we do everything possible to prevent and deter misconduct and violations of law within the Company. We have an "Open Door Policy" and a tailored email address to make it as easy as possible for employees as well as persons who are in contact with Sirius on all business levels to be able to report possible misconduct without being exposed to the risk of having to fear disadvantages in their professional or private life. There have been no instances of whistleblowing within the Group or across our stakeholders during this financial year, nor over the last three years.

Cyber Security Policy

Sirius prioritises cyber security and resilience with representation at Board level. We are continuously assessing our risks and working to mitigate current and emerging threats, with risk and vulnerability management life cycles integrated into our cyber practices. External supply chain risks are also carefully managed and mitigated. Internal cyber training is given to all Sirius employees, including the Sirius Senior Management Team, and tested annually.

There is a comprehensive Information Security Management System ("ISMS") in place supported by the Company's Information Security Policies. These policies are mapped to the UK Government's Cyber Essentials scheme and comply with the UK Government's National Cyber Security Centre ("NCSC") guidance and best practices. Compliance with both EU and UK versions of GDPR is also constantly reviewed and assured. The last audit of cyber security was undertaken by a CREST accredited company in December 2021.

There is operational responsibility through the IT Committee, which meets regularly and reports quarterly to the Board. We have had zero instances of an information security breach during this financial year and over the last three years.

CYBER ESSENTIALS CERTIFIED

FINANCIAL REVIEW

Strong profits and total shareholder accounting return in transformational year

Diarmuid Kelly
Chief Financial Officer

"Sirius has delivered another strong return for shareholders through a combination of continued organic and acquisitive growth in Germany, the acquisition of BizSpace in the UK and the issuance of €700 million in corporate bonds."

Strong trading, growth and diversification

The Company delivered profit before tax of €168.9 million for the year ended 31 March 2022 representing a 3.2% increase on the prior year. Despite markets and our tenants continuing to be affected by the lingering effects of the Covid-19 pandemic, the Company recorded a transformative year in which it achieved significant organic and acquisitive growth and issued its first corporate bonds. In addition, the Company completed the acquisition of BizSpace in November 2021 representing the first significant corporate transaction in the Company's history and its first entry into a new market outside of Germany.

Total funds from operations(1) ("FFO"), which is the key measure used by Sirius for operational performance, increased by 22.5% to €74.6 million, which drove a 19.7% increase in the dividend for the six months ended 31 March 2022. The increase in adjusted net asset value per share(2) combined with dividends paid in the period resulted in a total accounting return of 20.0% (31 March 2021: 19.5%).

Trading performance and earnings

As mentioned above, the Company reported a profit before tax in the year ended 31 March 2022 of €168.9 million (31 March 2021: €163.7 million), representing an increase of 3.2%. FFO increased by 22.5% to €74.6 million (31 March 2021: €60.9 million) with BizSpace contributing €5.8 million in respect of the 4.5 months of ownership following the completion of the acquisition on 15 November 2021. Along with the impact from BizSpace, the increase in FFO came from a combination of strong organic growth within the existing portfolio in Germany together with a modest contribution from assets acquired in the period.

Further detail on the Company's financial performance and contribution from BizSpace in the year ended 31 March 2022 is set out below.

	Germany €m	UK €m	Group €m
Net operating income	109.1	13.4	122.5
Funds from operations	68.8	5.8	74.6
Profit after tax	138.7	9.3	148.0

(1) Refer to note 29 in the Annual Report and Accounts 2022.

(2) Refer to Glossary of terms of the Annual Report and Accounts 2022.

The organic growth within Germany came predominantly from another strong improvement in like-for-like annualised rent roll which increased by 6.4% and was supported by a combination of ongoing capex investment programmes, contracted escalations, uplifts on renewals and other asset management initiatives. Following completion of the acquisition of BizSpace, the Company starts the new financial year with annualised rent roll of €167.0 million.

Whilst the Company's basic and diluted earnings per share figures were impacted by one-off costs relating to the acquisition of BizSpace and refinancing activity, significant growth was recorded in adjusted earnings, basic EPRA earnings and diluted EPRA earnings. The impact of costs relating to the repayment of secured debt facilities using proceeds from the corporate bond issuances, the BizSpace acquisition and write off of the related goodwill resulted in a 4.8% decrease in basic EPS to 13.48c per share. Adjusted EPS, Basic EPRA EPS and Diluted EPRA EPS which exclude the impact of the one-off effects described above, increased by approximately 15.6%, 14.4% and 14.5% respectively reflecting the strong operational performance in the year.

	Earnings €000	No. of shares	**31 March 2022 cents per share**	Earnings €000	No. of shares	**31 March 2021 cents per share**	Change %
Basic EPS	147,873	1,097,082,162	**13.48**	147,451	1,040,956,722	**14.16**	(4.8)
Diluted EPS	147,873	1,112,360,781	**13.29**	147,451	1,056,541,472	**13.96**	(4.7)
Adjusted EPS*	71,125	1,097,082,162	**6.48**	58,400	1,040,956,722	**5.61**	15.6
Basic EPRA EPS	70,695	1,097,082,162	**6.44**	58,633	1,040,956,722	**5.63**	14.4
Diluted EPRA EPS	70,695	1,112,360,781	**6.36**	58,633	1,056,541,722	**5.55**	14.5

* See note 12 and the Business analysis section of the Annual Report and Accounts 2022.

Total revenue, which comprises rent, fee income relating to Titanium, other income from investment properties, and service charge income, increased from €165.4 million to €210.2 million in the period. Annualised rent roll in Germany increased by 17.8% from €96.5 million to €113.7 million with acquisitions contributing €11.0 million with organic growth contributing €6.2 million. The acquisition of BizSpace resulted in rent roll increasing by €49.6 million with organic growth since the date of completion contributing an additional €3.7 million in annualised rent roll.

	Germany €m	**UK* €m**	**Group €m**
Opening annualised rent roll	**96.5****	**—**	**96.5**
BizSpace acquisition	**—**	**49.6**	**49.6**
Additions	**11.0**	**—**	**11.0**
Move-ins/outs	**3.3**	**1.6**	**4.9**
Uplifts	**2.9**	**2.1**	**5.0**
Closing annualised rent roll	**113.7**	**53.3**	**167.0**

* Translated at GBP:EUR rate (1.18) as of 31 March 2022.

** Annualised rent roll €96.5 million when excluding the expected move-out in the first half of the March 2022 financial year relating to the Fellbach II acquisition which completed in March 2021.

Looking forward, notwithstanding the ongoing potential impact of Covid-19 and the conflict in Ukraine, the Company is confident that through the continuation of its capex investment programmes and wide range of other intensive asset management initiatives, it will continue to grow FFO organically in the new financial year.

Furthermore, following the Company's financing activity detailed within this report, the Company considers itself to have a strong balance sheet and the financial capability to continue its acquisitive strategy across the markets in which it operates as and when the right opportunities present themselves.

BizSpace

The Company was pleased to complete the acquisition of BizSpace in November 2021 for a cash consideration of approximately £245.0 million, based on an enterprise value of £380.0 million and representing a 7.1% net operating yield. The Company funded the transaction by stepping into the BizSpace existing financial debt amounting to approximately £146.0 million, raising £137.0 million through a successful equity raise that resulted in 105 million shares being issued and utilising existing cash resources. Following completion, the Company repaid the existing debt within BizSpace using proceeds generated from its second corporate bond issuance.

As a leading provider of regional flexible workspace across the UK, BizSpace has provided Sirius with an opportunity to diversify geographically at scale through the single acquisition of an established platform. The transaction provides a number of organic growth opportunities, overlaid with meaningful operational and financial synergies which the Company continues to realise through its ongoing integration efforts.

Within the 4.5 month period of ownership trading has been strong with like-for-like annualised rent roll increasing by 7.6% from £41.9 million to £45.1 million. Over the same period, occupancy increased to 90.5% (excluding Ipswich which is unoccupied) from 88.7% whilst like-for-like average rate per sq ft has increased by 6.5% from £10.98 per sq ft to £11.69 per sq ft, highlighting the opportunity to capture the strong growth seen in rental pricing in the UK industrial property market. For further detail please see the Asset management review – UK section on page 34 of this report.

Sirius has also converted the UK business into a UK Real Estate Investment Trust ("REIT") with effect from 1 April 2022, resulting in BizSpace no longer being subject to UK corporation tax on income from its property rental business, as well as on profits on disposals of assets.

FINANCIAL REVIEW CONTINUED

Portfolio valuation – Group

The portfolio of owned assets was independently valued at €2,079.0 million by Cushman & Wakefield LLP at 31 March 2022 (31 March 2021: €1,350.8 million), which converts to a book value of €2,100.0 million after the adjustments in relation to lease incentives and inclusion of leased investment property. A breakdown of the movement in owned and leased investment property, excluding assets held for sale, is detailed in the table below.

	German investment property – owned €000	German investment property – leased €000	UK investment property – owned €000	UK investment property – leased €000	Investment property – total €000
Investment properties at book value as at 31 March 2021*	1,347,167	15,025	–	–	1,362,192
Acquisitions arising from business combinations	–	–	408,923	12,182	421,105
Additions relating to owned investment properties	162,844	–	–	–	162,844
Additions relating to leased investment properties	–	2,587	–	779	3,366
Capex investment and capitalised broker fees	20,464	–	2,143	–	22,607
Reclassified as investment property held for sale	(13,739)	–			(13,739)
Disposal	–	–	(1,808)	–	(1,808)
Surplus on revaluation above capex investment and broker fees	106,982	–	40,035	–	147,017
Deficit on revaluation relating to leased investment properties	–	(5,548)	–	(24)	(5,572)
Adjustment in respect of lease incentives	(561)	–	–	–	(561)
Currency effects	–	–	2,476	77	2,553
Investment properties at book value as at 31 March 2022*	**1,623,157**	**12,064**	**451,769**	**13,014**	**2,100,004**

* Excluding assets held for sale.

The movement in owned investment property relating to the German portfolio of €276.0 million was made up of €162.8 million of asset acquisitions, €13.7 million of disposals, a €107.0 million valuation uplift, capital expenditure of €20.5 million and a €0.6 million adjustment in respect of lease incentives.

The movement in owned investment property relating to the 4.5 month period of ownership of the UK portfolio of €42.8 million was made up of a €1.8 million of disposals, a €2.5 million foreign currency effect, a €40.0 million valuation uplift and capital expenditure of €2.1 million.

In accordance with IFRS 16, the Group recognises leased investment properties amounting to €12.1 million relating to the German portfolio and €13.0 million relating to the UK portfolio which meet the definition of investment property. Accordingly, an expense of €5.6 million representing the fair value adjustment in the year was recorded in the income statement. During the year under review the Group extended a lease on an asset in Germany meeting the definition of investment property resulting in an increase in the carrying value of €2.6 million.

The total valuation gain recorded in the income statement of €140.9 million includes movements relating to both owned and leased investment property and is stated net of capex investment, broker fees and adjustments in respect of lease incentives.

Portfolio valuation – Germany

Focusing on the like-for-like portfolio that was owned for the full period, the book value of these assets increased by €127.2 million or 9.4% from €1,347.2 million to €1,474.4 million. The increase in book value for the period was predominantly driven by an increase in annualised rent roll of €6.2 million and approximately 20 bps of gross yield compression. The assets that were acquired during the year end were revalued at only €0.2 million below the total acquisition costs paid, which is 7.1% above the property purchase prices paid.

The portfolio of owned properties comprised 69 assets at 31 March 2022 and the reconciliation of book value to the independent Cushman & Wakefield LLP valuation is as follows:

	31 March 2022 €m	31 March 2021 €m
Investment properties at market value*	**1,627.3**	1,350.8
Adjustment in respect of lease incentives	**(4.1)**	(3.6)
Book value of investment properties as at 31 March 2022*	**1,623.2**	1,347.2

* Excluding assets held for sale.

The 31 March 2022 book value of owned investment properties of €1,623.2 million represents an average gross yield of 6.9% (31 March 2021: 7.2%), which translates to a net yield of 6.2% (31 March 2021: 6.5%) and an EPRA net yield (including estimated purchaser costs) of 5.9% (31 March 2021: 6.1%).

Despite yields continuing to tighten, the average gross yield of the German portfolio of 6.9% still appears conservative when compared to transactions that have completed over the last year in the industrial, logistics and office sectors in Germany but also in part reflects the work yet to be done in transforming more recently acquired assets.

As a result of acquisitive growth, 67% of the German portfolio represents value-add assets which, with average occupancy of 80.8% and valued at a gross yield of 7.3%, provide significant opportunity for further earnings and value growth. The mature assets which make up about one-third of the German portfolio have reached an occupancy level of 95.5% and, at a gross yield of 6.1%, are valued at a yield that is 120 bps lower than the value-add assets. As the transformation of the value-add assets continues, the yield gap between the mature and value-add assets is expected to reduce.

	Annualised rent roll €m	Book value €m	NOI €m	Capital value €m/sqm*	Gross yield* %	Net yield* %	Vacant space sqm*	Rate psqm €*	Occupancy %*
Value-add assets**	79.9	1,089.6	69.6	804	7.3%	6.4%	252,430	6.27	80.8%
Mature assets	32.6	533.5	32.0	1,156	6.1%	6.0%	19,786	6.44	95.5%
Other	—	—	(1.1)	—	—	—	—	—	—
Total	112.5	1,623.2	100.5	893	6.9%	6.2%	272,216	6.31	84.2%

* Expressed as averages.

** Excluding assets held for sale.

The average capital value per sqm of the entire portfolio of €893 (31 March 2021: €863) remains well below replacement cost and illustrates the excellent opportunity for further growth from upgrading and letting up the sub-optimal vacant space through the Company's capex investment programmes. This remains a major competitive advantage for Sirius and is one of the main reasons that its business model is able to produce higher returns with lower risk than the typical operator of light industrial and office business parks in Germany in all market conditions. The full details of the capex investment programmes are provided in the Asset management review – Germany section of this report.

Portfolio valuation – UK

Since the acquisition of BizSpace on 15 November 2021 the book value of the UK portfolio has increased by £36.7 million or 10.6% from £345.5 million to £382.2 million. Encouragingly, the significant increase in book value was primarily driven by strong annualised rent roll growth amounting to £3.2 million or 7.6% in the 4.5 month period of ownership together with some yield compression.

The 31 March 2022 book value of owned properties of £382.2 million represents an average gross yield of 11.8% (15 November 2021: 12.1%), which translates into a net yield of 8.0% (15 November 2021: 8.0%) and an EPRA net yield (including estimated purchaser costs) of 7.5%. Despite yields continuing to tighten as a result of increased demand and limited supply, the average gross yield of the UK portfolio of 11.8% still appears conservative when compared to transactions that have completed over the last year in the light industrial, mixed-use and office sectors in the UK.

	Annualised rent roll £m	Book value £m	NOI £m*	Capital value £m/sq ft	Gross yield %	Net yield %	Vacant space sq ft	Rate psqft £	Occupancy** %
UK portfolio	45.1	382.2	30.5	88	11.8%	8.0%	406,132	11.69	90.5%

* Based on the 4.5 months from 15 November 2021 to 31 March 2022 annualised.

** Excluding the Ipswich asset, which is unoccupied.

As set out above, the average capital value per sq ft of the UK portfolio remains well below replacement cost at £88 per sq ft (15 November 2021: £79 per sq ft). Similarly, with 406,132 sq ft of vacant space and an undemanding average rate of £11.69 per sq ft significant opportunity exists for the UK operating platform to increase rental and capital values further.

FINANCIAL REVIEW CONTINUED

Net asset value

The valuation increases along with profit retention resulted in an increase in net asset value per share to 102.04c at 31 March 2022, an uplift of 15.5% from 88.31c as at 31 March 2021. Similarly, the adjusted net asset value[1] per share increased to 108.51c at 31 March 2022, an uplift of 15.7% from 93.79c as at 31 March 2021. In addition, the Company paid out 4.02c per share of dividends during the financial year which contributed to a total shareholder accounting return (adjusted NAV growth plus dividends paid) of 20.0% (31 March 2021: 19.5%). The movement in NAV per share is explained in the following table:

	Cents per share
NAV per share as at 31 March 2021	88.31
Recurring profit after tax	6.10
Equity raise	5.26
Surplus on revaluation	12.55
Deferred tax charge	(1.27)
Scrip and cash dividend paid	(3.76)
Adjusting items	(5.15)*
****NAV per share at 31 March 2022**	**102.04**
Deferred tax and derivatives	6.47
Adjusted NAV per share at 31 March 2022(1)	**108.51**
EPRA adjustments(2)	(1.23)
EPRA NTA per share at 31 March 2022(1)	**107.28**

* Adjusting items includes non-recurring items including restructuring costs, share of profit in associates, gains and losses on investments, and foreign currency effects.

(1) Excludes the provisions for deferred tax and derivative financial instruments.

(2) See Annex for further details.

The EPRA NTA per share, which, like adjusted NAV per share, excludes the provisions for deferred tax and fair value of derivative financial instruments but also includes the potential impact of shares issued in relation to the Company's long-term incentive programmes and excludes intangible assets, was 107.28c, an increase of 16.2% from 92.29c as at 31 March 2021.

Financing

As communicated last year to shareholders the Company had been assessing opportunities to optimise its funding structure to support its future growth ambitions. The Company's inaugural bond issuance in June 2021 followed the award of a BBB stable investment grade credit rating from Fitch in May 2021. Bonds totalling €400.0 million were issued attracting a coupon of 1.125% with a maturity date of June 2026. In November 2021 the Company issued bonds amounting to €300.0 million attracting a coupon of 1.75% with a maturity date of November 2028.

The bond issuances coupled with the repayment of €340.2 million of existing secured debt, inclusive of €169.6 million that the Company stepped into and subsequently repaid as part of the BizSpace transaction, has transformed the Company's balance sheet and provided it with several benefits including:

» financial capacity to fund acquisitions and other investment opportunities;

» reduction in the Group's weighted average cost of debt to 1.4% (31 March 2021: 1.5%);

» increase in the Group's weighted average term of debt to 4.3 years (31 March 2021: 2.7 years); and

» increase in the number of unencumbered assets to 127, with a book value of €1.6 billion.

Following the bond issuances and related secured debt repayments, the Group holds total debt amounting to €995.6 million, of which €750.0 million (or 75%) is unsecured (31 March 2021: 11%). The transformation of the Group's financing arrangements is expected to have a positive impact on earnings, facilitate asset recycling and reduce annual amortisation payments.

Net LTV, which excludes restricted cash balances, was 41.6% (31 March 2021: 31.4%) whilst interest cover at EBITDA level was 7.3x as at 31 March 2022 (31 March 2021: 9.9x). All covenants were complied with in full during the period. A summary of the movement in the Group's debt is set out below:

Movement in debt

	€000
Total debt as at 31 March 2021	472,032
Bond issuances	700,000
Draw down of credit facility	50
Repayment of credit facility	(50)
Repayment of secured facilities	(170,709)
Assumed BizSpace debt	169,500
Repayment of BizSpace debt	(169,500)
Scheduled amortisation	(5,766)
Total debt as at 31 March 2022	**995,557**

Dividend

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share, representing a pay-out of 65% of FFO and an increase of 19.7% on the equivalent dividend last year which was also based on 65% of FFO. The total dividend in respect of the financial year is 4.41c, an increase of 16.1% on the 3.80c total dividend paid in respect of the financial year ended 31 March 2021.

The table below shows the dividends paid and full year pay-out ratios over the last five years, demonstrating the manner in which the Board chose to increase the dividend pay-out ratio in previous years in order to maintain positive dividend trajectory whilst the proceeds of asset disposals were invested.

	First half dividend per share cents	Second half dividend per share cents	Total dividend per share cents	Blended pay-out ratio % of FFO
Year ended March 2018	1.56	1.60	3.16	75%
Year ended March 2019	1.63	1.73	3.36	70%
Year ended March 2020*	1.77	1.80	3.57	66%
Year ended March 2021	1.82	1.98	3.80	65%
Year ended March 2022	**2.04**	**2.37**	**4.41**	**65%**

* First half 67%, second half 65% of FFO.

It is expected that, for the dividend authorised in respect of the six-month period ended 31 March 2022, the ex-dividend date will be 6 July 2022 for shareholders on the South African register and 7 July 2022 for shareholders on the UK register. The last day to trade is the day prior to the ex-dividend date, 5 July 2022 and 6 July 2022 for shareholders on the South African and UK register respectively. It is further expected that for shareholders on both registers the record date will be 8 July 2022 and the dividend will be paid on 18 August 2022. A detailed dividend announcement will be made on 20 June 2022, including details of a scrip dividend alternative. At the date of the results announcement relating to the year to 31 March 2022, the number of ordinary shares in issue was 1,172,160,992.

Summary

Despite challenging market conditions, the year to 31 March 2022 proved transformational for Sirius as the Company recorded strong trading results whilst growing acquisitively, issuing two corporate bonds and entering the UK market. Whilst one off costs and the write off of goodwill impacted earnings the Group has delivered significant increases in income and valuations while maintaining high cash collection rates. Organic growth in annualised rent roll, further improvements to service charge recovery and the impact of the BizSpace acquisition were the primary drivers behind the Group's increase in FFO and dividend. With ten assets acquired or notarised in Germany in the year under review the Company expects a greater impact from these assets on earnings in the new financial year whilst the positive trading trajectory of BizSpace provides further income growth opportunities, with considerable further trading flexibility and tax benefits arising from the conversion of BizSpace to a REIT.

The Company remains focused on maximising the capability of its internal operating platforms to continue to deliver attractive risk-adjusted returns through active asset management. Looking forward the Company will take a well-balanced and measured approach whilst trading through what continue to be uncertain times. Despite positive developments over recent months, the recovery from the Covid-19 pandemic continues to present challenges whilst the economic, political and human fallout from the ongoing conflict in Ukraine is yet to be fully understood. Growing concerns about inflation, particularly that in relation to utilities and expected interest rate increases, will no doubt create challenges; however, following the successful bond issuances during the year under review the Company's financial profile has never been stronger whilst its internal operating platform has proven itself to be well capable of adapting to changing market conditions. With acquisition firepower available, further vacancy to develop and reversion potential to capture, as well as a defensively positioned portfolio, the Company is well set to meet the challenges ahead and looks forward to continuing to deliver attractive and sustainable returns for shareholders in the future.

Diarmuid Kelly
Chief Financial Officer
10 June 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Managing our risks

Sirius has policies and procedures in place for the timely identification, assessment and prioritisation of the Group's material risks and uncertainties. This section describes how these risks are identified, managed and mitigated appropriately in order to deliver the Group's strategic objectives.

Risk management framework

The Group has an established risk management approach to identify, monitor and mitigate risks. The Sirius Board has overall responsibility for risk management and is of the view that understanding and mitigating key risks is crucial to achieving the Group's strategic objectives and long-term success. As such, a risk-based approach is taken on all major decision making and strategic initiatives.

Risk management is an integral part of the Group's business and risks are considered at every level of decision making and across all business activities. A risk management framework is in place to ensure that risks are identified and mitigated in order to significantly increase the chances of being able to achieve the Group's objectives of creating and sustaining shareholder value.

A detailed and extensive risk register is maintained that documents risks and related mitigating controls and sets out the frequency with which the risks are reviewed and by whom. The process supporting the risk register includes detailed annual evaluations performed by subject matter experts within the Group.

The principal risks are determined, assessed and catalogued according to their likelihood of occurring and potential impact on the business.

Finally, the risk register documents the controls in place that exist to mitigate the particular risk.

The Audit Committee takes responsibility for the review of the risk management methodology and the effectiveness of internal controls and the Board reviews the risk register on an annual basis.

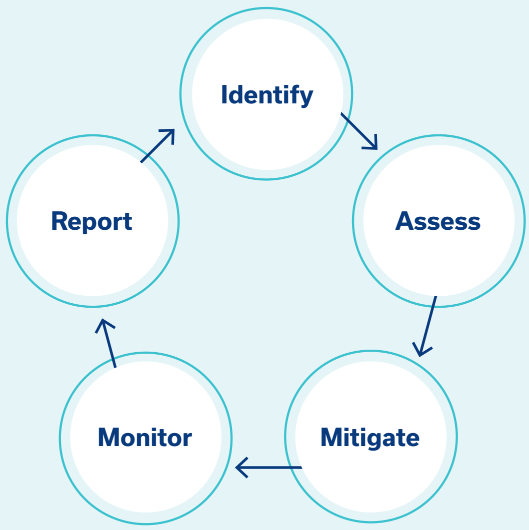
This process includes the following:

» reviewing regular risk reporting prepared by the Senior Management Team;

» assessing the effectiveness of control design and implementation; and

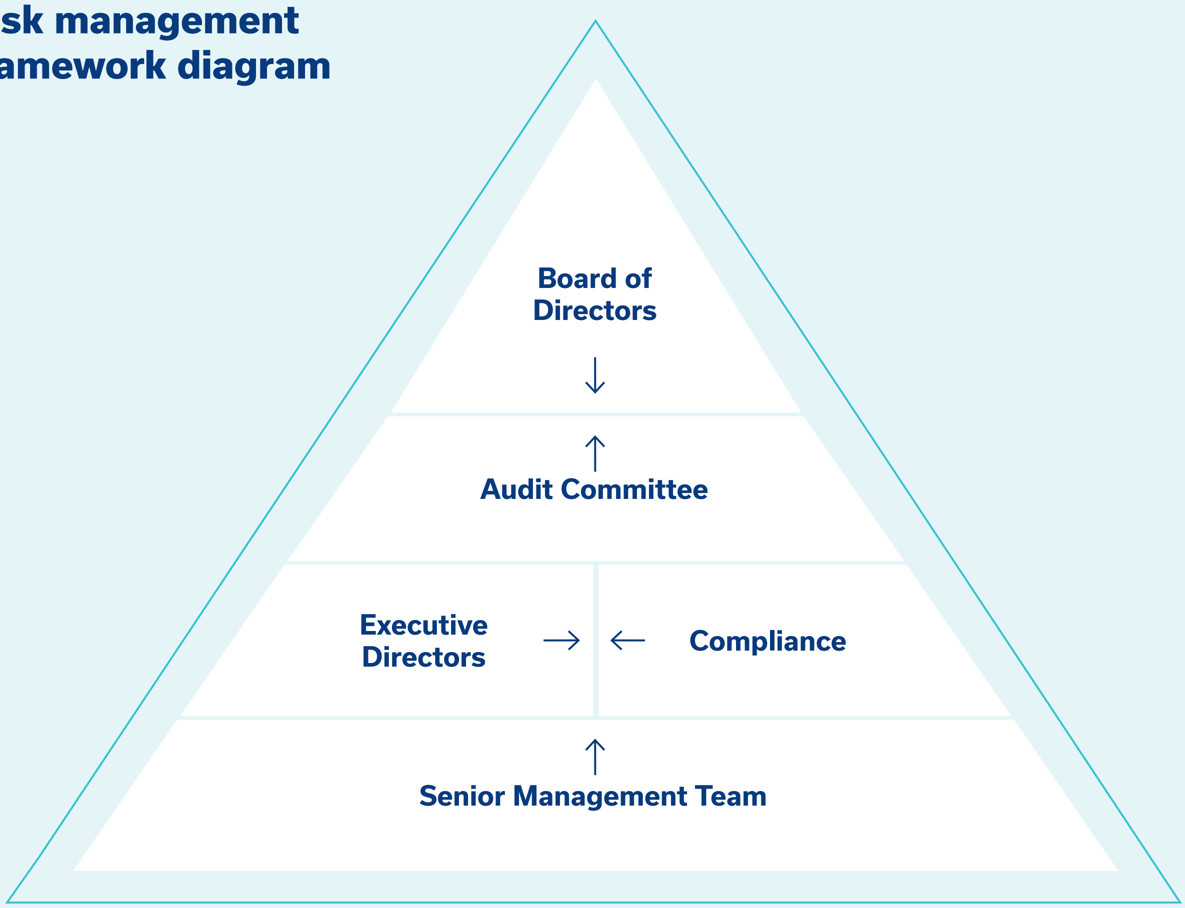
» overseeing and advising the Board on current risk exposures and future risk strategy.

Risk management process diagram



"Risk management is an integral part of the Group's business and risks are considered at every level of decision making and across all business activities."

Risk management framework diagram



Board of Directors

- Overall responsibility for risk management.
- Overall responsibility for the Group's system of internal control and review of its effectiveness.

Audit Committee

- Delegated responsibility from the Board to oversee risk management and internal controls.
- Reviews the effectiveness of the Group's internal control and risk management processes.
- Monitors the independence and expertise of the external auditors.

Executive Directors

- Perform key business activity reviews, identify control deficiencies and redesign processes.
- Monitor the role and effectiveness of internal compliance.
- Communicate risk management information and key initiatives across the Group.

Senior Management Team and Company Secretary

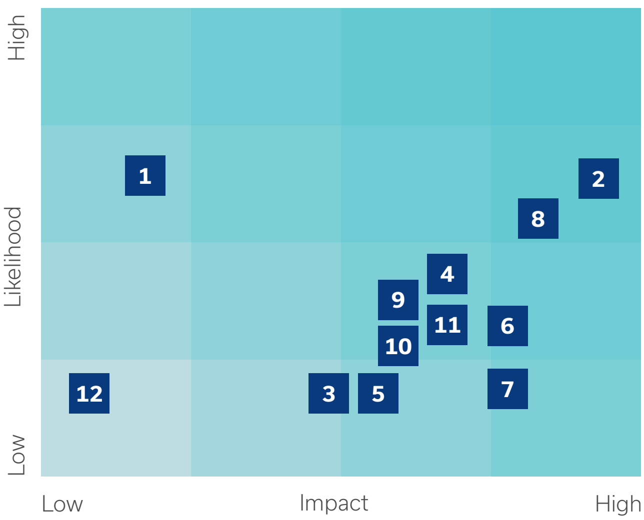
- Define risk management responsibilities at operational and key initiative level.
- Ensure risk is considered in all business decision making.
- Continuously identify risks, provide assurance and self-assess.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

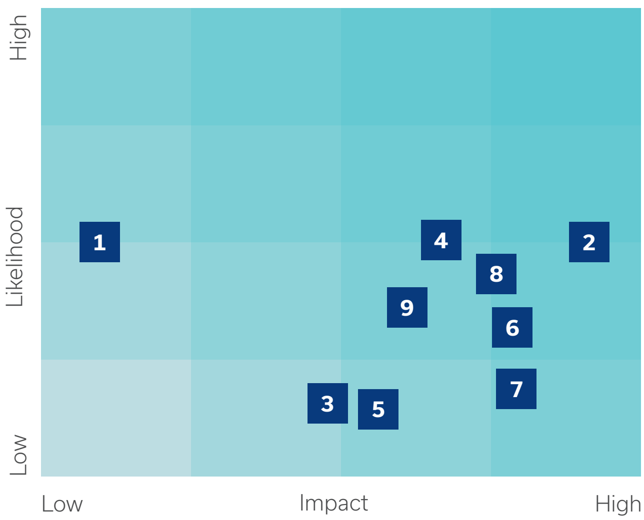
Principal risks summary

Risk area	Principal risk(s)
1 **Financing**	» Availability and pricing of debt » Compliance with loan facility covenants » Availability and pricing of equity capital » Reputational risk
2 **Valuation**	» Property inherently difficult to value » Susceptibility of property market to change in value
3 **Markets**	» Participation within two geographically diverse markets » Reliance on specific industries and SME market » Reduction in occupancy
4 **Acquisitive growth**	» Decrease in number of acquisition opportunities coming to market » Failure to acquire suitable properties with desired returns
5 **Organic growth**	» Failure to deliver capex investment programmes » Failure to refuel capex investment programmes » Failure to achieve targeted returns from investments
6 **Customer**	» Decline in demand for space » Significant tenant move-outs or insolvencies » Exposure to tenants' inability to meet rental and other lease commitments » Tenant affordability
7 **Regulatory and tax**	» Non-compliance with tax or regulatory obligations
8 **People**	» Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9 **Systems and data**	» System failures and loss of data » Security breaches » Data protection
10 **Macro-economic environment**	» Impact of the Covid-19 pandemic » Inflationary pressure leading to increased costs » Interest rate movements impacting the commercial real estate market » Delays in cash collection and tenant insolvencies
11 **ESG**	» Unforeseen costs relating to physical and transition risks associated with climate change » Reputational risk » Failure to meet shareholder and societal requirements or expectations
12 **Foreign currency**	» Financial impact of uncontrollable foreign currency fluctuation on earnings and net asset value

Current assessment of principal business risks post mitigation



Previous assessment of principal business risks post mitigation



1 Financing

Principal risks

- Through increasing interest rates, bank financing my become increasingly unavailable as the cost of debt increases.
- Should certain covenants be breached, lenders may recall debt or enforce security over encumbered assets.

Potential impact

- Increase in cost of borrowing and reduction in Group profits.
- Inability to refinance when facilities expire.
- Increase in cost of raising capital and dilution of Group net assets.
- Requirement to dispose of assets at discounted values to service debt obligations.
- Reduced ability to acquire new assets.
- Acceleration of the Group's obligations to repay borrowings.
- Lender enforces security over the Group's assets and restricts cash flow to the Group.
- Reputational damage to the Company from providers of capital.

Mitigation

- The Group has established a number of strong banking relationships with lenders which understand and value the manner in which the Sirius business model mitigates risk.
- The Group invests significant time and resource in engagement with shareholders and market participants on both a group and individual basis.
- The Sirius track record, methodology and experience of its Senior Management Team through the last downturn are valued highly by providers of capital.
- Equity capital is raised only when it is determined to be in the best interests of the Company and shareholders to do so.
- Bank facilities are only entered into where attractive rates and long facility terms can be secured.
- It is Group policy to mitigate interest rate risk by fixing or capping interest rates on facilities.
- Loan facilities incorporate covenant headroom, cure provisions and sufficient flexibility to facilitate asset management initiatives including asset substitution.
- The Group operates a value-add business model which includes investing in its assets and significantly improving net operating income. This has the effect of further increasing covenant headroom and significantly mitigating the risk of breaching bank covenants.
- Bank reporting is prepared and reviewed regularly.
- The Group policy is to maintain a net LTV ratio of 40% or below.
- The Group has materially increased the number and value of unencumbered assets which are more liquid to sell or could be injected into bank security pools if necessary.

Developments in the year

- All loan facility covenants were met in full during the year with the Group increasing its interest covenant Group net operating income level to 12.5 times.
- 97.0% of the total borrowings of €995.6 million have been fixed with a fixed interest rate or swap and 3.0% are floating or hedged with an interest rate cap.
- The weighted average cost of debt reduced to 1.4% from 1.5% at 31 March 2021.
- Weighted average debt expiry of 4.3 years is increased from 2.7 years at 31 March 2021.
- The Group recorded a net LTV ratio of 41.6%, which includes unrestricted cash balances of €127.3 million.
- The Group increased its number of unencumbered assets from 19 to 127 with a book value of €1,584.0 million.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

2 Valuation

Principal risks

- Property assets are inherently difficult to value as there is no standard pricing mechanism and there are many factors to consider. As a result, valuations are subject to substantial uncertainty.
- Asset values decline as a result of lower affordability and demand as a result of macroeconomic factors that lead to changes in inflation and interest rates movements.

Potential impact

- Reported NAVs may not accurately reflect the value of the portfolio.
- Reduced liquidity and impact on returns.
- Expected NAV growth may not materialise.
- Potential non-compliance with loan facility covenants.

Mitigation

- Valuations are conducted half yearly by an expert, independent valuer in accordance with applicable standards.
- Valuations involve the use of valuation experts and are formally presented to and reviewed by the Board and the Company's Senior Management Team.
- The German and UK property markets are closely monitored by in-house specialists who form part of the Group's operating platforms.
- The Group operates a value-add business model that is focused on growing net operating income at the asset level through a variety of intensive asset management activities.

Developments in the year

- Average net yield of the German portfolio remained broadly flat at 6.2%.
- Average net yield of the UK portfolio was 7.4%.
- The like-for-like book valuation of the Group's German assets increased by €127.2 million or 9.4% predominantly as a result of increases in net operating income.
- The book valuation of the Group's UK assets increased by €42.8 million or 10.6% since acquisition on 15 November 2021 predominantly as a result of increases in net operating income.

3 Market

Principal risks

- The Group's property portfolio located in Germany and the UK exposes it to two separate markets and economies.
- Whilst the Group has a diversified offering in both the German and UK markets, it is susceptible to changes in competition, demand and sentiment for its assets in the future.

Potential impact

- The Group's total returns may be impacted by a general downturn in the markets in which it operates.
- Profits and cash flows may reduce from lower demand for the Group's space offerings due to structural economic changes or changes in tenant demand that may vary between markets.
- The value of the Group's property assets may decline from the lower demand for space highlighted above as well as changes in the sentiment for industrial and warehouse assets that may vary between markets.

Mitigation

- The Group's portfolio located in Germany and the UK provides geographic diversification.
- The Group offers multiple products in both the German and UK markets to a broad range of tenants, from major blue-chip corporations to private individuals. Many of the Group's products were designed for and proved desirable during the last downturn.
- The Group's pricing policy is to be below the upper quartile of the market so that during downturns it becomes the supplier of choice because of its economical pricing.
- 38% of the Group's annualised rent roll in Germany comes from its top 50 tenants, which are generally highly invested and embedded on the sites that they occupy.
- Most of the Group's assets are concentrated around key economic areas of Germany and the UK which are expected to be more resilient in a downturn given their locations which are underpinned by strong supply and demand fundamentals.

Developments in the year

- The German economy, the largest in Europe, continued to grow, supported by monetary policy and low unemployment.
- The UK economic recovery from the Covid-19 pandemic accelerated throughout the year with the Government continuing to communicate its intent on spreading economic opportunities more evenly across the country, resulting in increased demand for space across the UK.
- The Group is not materially dependent on any single economic sector with the largest tenant representing 2.2% of total annualised rent roll in Germany and 2.4% in the UK.
- The SME market, which the Group considers to be its core tenant base in both the German and UK markets, has remained strong during the period under review with increasing levels of occupier demand.
- 7.1% of the Group's annualised rent roll in Germany comes from government tenants.
- The Group continues to concentrate its investment activity in markets where sound economics, prior experience, in-depth knowledge of local demand drivers and operational synergies can be derived.

4 Acquisitive growth

Principal risks

- Inability to source and complete on assets that meet the Group's return expectations.
- Increased competition for high-yielding assets leading to pricing pressure.

Potential impact

- The Group is unable to invest and, as a result, holds significant cash reserves on its balance sheet awaiting this reinvestment which may be dilutive to short-term earnings and cash flows.
- The Group overpays for assets or takes on additional risk in order to acquire assets.
- The Group is unable to acquire value-add opportunities, thereby reducing future shareholder accounting returns from current levels.

Mitigation

- The Group's operating platform in Germany includes an acquisition team which is focused specifically on sourcing potential acquisition opportunities, analysing their suitability for purchase and presenting those assets to the Chief Operation Decision Maker for further review and consideration.
- The Group's highly experienced German acquisition team in Germany provides the Group with deep market connectivity and access to potential investment opportunities.
- The Group has a strong track record of completing on acquisition transactions and recycling opportunities.
- Through the Titanium venture with AXA IM Alts the Group has an alternative source of capital from which to gain exposure to assets with alternative returns profiles.
- Through the acquisition of BizSpace the Group has an alternative market in which to invest.

Developments in the year

- During the year under review the Group received and reviewed 787 investment opportunities in Germany which consisted of both on and off-market opportunities.
- In Germany, a total of nine assets were acquired in the reporting period totalling €162.1 million and one asset notarised for completion after the year end totalling €39.8 million.
- The Company acquired 72 assets through the acquisition of BizSpace in the UK on 15 November 2021.

5 Organic growth

Principal risks

- Failure to identify and create capex investment programmes.
- Failure to complete investments in vacant space due to not obtaining permissions or finding appropriate suppliers to complete the works.
- Failure to realise targeted returns on investment from the capex investment programmes.
- Unable to let up existing vacancy, vacated space or newly created space from the capex investment programmes.
- Failure to refuel the capex programme through value-add acquisitions and asset recycling.

Potential impact

- Income and valuation improvements do not meet expectations.
- The Group's detailed site business plans and expected returns are not achieved.
- Total shareholder returns reduce.

Mitigation

- Sirius has many years of experience in reconfiguring space and obtaining all necessary permissions as well as engaging appropriate contractors at the right price. This significantly mitigates the risk of not being able to deliver projects.
- This experience also provides substantial data on developing its vacancy and the take-up of its and its competitors' products in the markets that it operates, so assessments and projections are based on detailed information and knowledge.
- Extensive analysis is performed to assess demand and costs before an investment decision is made to ensure each project meets local demands and returns are realistic.
- The Group is continuing to invest in its German operating platform as well as enhancing its UK platform.
- The acquisition of BizSpace included the purchase of an existing platform and experienced management team.

Developments in the year

- The Company continued its capex investment programme on acquisitions that completed from April 2016. As at 31 March 2022, a total of 176,694 sqm of space had been fully refurbished for an investment of €32.8 million and is currently generating incremental annualised rent roll of €11.5 million on 76% occupancy.
- The Company continued to identify space suitable for investment that is expected to be returned from vacating tenants. A total of 62,497 sqm of space has been identified for investment of €15.8 million that is expected to upgrade the space and generate €4.4 million in annualised rent roll.
- Following the acquisition of BizSpace in November 2021 the Company has begun a detailed asset-level business planning process that is expected to result in the identification of spaces suitable for investment in future periods.
- For more details on our organic growth programme, see the case studies within this report.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

6 Customer

Principal risks

- Reduced tenant demand for the Group's offerings and lower take-up of vacant space.
- Substantial amount of vacating tenants or tenants becoming insolvent.
- The Group's products are considered unaffordable by tenants.
- Increased costs borne by tenants results in failure to meet their lease obligations.

Potential impact

- Reduction in profits, cash flows and property valuations if a number of major tenants vacate or become insolvent in a short time period.
- Potential loan facility covenant breaches should net operating income or property values reduce significantly.
- Tenant defaults result in loss of income and an increase in void costs and bad debts.
- Profit targets may not be met from inability to let up vacant space.
- Downward pressure on earnings and NAV.

Mitigation

- The Group's pricing policy is to be below the upper quartile of the market providing protection in challenging economic times.
- The Group has an experienced internal marketing and lettings team working within the German market and is not reliant on third parties The Group's German enquiries are predominantly generated online with a dedicated call centre and on-site teams converting on average 13% of these leads into new lettings.
- The Company's properties are staffed by employees who are focused on servicing tenants' needs.
- Dedicated relationship managers assigned to key tenants in order to understand their businesses and meet their changing space requirements.
- Due to the nature of their businesses the major German tenants are generally highly invested on site and have been in place for many years.
- All prospective tenants in the Group go through a robust credit check to provide comfort over their suitability and financial position.
- A full-time experienced cash collection team forms part of the Group's German and UK operating platforms.
- All lease agreements require tenants to provide deposits and/or bank guarantees.
- The Company controls costs charged to tenants through a combination of providing metering, procuring at scale and utilising forward purchasing agreements.

Developments in the year

- The Company has continued to successfully let up vacant space it has taken on through recently acquired assets, demonstrating continued high demand within the market.
- The cash collection rate in Germany was 98.4 % for the year ended 31 March 2022.
- The cash collection rate was 99.6% for the 4.5 month period of ownership for the UK.
- Like-for-like occupancy as at 31 March 2022 was 87.4% and 90.5% (excluding Ipswich which is unoccupied) for Germany and the UK respectively.

7 Regulatory and tax

Principal risks

- Change of tax laws or practices as a result of base erosion and profit shifting initiatives ("BEPS").
- Creation of permanent establishment for the property SPVs in Germany.
- Change of tax rules relating to controlled foreign companies.
- Forfeiture of tax losses due to change of ownership.
- Change of tax rates or accounting practices applicable to the Company across all jurisdictions in which it operates.
- The non-compliance with laws, regulations and accepted practices relating to all jurisdictions in which it operates including those which relate the UK REIT regime.

Potential impact

- Substantially more corporate income tax payable on the Group's operating profits in Germany, the UK and the Netherlands.
- The levying of German trade tax on the profits of property SPVs.
- Adverse effect on the Group's profitability, cash flows and net asset values.
- Financial penalties and reputational damage.
- Forfeiture of tax losses resulting in more property SPVs paying corporate income tax.

Mitigation

- The applicable tax laws and tax treatment of all Group entities are continually monitored and assessed to ensure that taxes are appropriately and accurately calculated and paid. Close collaboration with advisers and relevant tax jurisdiction authorities ensures we are aware of emerging issues and keep up to date with ongoing developments and fulfil reporting requirements.
- Other regulatory matters are considered by the Board and addressed within the Company risk register, which is updated at least annually.
- The Group's share register is reviewed in detail on a regular basis throughout the year to ensure that no shareholder group exceeds any thresholds where the Group will have any adverse tax implications.

Developments in the year

- No changes to accounting standards, tax law or accepted practice have been identified as material to the Group's performance and results in the period.
- The Group continues to have tax losses that are potentially available for offset against future profits of its subsidiaries. As at 31 March 2022, tax losses amounted to €256.9 million.
- The Company implemented recommendations from its tax advisers in relation to its corporate structure and operations to ensure it is correctly assessing and minimising its tax risks and liabilities.
- The Company elected into the UK REIT regime effective 1 April 2022 relating to UK property income and capital gains only.

8 People

Principal risks

- As the Company is internally managed it is reliant on the performance and retention of key personnel.
- The departure of key individuals without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations.
- The inability to recruit suitable staff to support expansion or replace leaving employees may have an impact on the implementation of the Group's growth plans.
- The inability to train suitable staff to support their personal and the Company's development.

Potential impact

- Reduced ability to implement the business strategy.
- Insufficient resources in place to support the Company's growth ambitions.
- Extra cost and loss of knowledge and expertise from exiting key personnel.

Mitigation

- The Company maintains an organisation structure with clear responsibilities and reporting lines. Formal appraisals are performed annually for performance, goal setting and development purposes.
- The remuneration structure for staff is designed to be competitive and assist in attracting and retaining high-calibre staff that are required to deliver the strategic objectives of the Company.
- The Group has introduced share-based incentives in order to give employees a more long-term focus and commitment to the Company.
- Incentives align individual and departmental targets to Company strategy and ensure that Executive Directors, the Senior Management Team and staff operate in the best interests of shareholders and are incentivised to remain in office.
- Continued commitment to the training and development of staff through the Sirius Academy training programme and Company leadership programme.
- Shareholdings in the Company are a very significant part of the Executive Directors' and Senior Management Team's personal wealth.

Developments in the year

- A share-based incentive plan for the Group's top 50 employees, launched in August 2019, has vested its shares in March 2022.
- The Group has 101 employee shareholders and plans to build on that through the issue of the share-based incentive plans.
- The Executive Directors and Senior Management Team in Germany have an average term of service of ten years at the Company.
- The Group broadened its management team in the UK and established a UK operating board responsible for executing the Group's UK focused strategy.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

9 Systems and data

Principal risks
- System interruption or breakdown.
- Data protection breach.
- Financial loss due to security breach or fraudulent activity.
- Cyber-attacks.

Potential impact
- Impeded access to core systems for internal and external customers.
- Loss of business-critical data.
- Penalties and potential litigation.
- Reputational damage.

Mitigation
- The Group has a detailed IT strategy, which is under continual review and is focused on a balance between efficiency and control.
- A comprehensive disaster recovery plan is in place to ensure minimal information and time are lost should an entire site go down.
- The Company employs a full-time data protection officer to plan and control all data protection obligations as prescribed by applicable laws and regulations.
- Of the three main systems used by the Company, two are hosted by third party experts and one is hosted internally. All three systems have service-level agreements in place for ongoing maintenance, upgrades, back-up and improvements.
- Payment transactions are automated and subject to an internal authority matrix, which is reviewed annually, to ensure appropriate controls, including segregation of duty, are enforced at all times.

Developments in the year
- Ongoing assessment and continuous monitoring of IT related risks.
- The Group was accredited with the Cyber Security Essentials certification by the UK National Cyber Security Centre.
- Enhanced device management and control solution ("MDM") and security information and event management ("SIEM") implemented.
- Optimised core infrastructure technologies for improved resilience.
- Continued development of security management.

10 Macroeconomic environment

Principal risks
- Reductions in occupancy due to significant move-outs or insolvencies.
- Loss of income resulting in loan covenant breaches.
- Unexpected and sudden increases in inflation.
- Unexpected and sudden increases in interest rates.
- Significant business disruption leading to continuity challenges.
- Uncertainty in the market leads to downward pressure on asset values.
- Uncertainty in the market leads to reduction in acquisitions or disposal opportunities.

Potential impact
- Loss or delay in receipt of income resulting in reduced profits and unexpected variability in cash flows.
- Reduction in profitability as a result of bearing cost increases that are not offset by increases in revenues.
- Breach of loan facility covenants resulting in cash trap or loan repayment.
- Reduction in asset valuations leading to downward pressure on NAV.
- Inability of the workforce to continue daily operations.

Mitigation
- The Group has a detailed business continuity plan that includes provisioning for remote working.
- The Group has a diverse tenant base and no material dependencies on specific industries.
- The Group has a wide range of products that are priced at different points in order to meet the requirements of a variety of tenants.
- The Group's pricing policy is to be below the upper quartile of the market providing protection in challenging economic times.
- The Company controls costs charged to tenants through a combination of providing metering, procuring at scale and utilising forward purchasing agreements.
- The Group's internal operating platforms include experienced cash collection teams.
- Loan facilities incorporate covenant headroom, cure provisions and sufficient flexibility to facilitate asset management initiatives including asset substitution.
- The Senior Management Team has a track record, proven methodology and experience through the last downturn.

Developments in the year
- During the year the impact of the Covid-19 pandemic has subsided as a result of vaccination roll outs.
- During the year the conflict in Ukraine has resulted in more volatile market conditions.
- The Group successfully traded through the Covid-19 period, posting a record result for two consecutive years.
- Like-for-like occupancy increased to 87.4% and 90.5% (excluding Ipswich which is unoccupied) in Germany and the UK respectively.
- The Group maintained high cash collection rates throughout the year ended 31 March 2022.
- As at 31 March 2022 the Group had cash balances amounting to €151.0 million, of which €127.3 million is unrestricted cash. In addition, the Group has €25.0 million undrawn credit facilities available and a total of 127 unencumbered assets with a book value of €1,584.0 million.
- The Group's loan covenant position at 31 March 2022 supports significant headroom across both LTV and income related covenants and has undergone stress testing as part of regular internal risk management activities.

11 ESG

Principal risks

- As the legislative environment regarding climate evolves there are transitional risks including changes in legislation and reporting requirements.
- Ethics and governance.
- Diversity and inclusion.
- Changes in tenant demand driven shareholder and societal expectations including the assets compliance to certain legislated standards as well as physical location.

Potential impact

- The value of the Group's assets could become impaired as a result of failure to manage transition risks resulting in adverse financial impacts.
- The Group's assets could be adversely impacted by climate change physical risks resulting in financial loss and decline in value.
- Reduction in profitability as a result of occupancy decreases.
- Reduction in profitability and asset value due to costs associated with ESG compliance.
- Reputational damage to the Company, reducing the talent pool.
- Reduced ability to implement the business strategy.
- Shareholders opting or being obliged to liquidate their holdings in the Company.
- Insufficient resources in place to support the Company's growth ambitions.

Mitigation

- The Group performed a high-level scenario analysis on a sample of assets in line with the TCFD recommendations in June 2021.
- The Group undertook an analysis of embodied carbon within its supply chain to understand emissions reduction opportunities.
- The Group is progressing an analysis of a sample of its portfolio to understand the implications of a transition to net zero emissions.
- Through its insurance provider, the Group undertook an initial analysis of the physical risk exposure of the German portfolio to climate change under the current insurance cover.
- Oversight by the Sustainability and Ethics Committee and the ESG Committee in Sirius Facilities GmbH.
- Continued commitment to the training and development of staff through the Sirius Academy training programme and Company leadership programme.
- Including ESG in annual employee and tenant survey.

Developments in the year

- The Group has carried out its GHG emissions calculations to analyse its Scope 1, 2 and 3 emissions as they relate to its German business and the details are provided in the Sustainability section of this report.
- The Group is in the process of reviewing the GHG emissions in relation to BizSpace.
- The Group has commenced a programme to integrate the ESG activities of BizSpace with those of Sirius.
- The Group's risk and control matrix has been updated to include ESG related risks and mitigating controls. The risk and control matrix forms an integral part of the Group's risk management framework and is presented to and governed by the Audit Committee.
- The Group has further developed its ESG strategy and implementation programme.
- The Group has rolled out a biodiversity programme across its German business.
- The Group has commenced to incorporate ESG issues into investment opportunity appraisals.

12 Foreign currency

Principal risks

- Translation risk associated with holding assets in a foreign currency.
- Impact on LTV and other key performance indicators.

Potential impact

- Reduction in income recognised from foreign currency denominated subsidiary as a result of GBP depreciation.
- Reduction in the reported values of the foreign currency denominated subsidiary's assets as a result of GBP depreciation.
- Reduction in reported asset values negatively impacting LTV and other key performance indicators, leading to covenant breaches.

Mitigation

- Cash flows generated within the Group's foreign currency denominated subsidiary are used to fund the Group's GBP dividend payments thereby limiting cross currency transactions.
- GBP to EUR represents an established and stable currency pairing.
- The Group can transfer cash resources freely between currencies and is not restricted by any loan facility covenants.
- The value of Group's EUR denominated assets far exceeds the value of its GBP denominated assets.
- The value of Group's EUR denominated assets far exceeds the value of its EUR denominated debt.

Developments in the year

- The Group recognises income from its foreign currency subsidiary in accordance with IAS 21 using the average foreign currency conversion rate.
- The Group consolidates its foreign currency denominated subsidiary according to IAS 21 using the foreign currency rate as at the reporting date.
- As at 31 March 2022 the Group's GBP denominated assets represented 22.2% of its total assets.
- As at 31 March 2022 the Group had a total of €1.6 billion of EUR denominated assets and €995.6 million of EUR denominated debt.
- All loan facility covenants were met in full within the period.

Risk key

No change Increased risk Decreased risk

DISCLOSURES

Viability statement

In order to assess viability consideration has been given to the potential impact on the business of the Group's principal risks and uncertainties as set out on pages 54 to 63 on the assumptions made in the Group's forecasts.

The Directors considered it prudent to assess viability using what they consider to be a severe but plausible downside scenario that includes consideration of a potential downturn in the Group's performance, including reductions in occupancy levels and property values, as a result of macro-economic factors, including the effects of the Russian invasion of Ukraine and Covid-19. This scenario was incorporated into the Group forecast in order to assess the impact of one or more such scenarios eventuating.

Whilst all principal risks and uncertainties set out on pages 54 to 63 could potentially impact the Group only those that are considered to have high impact have been incorporated into the viability forecast. Particular attention is given to the ongoing implications of Covid-19 and the more recent impact of the Russian invasion of Ukraine, existing and planned financial commitments and financing arrangements including compliance therewith as well as broader macroeconomic considerations.

The key assumptions modelled within the severe but plausible scenario, linked to the corresponding principal risks and uncertainties set out on pages 54 to 63 are detailed in the table below:

Scenario	Principal risk and uncertainty
A reduction in rental income and increase in net service charge costs following a reduction in occupancy of 5% per annum over a three year period.	» Organic growth » Customer
The reduction is applied to the Group's starting rent roll and service charge costs as at 31 March 2022.	» Macro-economic environment
A reduction in investment property values following declines in occupancy and market uncertainty of 5% per annum over a three year period.	» Customer » Valuation » Market » Macro-economic environment

The Directors consider the likelihood of the severe scenarios outlined above is significantly reduced due to a combination of factors including the location of the Group's assets within Germany and the UK, the diversity of its tenant base, its multiple product offerings and its management team's experience of the global financial crisis during which many of the Group's asset management strategies were developed.

Included in the viability assessment is the assumed refinancing of €255.7 million of maturing debt during the three year period on existing terms. Note 24 to the financial statements sets out the maturity profile of the Group's debt. The Directors believe there is a reasonable prospect they will be able to refinance these debt facilities as they fall due, a judgement which was informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300 million corporate bond issuance in November 2021) and the period of time the Group has to arrange refinancing. The Group assesses compliance with financial covenants to ensure the conditions which would result in a breach of covenant can be anticipated. Based on the severe but plausible scenarios set out above no covenant breaches are forecast.

Based on unrestricted cash at 31 March 2022 amounting to €127.3 million, the Group's expected ability to refinance the debt maturing in the viability period, the forecast cash availability in the scenarios and the exclusion of the benefit of any mitigating actions, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this scenario.

The scenarios detailed above are hypothetical and the financial consequences considered severe for the purpose of creating outcomes that have the ability to put the viability of the Group at risk. Multiple control measures are in place to prevent and mitigate such occurrences from taking place.

Should such scenarios arise the Group has a variety of options in order to maintain liquidity and continue in operation. Options that could be considered in order to preserve or increase liquidity include reducing any non- essential capital and operating expenditure, suspending dividend payments, and arranging finance against or selling unencumbered assets with a value of €1.6 billion as at 31 March 2022.

Taking into account the Group's current financial position and principal risks and uncertainties the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 March 2025.

Governance

Further depth, deeper skillsets and greater experience

Daniel Kitchen
Chairman

Dear Shareholder

Last year has been another very challenging one for the Company with the continuation of the Covid-19 pandemic, which led to government-imposed restrictions. At the time of writing and subject to future Covid-19 mutations, the lifting of restrictions was welcome news and the pandemic itself seems to be receding. I have been impressed with the way in which senior management and the wider Sirius team have performed under this added pressure for the second year and how the resilience of the Company's business model led to favourable outcomes for the year.

Environmental issues and climate change are increasingly featuring in our Board discussions. The Sustainability and Ethics Committee continues to improve the Group's economic sustainability with Kremena Wissel, Chief Marketing and Impact Officer ("CMIO"), leading the Group sustainability strategy. We have engaged external specialists to assist us to broaden our reporting and to prepare for TCFD disclosure for the first time (further details are reported in the Sustainability report on pages 36 to 47).

We have engaged with stakeholders throughout the year, from tenants (continued assistance with pandemic requirements) to suppliers (embedding the Supplier Code of Conduct and tackling modern slavery), communities (charitable giving) and employees (lead Director activities through forums to discuss pay and provide feedback on decisions taken by the Board, based on annual employee survey results).

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have continued to broaden boardroom diversity since then so that by the end of the financial year, one-third of the Board was female. I was delighted to welcome Joanne Kenrick to the Board in September 2021 as an independent Non-Executive Director. Joanne has received the initial stage of her induction and I am pleased that she has made valuable contributions to the Board and Committees since her appointment. I was also delighted to welcome Diarmuid Kelly to the Board as Chief Financial Officer on 1 February 2022 and this appointment, together with the change of role by Alistair Marks to Chief Investment Officer, is described in the Nomination Committee report set out on page 86.

As the Board has been substantially refreshed over the past few years, we considered the term of office of James Peggie, who reached a nine year term of office during the year. The Board considers that James Peggie continues to remain independent, as permitted by the Code, and plans for James to remain with the Company for a further two years to enable a smooth succession of his additional roles as Senior Independent Director and of Chairman of the Remuneration Committee, which will be transferred to Caroline Britton and Joanne Kenrick respectively at the conclusion of this year's AGM on 6 July 2022. Director independence is considered further on page 78 of this report.

My priorities for the coming year are to hold another Board strategy discussion to build on that held in August 2021 and to complete the induction of Joanne Kenrick who was appointed in 2021.

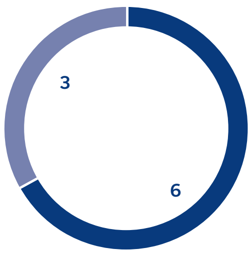
The Annual General Meeting will be held at 10.00am (UK time) on Wednesday 6 July 2022 at 33 St James' Square, London SW1Y 4JS. I draw your attention to the Shareholder Circular and Notice of Meeting (the "Notice of AGM") which includes a description of the reasons to elect or re-elect the individual Directors. The Notice of AGM accompanies this Annual Report and Accounts, where you will find further details.

Daniel Kitchen
Chairman
10 June 2022

Strategic report
Governance
Financial statements

Board composition

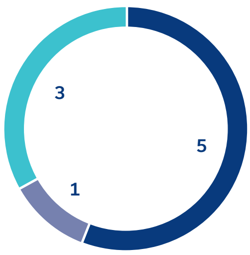
- Non-Executive Directors
- Executive Directors



Board tenure

(Chairman and Non-Executive Directors)

- 0–3 years
- 4–7 years
- 7–9 years



The tenure for the three Executive Directors is five years.

Note: As at 10 June 2022.

Age

Statement of compliance

Sirius is a property company incorporated in Guernsey and listed on the premium segment of the Main Market of the London Stock Exchange ("LSE") and the Main Board of the Johannesburg Stock Exchange ("JSE"). It is a leading operator of branded business parks providing conventional space and flexible workspace in Germany and light industrial, workshop, studio and out of town office units to a wide range of businesses across the UK. Pursuant to a standing dispensation issued in 2018 by the JSE, the Company is not required to apply the King IV Code on Governance™ for South Africa 2016, other than for mandated corporate governance matters.

The Board considers that the Company has complied in all material respects with the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") throughout the financial year ended 31 March 2022, a copy of which can be found at www.frc.org.uk.

BOARD OF DIRECTORS

Broadening diversity and experience in the Board

N R

Daniel Kitchen[1] (70)
Chairman

Appointed to the Board
2018

Career and experience
Daniel Kitchen brings more than 27 years of property and finance experience in both the listed and private markets. After 14 years in corporate finance and M&A with the Investment Bank of Ireland, he was appointed in 1994 as chief finance officer of Green Property Plc, an Irish listed property company. In 2003 he left to join Heron International as group finance director and deputy chief executive. Daniel was appointed chairman of Irish Nationwide Building Society between 2008 and 2011 and was a director of the Irish Takeover Panel. He is currently non-executive chairman of Hibernia REIT Plc and holds no further listed non-executive directorship positions.

(1) Designated Non-Executive Director with responsibility for engaging with the workforce.

S

Andrew Coombs (57)
Chief Executive Officer

Appointed to the Board
2014

Career and experience
Andrew Coombs joined the Sirius Facilities group in January 2010 from Regus Group Plc (now IWG Plc) where he had been UK sales director and became CEO of Sirius Facilities in January 2012 when management was internalised. Before Regus he was a director and general manager for MWB Business Exchange Plc. Andrew's responsibilities to Sirius Real Estate include formulating and delivering on the Group's strategy for creating shareholder value, as well as how the business manages its relationship with its other stakeholders.

Alistair Marks (53)
Chief Investment Officer

Appointed to the Board
2014

Career and experience
Alistair Marks joined the Sirius Facilities group in 2007 from MWB Business Exchange Plc just before Sirius' original IPO and became CFO of Sirius Facilities in January 2012 when management was internalised. Prior to MWB Business Exchange, Alistair held financial roles with BBA Group Plc and Pfizer Ltd and qualified as a Chartered Accountant with BDO in Australia. Alistair has been responsible for the financial management of the Group, its capital structure and all investment activity and, prior to the creation of the COO role, was responsible for asset-level operations. In his new role as CIO, Alistair will focus on the Group's investment activity, covering acquisitions, disposals and capex investment programmes, utilising his significant experience in the industrial, office and business parks sector, as well as deep operational experience and expertise to identify and execute on a wide range of opportunities that unlock value for the Group.

Diarmuid Kelly (42)
Chief Financial Officer

Appointed to the Board
2022

Career and experience
Diarmuid Kelly joined the Sirius Facilities group in 2015, and after serving as Group Finance Director, Diarmuid Kelly has been appointed as CFO. Diarmuid has taken on additional responsibilities relating to the Group's audit and financial processes, as well as debt financing and investor relations activities. Diarmuid has over 18 years' experience in financial management within the professional services, investment management and sovereign wealth fund sectors including as head of financial control and hospitality, real estate at the Abu Dhabi Investment Authority. Diarmuid has a Master's degree in International Management from the University of Exeter and is a Fellow Member of the Association of Chartered Certified Accountants ("FCCA").

Committee membership

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- S Sustainability and Ethics Committee
- Chairman of Committee

N S

Mark Cherry (63)

Independent Non-Executive Director

Appointed to the Board

2019

Career and experience

Mark Cherry is a Chartered Surveyor, having qualified in 1983, and brings a wealth of real estate knowledge in the investment and asset management markets. Mark was a main board director of Green Property Plc for ten years, responsible for its UK assets, and left on the sale of the portfolio in 2003. Subsequently he held a board-level role at Teesland Plc, a fund and asset manager specialising in small industrial estates with offices throughout Europe, including three in Germany. In 2010 Mark joined Lloyds Banking Group as the head of asset management within the real estate "bad bank", where he was responsible for setting up a number of initiatives to optimise recovery proceeds from defaulted loans. He is currently employed on a part-time basis by Invesco Asset Management Ltd as its adviser to the real estate lending team. He holds no further listed non-executive directorship positions.

A N

Caroline Britton (57)

Independent Non-Executive Director

Appointed to the Board

2020

Career and experience

Caroline Britton is a Chartered Accountant and was an audit partner at Deloitte LLP from April 2000 to May 2018, having trained and qualified with its predecessor firm Touche Ross & Co. In addition to providing audit and advisory services to her financial service sector clients, Caroline ran the FTSE 250 Deloitte NextGen CFO programme. She is a non-executive director of Moneysupermarket.com Group Plc and Revolut Limited. For both companies she chairs the audit committees and is a member of the risk and remuneration committees. Caroline is a member of the audit, finance risk and investment committee at Make-A-Wish International and a Trustee of the Royal Opera House.

A N S

Kelly Cleveland (45)

Independent Non-Executive Director

Appointed to the Board

2020

Career and experience

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

N R S

Joanne Kenrick (55)

Independent Non-Executive Director

Appointed to the Board

2021

Career and experience

Joanne Kenrick brings over 30 years' commercial marketing experience and has extensive listed, private and charitable board experience. Joanne's former roles include marketing and digital director for Homebase, CEO of Start (HRH The Prince of Wales' initiative for a sustainable future), marketing and customer proposition director for B&Q and marketing director at Camelot Group plc. She was previously a non-executive director of Safestore Holdings plc and of Principality Building Society. Joanne has a degree in law and started her career at Mars Confectionery and PepsiCo.

Joanne Kenrick is currently a non-executive director and remuneration committee chair for both Welsh Water and Coventry Building Society, as well as being deputy chair and the senior independent director for the latter, and chair of the switching services participant committee and of PayM for Pay.uk. She is also chair of trustees of the charity Make Some Noise.

A N R

James Peggie (51)

Senior Independent Director

Appointed to the Board

2012

Career and experience

James Peggie is a director and general counsel of the Principle Capital group, a private investment business he co-founded in 2004. He is a qualified solicitor and previously was head of legal and corporate affairs at the Active Value group. Before that he worked in the corporate finance division of law firm Sinclair Roche & Temperley, prior to its merger with Stephenson Harwood. James has 25 years' experience in corporate finance and M&A, as well as wealth management. He has extensive experience as a director of his group's private investments, many of which have been in the real estate sector. He was a non-executive director of Liberty Plc, owner of the eponymous store in London, from 2006 to 2010 and has previously been responsible for the operations of three listed investment companies. He holds no further listed non-executive directorship positions.

SENIOR MANAGEMENT TEAM

Strong leadership and operating excellence

AM

Andrew Coombs (57)
Chief Executive Officer
See page 68

AM

Alistair Marks (53)
Chief Investment Officer
See page 68

AM ESG TEC

Diarmuid Kelly (42)
Chief Financial Officer
See page 68

AM HR

Rüdiger Swoboda (58)
Chief Operating Officer
Joined: 2010

Experience

Rüdiger holds an MBA Dual Award from Anglia Ruskin University and Berlin School of Economics and a degree in Business Economics from Pforzheim University. Rüdiger is Managing Director of Sirius Facilities GmbH where he has primary responsibility for new lettings and tenant retention. Prior to joining Sirius he was director of sales & marketing for Mice AG, a conferencing, meeting room and congress business, and has a wealth of experience in leading national and international sales teams.

AM ESG HR

Craig Hoskins (51)
Asset Management Director
Joined: 2006

Experience

Craig holds a degree in combined sciences and has almost 20 years' experience in the real estate industry. Craig is the Asset Management Director for Sirius Facilities GmbH. Prior to Sirius he held various management roles, including for Workspace Group Plc and with Saturn Facilities Ltd, a UK multi-let industrial business, whose owners were founding members of Sirius Facilities GmbH.

AM TEC

Stuart Gale (44)
Information Technology Director
Joined: 2019

Experience

Stuart joined Sirius Facilities GmbH in 2019 as Information Technology Director, bringing more than 20 years of IT experience with extensive knowledge of IT strategy in high-growth organisations. Prior to joining Sirius, he worked in a number of global IT leadership roles, in particular for companies developing fuel cell and low emissions technology for the automotive industry. Stuart values technological innovation and is well versed in the benefits this can bring to any business.

AM ESG HR

Kremena Wissel (43)
Chief Marketing and Impact Officer
Joined: 2006

Experience

Kremena holds a Master's degree in Marketing and Advertising from the University of Arts Berlin and an Executive MBA from CASS Business School London. She has studied in Germany, the United Kingdom, China, Vietnam and South Africa. Previously she worked for Media ProSieben, the leading media production company, and now works as Chief Marketing and Impact Officer at Sirius Facilities GmbH, a new role to lead further integration of ESG into Sirius' strategic development. Kremena was awarded a lifetime membership of Beta Gamma Sigma, the international business school society.

Tobias Schorstädt (40)
Acquisitions Director
Joined: 2012

Experience

Tobias holds a Bachelor's Degree in Real Estate Management from the University of Economics and Law Berlin. Previously he worked for ten years in facilities management for two leading German FM suppliers, Gegenbauer and Dussmann. Within his time at Dussmann he worked as an expatriate for more than five years establishing the UAE branches in Abu Dhabi and Dubai. At Sirius, Tobias is now leading the Acquisitions department, developing and realising the ambitious growth plans of the business in Germany.

ESG

Andreas Schlesinger (40)
Contracts, Utilities and Environmental Services Director
Joined: 2010

Experience

Andreas graduated with a diploma in Business Administration from the Administration and Economy Academy. Andreas joined and later became head of Sirius' Service Charge department and one of the two procurists of Curris GmbH, Sirius Group's procurement company for facility management services and utilities. Since 2021 Andreas has officially been part of the Sirius operating board and, beside the two departments, he also took over the environmental part of ESG where he works with Kremena Wissel – the main focus is on reducing Group emissions.

Committee membership

- AM Asset Management Committee
- ESG Environmental, Social and Governance Committee
- HR Human Resources Committee
- TEC Technology Committee
- Chairman of Committee

Leadership and purpose

How Sirius is governed

The Board Governance Document, which governs the Board's conduct and arrangements, and the Terms of Reference for each Board Committee are available on request from the Company Secretary and are published on the Company's website at **www.sirius-real-estate.com.**

Daniel Kitchen
Non-Executive Chairman
Substantial background in commercial property, business and board leadership

Anthony Gallagher
Company Secretary

Executive leadership

Andrew Coombs
Chief Executive Officer
Strong career in business leadership and sales in the commercial property sector

Diarmuid Kelly
Chief Financial Officer
Senior finance expertise

Alistair Marks
Chief Investment Officer
Mix of senior finance and commercial property expertise

Independent

James Peggie
Senior Independent Director
Lawyer specialising in corporate finance and public and private equity investment

Caroline Britton
Non-Executive Director
Chartered Accountant and a former audit partner at Deloitte LLP

Mark Cherry
Non-Executive Director
Chartered Surveyor and commercial manager specialising in European real estate markets

Kelly Cleveland
Non-Executive Director
Chartered Accountant and head of investment for the British Land Company Plc

Joanne Kenrick
Non-Executive Director
Significant commercial marketing experience

Audit Committee

see page 80

» Ensures the integrity of financial statements
» Oversees the internal and external audit programmes
» Monitors the financial control and risk management systems, and compliance with laws, regulations and ethical codes of practice

Nomination Committee

see page 86

» Monitors the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees
» Oversees succession planning
» Ensures procedures are in place for senior management development and succession

Remuneration Committee

see page 91

» Designs and determines the remuneration and associated benefits of the Executive Directors and senior management
» Reviews workforce remuneration and related policies for alignment with the Group's values and culture, and reflects this when setting executive remuneration

Sustainability and Ethics Committee

see page 89

» Advises the Board on the economic sustainability of the business and ethical matters relating to the Group
» Provides a leadership forum for non-executive directors to work with executive management to shape policy, strategy and, where appropriate, targets to improve the Group's economic, sustainability and ethical performance

Our purpose

"Empowering business, unlocking potential."

Our purpose is to create and manage optimal workspaces that empower small and medium-sized businesses to grow, evolve and thrive. We seek to unlock the potential of our people, our properties and the communities in which we operate so that, together, we can create sustainable impact and long-term financial and social value.

Information about how our purpose relates to our strategy can be found respectively on pages 22 and 23.

Our culture

We believe a strong culture is built by creating an open working environment where every colleague feels supported, cared for and rewarded. This deepens collaboration and encourages innovation allowing us to build strong partnerships underpinned by trust and reliability. Our culture runs through everything that we do. We maintain a committed, results-orientated philosophy with a risk-adjusted approach, which ensures we are focused on delivering long-term financial and social value.

During the 2022 financial year the Company continued to review and develop the Group's culture and its alignment with our purpose and strategy. The focus was on the Group's first and second-line managers who, together with the Senior Management Team, have the biggest impact on the business culture.

Leadership structure

The Board is the primary decision-making body for the Group. The Directors are collectively responsible for the long-term success of the Company. This is achieved by aligning the Group around a common purpose and agreed strategy, supported by a conducive culture and values. Leadership is exercised from the Board within a framework of prudent and effective controls, through executive management to the business using formal reporting and decision structures, and informal, collaborative relationships. Day-to-day management of the Company is overseen by the Executive Directors, who carry out the strategy established by the Board, in accordance with the policies and delegated authorities set by the Board.

Division of responsibilities

The Board considers that it maintains an appropriate combination of Executive Directors and independent Non-Executive Directors to reduce the risk that any one individual or group dominates the Board's decision making. The Board also maintains a clear division of responsibilities between the leadership of the Board and the executive leadership of the business. The responsibilities of the principal Board roles are described below.

Non-Executive Chairman Daniel Kitchen	Responsible for leading the Board and the quality of its performance. Provides guidance to the Chief Executive Officer when requested. Sets the Board's programme of work. Ensures that the Directors understand the views of shareholders and other stakeholders on relevant topics. Promotes a culture of openness and debate in the boardroom and constructive relations between the executive and non-executive elements of the Board. Ensures that the Board receives accurate, timely and clear information.
Chief Executive Officer Andrew Coombs	Formulates and proposes strategy for the Board's approval. Responsible for executing the strategy and the day-to-day management of the Group. Shapes a business culture which is aligned with the delivery of the strategy and the overall values set by the Board. Allocates resources and creates direction and momentum to deliver success for the Group within the agreed risk framework set by the Board.
Chief Financial Officer Diarmuid Kelly	Manages the day-to-day financial operations and reporting for the Group, and its risk framework. Works alongside the Chief Executive Officer in delivering the Group's strategy.
Chief Investment Officer Alistair Marks	Manages the Group's investment activity, covering acquisitions, disposals and capex investment programmes and works alongside the Chief Executive Officer in delivering the Group's strategy and operational performance of the business.
Senior Independent Director James Peggie	In addition to the responsibilities of a Non-Executive Director outlined below, acts as a sounding board for the Chairman and serves as a trusted intermediary for the other Directors. Available to discuss with shareholders any concerns that cannot be resolved through the normal channels of communication with the Chairman or the Executive Directors. Annually appraises the Chairman's performance.
Other independent Non-Executive Directors* Caroline Britton Mark Cherry Kelly Cleveland Joanne Kenrick	Exercise sound judgement, bringing objective perspectives and broad expertise to the Board's debates and decision making. Use extensive knowledge and experience to bring strategic guidance and specialist advice to the Executive Directors as they develop the business and resolve problems, bringing constructive challenge. Monitor the Executive Directors' performance in the delivery of the agreed strategy within the risk management framework set by the Board. Contribute specialist knowledge and skills to the work of the Board Committees.
Company Secretary Anthony Gallagher	Advises and assists the Board and the Chairman on governance and compliance matters affecting the Board and the Group. Supports the Board in the effective execution of its programme of work, including Board evaluations and the induction and training of Directors. Supports and advises the business on governance and compliance matters and provides a channel of independent assurance between the business and the Board.

* Joanne Kenrick joined the Board as an independent Non-Executive Director on 1 September 2021. On 1 November 2021, Joanne was appointed as a member of the Nomination, Remuneration and Sustainability and Ethics Committees.

Strategic report
Governance
Financial statements

How the Board operates

Led by the Chairman, the Board operates under a formal schedule of matters reserved for its decision and follows a programme of work which allows it to monitor the delivery of strategy and the Group's financial and non-financial performance. Outside this programme, arrangements exist that alert the Board to material issues of a short-term nature, enabling it to respond quickly and effectively.

This structured but flexible approach is designed to enable the Board to give proper and timely attention to its responsibilities. To assist in the effectiveness of its work, certain matters are delegated to Committees whose roles and duties are outlined in Terms of Reference set by the Board. The Committee Chairs provide a summary of the Committee activities at each Board meeting, advising of any issues and recommendations.

The six scheduled Board meetings in the financial year and several unscheduled meetings, often called at short notice, were very well attended by all members of the Board. The Board had to postpone a scheduled Board visit to Germany due to Covid-19 restrictions but hopes to be able to do so in FY23. The following table sets out the Directors' attendance at scheduled Board and Committee meetings during the 2022 financial year:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability and Ethics Committee
Total meetings[1]	**6**	**3**	**4**	**6**	**2**
Daniel Kitchen (Non-Executive Chairman)	6/6 ■		4/4 ■	4/4 □	
Caroline Britton[1] (Non-Executive Director)	6/6 □	4/4 ■	4/4 □	2/2 □	1/1 □
Mark Cherry (Non-Executive Director)	6/6 □	2/2 □	4/4 □	2/2 □	3/3 □
Kelly Cleveland[1] (Non-Executive Director)	6/6 □	4/4 □	4/4 □	2/2 □	3/3 □
Joanne Kenrick[2] (Non-Executive Director)	4/4 □		1/1 □	2/2 □	2/2 □
James Peggie (Senior Independent Director)	6/6 □	4/4 □	4/4 □	4/4 ■	1/1 □
Andrew Coombs (Chief Executive Officer)	6/6 □				3/3 ■
Diarmuid Kelly (Chief Financial Officer)	1/1 □				
Alistair Marks (Chief Investment Officer)	6/6 □				

■ **Chairman of Committee** □ **Committee member**

(1) On 1 November 2021 the Board updated its Committee composition to be more focused and efficient. The following changes were implemented: Mark Cherry, independent Non-Executive Director, stepped down from the Audit Committee and the Remuneration Committee; Caroline Britton, independent Non-Executive Director, stepped down from the Remuneration Committee and the Sustainability and Ethics Committee; Kelly Cleveland, independent Non-Executive Director, stepped down from the Remuneration Committee; and James Peggie, Senior Independent Non-Executive Director, stepped down from the Sustainability and Ethics Committee.

(2) Joanne Kenrick was appointed to the Board on 1 September 2021 and was appointed to the Nomination, Remuneration and Sustainability and Ethics Committees on 1 November 2021.

CORPORATE GOVERNANCE CONTINUED

Key focus areas

During the financial year, the Board has focused on a broad range of topics. Excluding routine matters, the Board's main formal and informal focus areas are summarised below.

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Strategic	Core portfolio: » In Germany, a total of ten assets were acquired or committed to acquisition in the year of mixed-use lettable space totalling almost 309,900 sqm for €201.9 million » Acquisition of BizSpace, a leading provider of regional flexible workspace in the UK for c.£245 million (enterprise value of £380.0 million) » Organic growth programme focusing capital on the most accretive opportunities » Notarised the disposal of a property in Magdeburg, Germany for €13.75 million Titanium portfolio: » Acquisition of a business park in Augsburg for €79.9 million, resulting in Titanium owning in excess of €350.0 million of property at 31 March 2022	Follows the Group's stated drivers of value creation (see page 17): » Intensive assessment and execution of acquisitions and disposals » Opportunity to diversify geographically at scale through the single acquisition of an established platform in the UK » Recycling capital from non-core and mature assets into assets with value-add potential » Executing detailed asset-level business plans, focusing on service charge recovery and space optimisation » Highly accretive capex investment programmes	These strategic decisions were made with the longer-term success of the Company foremost in the Board's thinking. Considerations included advancing the successful relationship with AXA IM Alts, the suitability of provision to current and potential tenants, and the efficient deployment of our field colleagues who serve the core and Titanium portfolios.
Emerging risk	In the past two years we identified Covid-19 as an emerging risk and have now transferred the risk arising from a pandemic across to a general business risk. The Board considered as emerging risks the developing geo-political situation, with associated increased inflation, higher energy costs and supply chain issues. The Board will monitor these risks throughout the year.	» There remains a risk of more virulent strains of Covid-19 emerging in the near future, so management retains its plans so as to respond to minimise any future disruptions Follows the Group's stated drivers of value creation (see page 17): » Improvement of service charge recovery » Highly accretive capex investment programmes » Strong bank and investment banking relationships	A broad range of considerations were addressed during the Executive Director presentations and subsequent Board discussion. These included colleague support, workforce wellbeing (including mental health), supplier relations and dismissing any government support throughout the pandemic. The Board considers the impact that inflationary pressures may have on both its income streams and cost base including the review of sensitised financial projections. The Company mitigates the risk of increased service charge and capex investment related costs through a range of procurement techniques including volume-based discounts, forward purchasing agreements and the use of preferred suppliers.
Business	» Approved geographical diversification into the UK » Approved property acquisitions and disposals » Considered asset management plans » Review of site development potential » Monitored movements in estate valuations, yields and other key business metrics, and the underlying drivers	Follows the Group's stated drivers of value creation (see page 17): » Intensive assessment and execution of acquisitions and disposals » Recycling capital from non-core and mature assets into assets with value-add potential » Executing detailed asset-level business plans, focusing on service charge recovery and space optimisation	The Board considers strategic and tactical decisions within the context of the Group's overall strategy and drivers of current and future value creation. By maintaining a clear focus on these drivers, the Board supports the Group as it builds a stronger investment case. This contributes to the long-term success of the Company which benefits investors and a broader spectrum of stakeholders.

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Financial	» Issuance of corporate bonds for €700 million in 2021 » Capital raise via placing of €160 million as part payment for BizSpace » Decision to pay a dividend for the 2022 financial year per normal policy » Repayment of secured debt facilities with proceeds from the corporate bond issuances » Implemented the capex threshold requiring a Board decision to €2.0 million, but continuing to report capex investment over €500,000	Follows the Group's stated drivers of value creation (see page 17): » Strong banking relationships » Utilisation of "structural" vacancy » Improvement of service charge recovery » Highly accretive capex investment programmes	Capital efficiency and flexibility have a direct effect on the Group's current and future success and improve its management of risk. Issuing corporate bonds decreased the overall borrowing rate and further augmented the number and value of unencumbered assets. This significant step has enabled the Company to be confident in its ability to navigate any financial crisis more flexibly, as unencumbered assets can be applied to cure any banking covenant issues in the Group's secured debt facilities should the need arise.
Stakeholders	» SID engagement with investors in relation to AGM voting intentions » Daniel Kitchen is the designated Non-Executive Director with responsibility for engaging with the workforce and reported on his engagement with colleagues » Detailed review of workforce remuneration » Received a summary of the findings of the annual employee survey and the actions taken » Received reports from investor roadshows and ad hoc meetings with investors and analysts » Received market updates from the Company's UK brokers and South African sponsor	» Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. The health of these relationships is critical to the Group's ongoing success.	By continually developing its understanding of investors' and colleagues' views on a range of issues, the Board is able to make better decisions with wider considerations in mind. The impact of Covid-19 on colleagues and tenants in addition to investors was taken into consideration by the Board at each meeting throughout the financial year 2022.
Sustainability	» Considered climate change as an emerging financial risk » Review of the business' environmental, social and governance programmes in Germany and the UK » Received specific reports on ESG considerations for each proposed acquisition » Appointed specialist consultants to assist with preparations towards reporting carbon emissions and TCFD reporting » Received update reports from the CMIO in relation to progress on ESG (see separate report on page 89)	» Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. » Develops the Board's understanding of how, and the extent to which, climate change might impact the Company's business model in the medium to longer term. » Recognises that climate change is also a concern to tenants, which provides an opportunity to engage and collaborate with them.	While Sirius is at a relatively early stage in the development of its response to climate change risk and sustainability, the Board recognises that it is a primary concern to all its stakeholders, including the local communities which are directly and indirectly affected by the Group's operations.

CORPORATE GOVERNANCE CONTINUED

Key focus areas continued

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Governance	» Considered Hampton-Alexander diversity targets and Parker ethnicity targets for FTSE 250 companies » Conducted an external Board evaluation » Appointed a new independent Non-Executive Director and provided initial induction programme » Approved 2022 Modern Slavery Statement and implemented Anti-Bribery and Corruption Policy, including gifts and hospitality » Various post-Committee meeting updates from Committee Chairs » Reviewed Committees' Terms of Reference	» Builds and maintains the trust and confidence of investors, colleagues, tenants and local communities in the Board and Senior Management Team. » Directly contributes to effective decision making and stewardship.	The Board is committed to a process of continual improvement, which is served by addressing governance matters. The Company believes that modern slavery and bribery and corruption risks to the Group are relatively low. Nonetheless, the Board considers these and other activities are central to the Company's sense of corporate citizenship.

* This element of the table has been prepared in compliance with Provision 5 of the 2018 Code. While Provision 5 requires issuers to describe in the annual report how stakeholder interests and the matters set out in Section 172 of the Companies Act 2006 (the "UK Act") have been considered in Board discussions and decision making, the Company is not subject to the UK Act or related regulations. Further information relating to stakeholder engagement and how such engagement has influenced the Company's decisions and environmental considerations, the Group's work in the community and fostering consumer and supplier relationships can be found in the Stakeholder engagement section of this report on page 79, on pages 89 and 90 of the Sustainability and Ethics Committee report, and on pages 96 and 102 of the Directors' remuneration report. Section 172 sets out the UK's law on directors' duties, being: the duty to act in a way the director considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard (amongst other matters) to: (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly between members of the company.

Site visits

In May 2022, the Chairman, CEO and Non-Executive Directors visited several sites around Manchester, which formed part of the November 2021 acquisition of BizSpace. The visits enabled the Non-Executive Directors to develop their understanding of the UK business and provides context to the implementation of the strategy. The opportunity was also taken to spend time with site managers and later with local management during a post visit dinner. Further visits are being planned for Germany during the year.

Diversity – our journey so far

Boardroom diversity

The Board's Diversity Policy Statement adopted in May 2017 recognises that boardroom diversity:

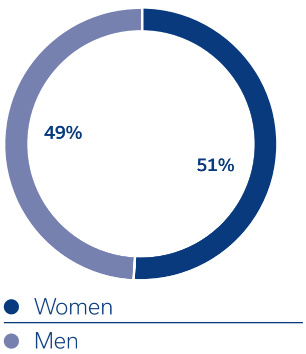
"...maximises the opportunities to achieve the Group's business goals through an informed understanding of the diverse environments in which we operate...making good use of differences in age, gender, race, skills, industry experience and other distinctions..."

The importance of taking measured steps towards broadening boardroom diversity in all its forms has been important in the Board's thinking during Board appointments over recent years. Since 2017, we have been progressively working towards greater gender diversity in the boardroom. Following all the Board changes in the year, 33% of the Board are female, which meets the target for FTSE 250 companies set by the Hampton-Alexander Review in 2017. Further information on the Board's succession planning is set out on page 88 of the Nomination Committee report.

Workforce diversity

The Group's commitment to promoting diversity and an inclusive culture among the workforce is set out on page 45.

Gender-balanced workforce



Time commitments and conflicts of interest

It is the Board's policy for Directors to seek the Board's approval before accepting an additional external appointment. The Chairman and two of the independent Non-Executive Directors currently maintain external non-executive appointments with listed companies. The Board has considered their commitments and has taken the view that they do not materially affect their ability to fulfil their roles for the Company effectively. This is illustrated by the ongoing Covid-19 crisis during the financial year, whereby every Director fully prepared for, and participated in, the scheduled formal Board meetings as well as a number of unscheduled Board calls.

The Board maintains arrangements to manage potential conflicts of interest, which includes a requirement for Directors to disclose any interest and to recuse themselves on any discussion or decision in which they have a personal interest. Other than for matters relating to remuneration, it was not necessary for any Director to recuse him or herself during the financial year.

Director induction and development

Following Joanne Kenrick's appointment in September 2021, Joanne has received the initial stage of a formal induction to the Company and the business. This entailed:

- » specific briefings from the Chairman, the Chief Executive Officer, the Chair of the Remuneration Committee and the Company Secretary;
- » a review of the Company's strategy, corporate goals and current challenges;
- » a review of the Group's structure;
- » a review of key corporate documents, such as the Articles of Incorporation and Group policies and procedures;
- » a review of recent Board and general meeting minutes; and
- » specific training on the JSE Listings Requirements, and professional update seminars on current topics.

As part of Joanne's ongoing development, the new Non-Executive Director visited various operating sites in the UK and further visits are scheduled for Germany and Joanne has received presentations from several members of the Senior Management Team.

All Directors are encouraged to continue their professional development by attending external courses and seminars that are relevant to their roles.

Topical materials are also circulated to the Board as a whole. This has been especially important during the Covid-19 crisis, where sharing information on issues and developing practice and advice through circulars on key impact areas has been invaluable.

A summary of the knowledge and personal effectiveness training received since April 2021 is provided in the table below.

Subject matter	Topic
Audit practice update	» Governmental policies
JSE regulation	» Audit impacts relevant to the real estate industry on property valuations and audit conduct
Remuneration practice updates	» Financial reporting and regulatory implications » Seminars and bulletins provided by the Company's remuneration advisers
Real estate ESG management	» Updates on regulator Covid-19 guidance » Communicating with institutional investors » Financing and banking covenants » Managing business risk

Updates on regulatory and governance issues are periodically included in Board packs or circulated between meetings in the form of bulletins.

Board evaluation

The Board is committed to a process of continuous development for each Director, for the Board as whole and for each Committee. A high-performing, collegiate boardroom culture is designed and crafted over time and the Board considers the annual evaluation to be a key component in that process.

The Board reviewed progress against the actions agreed from the 2021 evaluation and noted that it had achieved good progress. The Board held the rescheduled the Board strategy sessions in August 2021 to facilitate further strategic-level discussions. Succession of the Remuneration Committee Chair, Senior Independent Director and C-Suite were progressed and are more fully explained on pages 86 and 87. The Board had increased the links with the wider Senior Management Team, each of whom have presented papers to the Board. Board relationships were fostered with a Board lunch in August 2021 and a Board dinner in May 2022. A dinner was held for the Chairman and NEDs only in September 2021. The Chairman increased the meetings and calls with Board members throughout the year, with nine meetings to discuss M&A activity and seven Board Committee meetings to progress bond issuances and equity placing. These were supplemented by ad-hoc calls between Board members.

The Board undertook its first external evaluation in January 2022, having undertaken a streamlined appointment process involving a short-list of potential providers. The Board evaluation was carried out by Boardroom Dialogue, which has no other connection with the Company. Boardroom Dialogue interviewed each Board Director and the Company Secretary in December 2021 and January 2022, reviewed Board and Committee meeting packs from the previous year and attended the 28 January 2022 round of Board and Committee meetings. The outcomes of the 2022 evaluation are summarised below. These themes will be taken forward in the coming year and we will report our progress in the 2023 Annual Report and Accounts.

Methodology	One-to-one conversations	Summary report	Nomination Committee recommendations
» Board effectiveness interviews held by external facilitator with all Board members and Company Secretary to review the following (aligned with the Code): – Board leadership and Company purpose – Division of responsibilities – Composition, succession and evaluation – Committee effectiveness	» Review of the Board Chairman by the Senior Independent Director » Review of the Senior Independent Director by the Board Chairman » Reviews of the Executive Directors and the Non-Executive Directors and record of outcome sent by the Board Chairman » Review of the Committee Chairs by the Board Chairman	» Hold enhanced Board strategy session in Germany and review visit programme » Monitor culture for alignment with purpose and values and CEO to develop stakeholder map » Build programme of presentations by senior management » Tailor workforce engagement to local culture, incorporate workforce views in Board discussions and decision making and feed back to workforce on impact of their views on Board decisions » Continue to develop Board packs and rolling programme and include executive summaries in Board papers and clarify expectation of the Board » Review Director induction process for possible enhancements	» Foster the links between the Board and the Senior Management Team, including management presentations to the Board » Discuss the development of a skills matrix for Board membership » Develop Board relationships and cohesion through programme of Board visits, lunches and dinners

Independence

The Nomination Committee undertook a review of the independence of each Non-Executive Director during the year in accordance with the 2018 Code. Other than Daniel Kitchen, who was considered to be independent on his appointment as Non-Executive Chairman in 2018, the Board is satisfied that the Non-Executive Directors continue to be independent in thought and judgement. The Board considered the term of office of James Peggie, who completed his ninth year in office in November 2021, and agreed that James continues to be independent in character and judgement, in light of his personal contribution to Board debates and his regular challenge of the Executive Directors. The Board nevertheless agreed to implement a succession plan to ensure a smooth transition of experience and expertise over the next two years such that Caroline Britton will be appointed Senior Independent Director and Joanne Kenrick will be appointed Chair of the Remuneration Committee at the conclusion of the AGM in 2022.

Risk and internal control

Information regarding the Group's principal risks is provided in the Strategic report on pages 54 to 63. A description of the Group's internal control framework and risk management systems is provided in the Audit Committee report on page 84.

Company Secretary

All Directors have access to the advice and support of the Company Secretary. The Board has satisfied itself as to the competence, qualifications and experience of the Company Secretary as required by the JSE Listings Requirements.

Re-election of Directors

While the Company's Articles of Incorporation provide for one-third of the Board to retire from office by rotation, each Director who continues in office offers him or herself for re-election voluntarily at the Company's AGM every year.

Approach to greenhouse gas emissions

The Group's planned approach to the management of greenhouse gas emissions through its governance, processes and internal control is summarised in the Sustainability report on pages 37 to 39 and in the Sustainability and Ethics Committee report on pages 89 and 90.

Engagement with our stakeholders

Sirius maintains an active investor relations programme covering the UK, South Africa, continental Europe and North America. During the year, Daniel Kitchen, Andrew Coombs, Alistair Marks, Diarmuid Kelly, James Peggie and Caroline Britton had meetings with key shareholders in the United Kingdom and South Africa covering business performance, remuneration and governance topics. The Company's positive business performance during recent financial years has continued to be well received, which is supported by the Company's diligent and responsive approach to investors' needs and interests.

Engagement with colleagues

The Group has engaged with colleagues through a number of channels during the year; details are set out on pages 46 and 96.

Engagement with the community

The Group has several initiatives with local communities which are set out on page 46.

Strong oversight over complexity

Caroline Britton
Chair of the Audit Committee

The primary functions of the Audit Committee are to:

- ensure the integrity of the Company's periodic financial statements;
- keep under review and monitor the Company's financial control and risk management systems and its processes for complying with laws, regulations and ethical codes of practice; and
- oversee the Group's internal and external audit arrangements.

The Committee's Terms of Reference are available at www.sirius-real-estate.com.

Dear Shareholder

I am pleased to present the Audit Committee report (the "Report") for the financial year ended 31 March 2022.

The Committee's role is to protect the interests of shareholders, providing assurance on a sound control environment within the Group, and ensuring the integrity of published financial information and an effective audit process.

The Committee maintains a busy and wide-ranging agenda. In addition to the usual work carried out by the Committee, the continuation of the Covid-19 crisis as a significant risk has continued in the Committee's thinking during the year end process. Towards the year end and following the conflict in Ukraine, the Committee reviewed the potential risks arising and noted that these were currently considered minimal for the Group but would continue to be monitored closely.

The Financial Reporting Council ("FRC") reviewed our 2021 Annual Report and Accounts and requested further information about the method used to recognise service charge income and the nature and extent of variable consideration in relation to service charge income. The Company's response satisfactorily addressed the questions raised and it has incorporated all other recommendations into its 2022 Annual Report and Accounts. The FRC's review was based on the Group's published Annual Report and Accounts and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions the Group entered into. The scope of the review performed by the FRC was to consider the Group's compliance with reporting requirements and is not intended to provide assurance that the Annual Report and Accounts are correct in all material respects. The FRC's letters are written on the basis that the FRC accepts no liability for reliance on them by the Company or any third party.

As a result of the acquisition of BizSpace and the increasing size and complexity of the Group, the Committee has asked management to establish an internal audit function in the second half of the new financial year. The internal audit function will perform targeted assignments in order to ensure the Group benefits from the optimum level of assurance and value. The Committee will report progress against these procedures in the 2023 Annual Report and Accounts.

The Committee members' ability to visit assets in Germany was curtailed by pandemic related travel restrictions during the year under review; however, the aim for the new financial year is to restore the pre-pandemic programme of visits to Germany. The Committee members visited a selection of BizSpace sites in Manchester in May 2022 and in doing so gained valuable insights into the Group's operations and management of risk.

I would like to thank the members of the Committee for their commitment and input to the work of the Committee during this particularly busy financial year. I would also like to thank the management team together with all the Sirius and BizSpace colleagues who have contributed to our work. It is their combined hard work and commitment that ensured high standards and timely financial reporting were maintained, notwithstanding the challenges that Covid-19 pandemic restrictions made on them during the financial year.

The Committee will continue to focus on external and internal audit planning, risk management and internal controls. It will also continue to monitor the impacts of Covid-19 and the Group's response to future strains, particularly in the winter months. We will also monitor developments in Ukraine for any impacts on the Company's business and hope for an early cessation of hostilities.

Caroline Britton
Chair of the Audit Committee
10 June 2022

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Caroline Britton (Chair)	4/4
Mark Cherry[1]	2/2
Kelly Cleveland	4/4
James Peggie	4/4

(1) Mark Cherry stepped down as a member of the Committee on 1 November 2021 following a reorganisation of Committee memberships.

The Committee met four times in the year, and comprises three members, all of whom are independent Non-Executive Directors. The Board considers that Caroline Britton, who is a qualified Chartered Accountant and was an audit partner at Deloitte LLP from April 2000 to May 2018 and is a non-executive director of Moneysupermarket.com Group Plc and Revolut Limited, at both of which she chairs the audit committees, possesses the qualifications, together with the necessary recent and relevant financial experience, to satisfy the requirement of the 2018 Code. The qualifications and experience of the other current members of the Committee are set out on pages 68 and 69 of this Report.

Roles and responsibilities

The Committee's main role is to assist the Board in discharging its responsibilities with regard to the financial reporting process, the audit process and the system of internal controls of the Company, and compliance with financial laws and regulations by the Company.

The ultimate responsibility for reviewing and approving the Annual Report and Half Year Report remains with the Board. However, the Committee helps to ensure the accuracy and integrity of these reports, in particular with regards to any significant judgements contained within them, and to monitor any formal announcements relating to the Company's financial performance. The Committee reviews and approves the auditors' annual audit plan to ensure it is consistent with the agreed scope of engagement and it takes responsibility for all aspects of the auditors' appointment, performance and independence.

The Committee gives due consideration to laws and regulations and the provisions of the UK Corporate Governance Code along with the JSE Listings Requirements and the FCA's Listing Rules. Accordingly, the Committee advises the Board on whether, taken as a whole, the Company's financial statements present a fair, balanced and understandable assessment as well as provide shareholders with the necessary information to assess the Group's performance, business model and strategy.

Similarly, it is the Board which is ultimately responsible for the Group's internal control environment. The responsibility for monitoring the Group's risk management arrangements and assessing the effectiveness of internal controls has been delegated to the Committee. The Group's risk management process and system of internal controls are designed to manage rather than eliminate risk and are described in more detail in the Principal risks and uncertainties section of the Strategic report on pages 54 to 63.

The Committee also reviews the Group's current trading performance and future cash flow forecasts in order to consider and advise the Board on its going concern and viability statements.

The Committee has satisfied itself in terms of paragraph 3.84 (g)(i) of the JSE Listings Requirement that the Group Chief Financial Officer has appropriate expertise and experience and resources.

AUDIT COMMITTEE REPORT CONTINUED

Key focus areas

The Committee's main focus areas during and related to the financial year are summarised below.

Area	Subject
External audit	» Assessed EY's annual submission of eligibility to act as auditors for the purposes of paragraph 3.84(g)(iii) of the JSE Listings Requirements through requesting the information detailed in part 22.15(h) of the JSE Listings Requirements » Discussed and challenged the key assumptions of a presentation from the Group's valuer, Cushman & Wakefield ("C&W"), on the portfolio valuation for the 2022 financial year » Received and discussed EY's final report on their audit for the 2022 financial year » Reviewed the Directors' representation letter to the auditors in relation to the audit for the 2022 financial year and recommended it to the Board for approval » Received and discussed EY's audit strategy and planning report for the 2022 audit, including the scope, areas of focus, materiality, team and programme » Reviewed the audit firm's public disciplinary and quality record, and its auditor transparency report » Assessed the auditors' performance, quality and independence and agreed to carry out an internal performance and quality review post year end » Received EY's audit update report in relation to the 2022 audit, including issues relating to audit conduct, revenue recognition and portfolio valuation » Considered the accounting for the acquisition of BizSpace including goodwill » Held private sessions with EY without management present
Annual Report and Accounts 2022 and announcement of results	» Reviewed the Board's going concern and viability statement » Carried out a "fair, balanced and understandable" assessment » Reviewed the content, including the Audit Committee report, and recommended the Annual Report and preliminary announcement to the Board for approval
Half Year Report 2022 and announcement of results	» Reviewed the CFO's summary of the half year results » Received and discussed EY's report on their half year review » Discussed and challenged the key assumptions of a presentation from the Group's valuer, C&W, on the portfolio valuation for the half year 2022 » Reviewed the content and recommended the Half Year Report and announcement to the Board for approval
Dividends	» Considered management's paper on dividends including cash flow statement » Reviewed a solvency statement as required under Companies (Guernsey) Law, 2008 and considered the dividend for the second half of the year ended 31 March 2021, recommending it to the Board for approval » Reviewed a solvency statement and considered the dividend for the six months ended 30 September 2021, recommending it to the Board for approval
Internal audit	» Discussed progress on implementing changes arising from PwC's review of the Group in relation to the impact of legislative changes affecting the Group and ensuring that the Group continues to optimise its corporate structure » Discussed the establishment of an internal audit function and asked management to recommend an external provider and an initial scope of work for FY23
Risk, controls and regulation	» As part of wider Board calls, reviewed severe but plausible stress tests on the Group's financial position and prospects » Received periodic risk and control reports, including the Group's risk matrix and updates to risks and mitigations » Received the Whistleblowing Incidents Report and noted roll-out of Whistleblowing Policy and procedures to BizSpace » Monitored and reviewed the Group's responses to the JSE in relation to the JSE's Proactive Monitoring Programme » Noted actions taken in relation to data security and IT resilience » Reviewed the Group's Risk Management Policy and undertook a review of the effectiveness of the Group's internal controls
Policy	» Applied the new Non-Audit Fee Policy following the Revised Ethical Standard 2019 published by the FRC in December 2019 and updated the policy to facilitate work by the external auditors on corporate bond issuances and the acquisition of BizSpace

Governance	» Considered the underlying reasons for proposed increases in audit fees » Discussed progress towards REIT conversion relating to the Group's UK operations, effective 1 April 2022 » Considered the JSE Responsibility Statement and process required » Monitored progress to completion in relation to the accounting integration of BizSpace » Reviewed FRC letter in relation to FY21 Annual Report and approved response » Reviewed Committee Terms of Reference » Received positive feedback relating to the Committee from the 2022 external Board evaluation » Considered the forward work programme of the Committee

2018 UK Corporate Governance Code (the "2018 Code"), guidance and standards

The Committee considers that it has complied with the 2018 Code, met the standards set out in the FRC's April 2016 Guidance on Audit Committees and fulfilled the requirements of the FRC's Revised Ethical Standard 2019.

Significant matters considered in relation to the financial statements

Significant matters considered	Audit Committee response
Valuation of investment properties The carrying value of owned investment properties is material to the Group's balance sheet. The valuation, which is performed half yearly by Cushman & Wakefield LLP ("C&W"), is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount and exit cap rate. There is a risk that the carrying value will differ from its fair value.	The fair value of the Group's owned investment properties is determined by an independent valuer. The Committee considered the independent valuer's report and met with the valuer to understand the basis for the valuation, the scope of its work and the level of available transactional evidence to support the carrying value of investment property and the appropriateness of supporting business plans as well as the transactional evidence available on the German and UK markets. EY reported to the Committee at the half year on their review and the year end in relation to the audit on their results and findings of their assessment of C&W's valuation judgements. Having considered and challenged EY's reporting, the Committee concluded that, based on the degree of oversight and challenge applied to the valuation process, the valuations are conducted appropriately and objectively. The Committee considered the explanations of C&W and EY as to how the wider economic environment impacted property valuations as at 31 March 2022 and the audit of the Company's reporting on them. Generally, there were no adjustments to yield assumptions, except in relation to those properties affected by noticeable changes in lease situation as well as those affected by market movements since the last valuation as at 30 September 2021. While Covid-19 uncertainty continues, together with recent rises in inflation and in interest rates, the German real estate market remains active. Physical inspections of properties were not possible early on in the lockdown period although all planned inspections were carried out while complying with the lockdown restrictions. For the assets located in Germany and for the September 2021 valuation C&W have inspected 14 properties and for March 2022 C&W have inspected 13 properties, equating to approximately 40% of properties. The Committee noted the main driver of valuation growth in the year to 31 March 2022 to be related to growth in income rather than changes to yield in both the UK and German markets. The Committee compared the C&W valuations with the results presented by EY on their audit of the valuations, which included the input of an EY Chartered Surveyor, as part of the external audit plan agreed by the Committee. The Committee discussed the impact of the Covid-19 crisis, together with the potential impact of inflationary pressures and rising interest on the Group's property valuations, with EY and C&W respectively. Having considered and challenged EY and C&W respectively, the Committee concluded that the valuations as at 31 March 2022 are appropriate.
Revenue recognition, including the timing of revenue recognition and the treatment of rents, service charge income and lease incentives Certain transactions require management to make judgements as to whether and to what extent it should recognise revenue and present it within the financial statements. Market expectations and profit-based targets may place pressure on management to distort revenue recognition, which in turn may result in an overstatement of revenues.	The Committee considered the main areas of judgement applied by management in accounting for revenue including the treatment of rent, service charge income and lease incentives in the core portfolio. EY performed data analytics procedures over the whole population of leases in the Group's portfolio and over the whole population of journal entries posted to revenue during the year. EY also performed analytical review procedures and tested samples of transactions relating to rental income, service charge and other components of revenue. The Committee considered and challenged EY's work and reporting on revenue recognition. Having considered and challenged EY's reporting, the Committee concluded that, having consulted EY and considered the main areas of judgement applied by management, revenue is appropriately recognised and reported.
Accounting for the acquisition of BizSpace (new for 2022) The Group acquired BizSpace in November 2021 and now operates in two geographical markets which includes UK specific risks in relation to initial and subsequent accounting for the acquisition. The requirements are complex in relation to measurement and presentation of financial information related to the transaction and related contractual arrangements.	The Committee considered the impact on accounting arising from the acquisition of BizSpace and asked management to develop and manage the accounting integration process. Management devised an integration project with five main workstreams, namely: initial recognition and purchase price allocation ("PPA"); trial balance mapping; accounting policy gap assessment and alignment; internal control assessment; and reporting. The work performed included reviewing specialist memos for the valuations and purchase price allocation, reviewing the value in use calculation for goodwill, as well as assessing and challenging Managements' impairment of the goodwill balance. Management worked with the external auditors and with the BizSpace finance team to progress the project. Management reported progress to the Committee at the end of January and again in March 2022, which the Committee discussed and noted that no material issues had been identified and the project was tracking to plan.

The above description of the significant matters should be read in conjunction with the Independent auditors' report on pages 118 to 126 and the significant accounting policies disclosed in the notes to the financial statements.

AUDIT COMMITTEE REPORT CONTINUED

Auditor independence and the effectiveness of the external audit process

EY was appointed as the Company's auditors in September 2018 following a competitive audit tender process which included Big Four audit firms and one second tier audit firm. The audit will be put out to tender again no later than 2027. The Committee recommends the reappointment of EY as auditors at the Company's Annual General Meeting on 29 July 2022. The lead audit engagement partner is Dan Saunders, who was appointed in September 2018.

The Committee met with the auditors four times during the year (average three times a year) to discuss their remit. The opportunity is also taken at each meeting to discuss any issues arising from EY's audit work without management present. The Committee Chair meets with the audit partner outside of Committee meetings at least twice a year and Committee members have no other connections with the current auditors.

The Committee assessed EY's performance, quality and independence, which includes:

» reviewing the audit firm's public disciplinary and quality record, and its auditor transparency report;

» reviewing the renewal of EY's accreditation as an audit firm by the Johannesburg Stock Exchange dated 9 September 2021; and

» carrying out an internal review of the auditors and audit conduct for the 2022 financial year (post year end).

The 2021 internal review of the auditors drew feedback from members of the Committee and the finance team on a range of topics relating to the quality of the audit firm, the audit team and the audit itself, and value for money. EY were scored highly by the Committee and management in most areas.

The auditors' fee for the statutory audit increased for the 2022 financial year to €1,361,000 (31 March 2021: €684,000). The main reasons for the increase included the manner in which the Company has grown both organically and acquisitively, higher staff retention and salary costs, investment in new technology, new or amended ISAs since tender, FRC updates and EY allocating more time to the audit and meeting regulator expectations than was originally estimated.

While the Committee continues to be disappointed to see further increases in the audit fee, the recent external and inflationary influences, and increased demands and expectations on external audits are recognised. While taking every opportunity to promote efficiencies within the audit process, the overriding objective of the Committee is to ensure that a rigorous and quality audit has been delivered.

Following the Committee's review, it is satisfied that the auditors remain independent and are suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements (which relates to the provision of regulatory decision letters to the Company following an inspection by the regulator; no inspection of the auditors by the regulator was carried out in FY22).

The Committee has ensured that appropriate financial reporting procedures were established and that those procedures are operating in line with paragraph 3.84(g)(ii) of the JSE Listings Requirements (which relates to the operation of appropriate financial reporting procedures).

Performance evaluation of the Committee

The Committee's performance was considered as part of the externally facilitated Board evaluation process, which is described in the Corporate governance report on page 66. The Board considers that the Committee continues to perform well in its role supporting the Board.

Internal audit

The decision on whether or not to implement an internal audit function is made by the Board and this is based on the recommendation of the Committee which normally considers annually a number of factors in making its assessment. These include the growth and scale of the Company, the diversity and complexity of the Company's activities, the procedures and systems in place, the number of employees and the risk that issues may arise as well as the cost and benefit of implementing such a function.

The Committee reviewed its position on the establishment of a formal internal audit function as a result of the increasing size and complexity of the Company, which now has operations in two geographies. The Committee recommended management to establish an internal audit function, on an outsourced basis in order to benefit from a wider range of skills and expertise than would be provided by an internally managed function. The Committee expects this new internal audit function to be implemented in the second half of the new financial year and it is expected to provide additional assurance on a number of areas where the Group identifies value in having internal audit procedures carried out.

Risk management and internal controls

The Committee considers in detail the Group's risk management processes in addition to reviewing internal control procedures, the half and full year results and external audit plans. Regular reviews of significant risks are undertaken at meetings of the Committee and its observations are reported to the Board. The Group's system of internal control is designed to manage and mitigate rather than eliminate the risk of failure to meet business objectives and can only provide reasonable, but not absolute, assurance against material financial misstatement or loss and the following activities are undertaken to mitigate this where possible:

» review the effectiveness of the Company's financial reporting and internal risk and control policies and procedures for the identification, assessment and reporting of risks;

» monitor the integrity of the Company's financial statements and all formal announcements relating to its financial performance and ensure they are fair, balanced and understandable;

» review significant financial reporting issues and judgements;

» make recommendations relating to the appointment, reappointment and removal of the auditors;

» monitor the independence and effectiveness of the auditors; and

» review the Company's procedures for preventing and detecting fraud and bribery.

Having reviewed the Group's risk management arrangements and assessed the effectiveness of the internal financial controls, the Committee is satisfied with how the internal financial controls are operating.

Whistleblowing

The Whistleblowing Policy is available in both English and German and is available to all employees and details the confidential reporting mechanism in place to allow them to raise any such concerns that may arise.

In line with the 2018 Code, the Board assumed responsibility from the Committee for overseeing the operation and effectiveness of the Whistleblowing Policy.

During the year, there were no whistleblowing cases raised across the Group, although it was noted that a pre-acquisition case had been satisfactorily investigated and closed by BizSpace.

The Committee noted the roll-out of Whistleblowing Policy and procedures to BizSpace during the year.

The whistleblowing arrangements were updated in 2021 to facilitate calls to be made to an independent German speaker (the majority of employees are based in Germany – in 2022 calls can be made in English); calls to be investigated by an independent third party; a wider remit of areas covered by the EU Directive (e.g. data and privacy, environmental protection, security of network and information systems); protected persons now covers not only employees but also third parties (e.g. service providers); the misconduct of any employee (not just senior management) can now be reported; confirmation of reports must be given within seven days of a report being made and feedback must be provided on reports within three months.

Data security

The Committee noted that Sirius prioritises cyber security and IT resilience with representation at Board level. There is a comprehensive Information Security Management System ("ISMS") in place supported by Information Security Policies. These policies are enforced by a set of security controls which maps to the UK Government's Cyber Essentials scheme and complies with the UK Government's National Cyber Security Centre ("NCSC") guidance and best practices.

The Committee considers that cyber security at Sirius provides data confidentiality and integrity with a resilient cyber infrastructure, which has not experienced an information security breach in the past three years. The latest audit of the Company's information security system was carried out in December 2021 by a CREST accredited company. Compliance with both EU and UK versions of General Data Protection Regulation ("GDPR") is also constantly reviewed by management to assure the Committee. During the year under review the Group was accredited with the Cyber Security Essentials certification by the UK National Cyber Security Centre.

Management, overseen by the Information Technology Committee ("ITC", comprising the CFO, COO, IT Director and Head of Yield and Analytics), assesses the risks continuously (at least quarterly), works to mitigate current and emerging threats and circulates special briefings on major events. Risk and vulnerability management life cycles are integrated into our cyber practices. External supply chain risks are carefully managed and mitigated and cyber awareness training is carried out for all Sirius employees including the Sirius Senior Management Team and tested annually.

Going concern and viability statement testing

The Board's going concern statement is provided on pages 115 and 116 of the Directors' report, and the viability statement is provided on page 64 of the Strategic report. The Group's ability to continue as a going concern and viability statement are based on current trading and the latest three year forecasts prepared by the Senior Management Team. A model has been created for this which uses a combination of existing contractual agreements and future assumptions of performance of existing assets and expected acquisitions and disposals for which the Group currently has the resources.

In order to test the robustness of the forecast, sensitivities have been applied to key income and expense items including rental income, service charge recovery and overhead costs.

In considering the Board's going concern and viability statement, the Committee reviewed detailed stress tests and sensitivity analysis provided by management which modelled the effects of severe but plausible and more realistic scenarios on the Group's financial position and prospects. The scenarios addressed the key risks to the Group's liquidity and covenant compliance, and the available mitigations to reduce these risks where necessary to an acceptable level should experience tend towards the severe but plausible scenario.

The Committee has reviewed and agreed the assumptions used by management in these forecasts and the disclosures.

Non-Audit Services ("NAS") Policy

The Committee has updated its NAS Policy in 2022 for application in the 2022 financial year as explained in the following paragraph.

The revised NAS Policy is in accordance with the FRC Revised Ethical Standard 2019 ("2019 ES") and with applicable Guernsey regulation as it applies to a Guernsey registered company.

The policy requires the Committee's prior approval for all non-audit work to be carried out by the auditors and limits all such fees in any year (excluding specified services required by law or regulation) to a maximum of 10% calculated by reference to the average statutory audit fee for FY2022.

The total non-audit fees paid to the auditors during the year ended 31 March 2022 were €299,000 (representing 22% of the statutory audit fee) (31 March 2021: €63,000) paid to EY. The fee for 2022 covered work related mainly to the June and November 2021 corporate bond issuances, the Interim Report and the provision of a reporting accountant report, for which the auditors were judged to be best placed to provide the services. The Committee continues to monitor the extent of the non-audit related work undertaken by the auditors to ensure auditor objectivity and independence are safeguarded.

Continuing Board evolution

Daniel Kitchen
Chairman of the Nomination Committee

The primary functions of the Nomination Committee are to:

» monitor the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees;

» oversee succession planning and the process for nominating, selecting, appointing, developing and evaluating Directors; and

» ensure that appropriate procedures are in place for succession planning (including diversity considerations) and development in relation to the senior management of the Group.

The Committee's Terms of Reference are available at www.sirius-real-estate.com.

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 March 2022.

This has been another busy year for the Committee with the addition of Joanne Kenrick to the Board as a Non-Executive Director on 1 September 2021, primarily to succeed James Peggie as Chairman of the Remuneration Committee, which is planned to take place at the conclusion of the Company's AGM on 6 July 2022. Joanne Kenrick has been appointed as a member of the Nomination, Remuneration and Sustainability and Ethics Committees on 1 November 2021.

On the Executive side of the Board, the Committee oversaw the changes in roles effective 1 February 2022, with Alistair Marks taking up the newly created role of Chief Investment Officer ("CIO") (having served as Chief Financial Officer prior to the change), while Diarmuid Kelly joined the Company's Board of Directors as Chief Financial Officer ("CFO").

In his new role as CIO, Alistair will focus on the Group's investment activity, covering acquisitions, disposals and capex investment programmes, utilising his significant experience in the industrial, office and business parks sector, as well as deep operational experience and expertise to identify and execute on a wide range of opportunities that unlock value for the Group.

Diarmuid Kelly joined the Group in 2015, and, after serving as Group Finance Director, Diarmuid has been appointed as CFO. Diarmuid Kelly has worked directly alongside Alistair Marks for more than six years and, as the Group has grown, has taken on additional responsibilities relating to the Group's audit and financial processes, as well as debt financing and investor relations activities.

These two appointments, together with the creation of the role of Chief Operations Officer ("COO") and Chief Marketing and Impact Officer ("CMIO") in 2021, completed a restructuring of the Senior Management Team to reflect the significant expansion of the business in recent years, including the Company's entry into the UK market with the acquisition of BizSpace in November 2021. The appointments also provide a strong framework to enable Sirius to achieve its ambitions for future growth and the continued development of its platform.

The Committee's review of succession planning and the leadership pipeline noted the initial secondment and subsequent appointments of Tobias Schorstädt (Acquisitions Director) and Andreas Schlesinger (Contracts, Utilities and Environmental Services Director) to the Sirius Facilities operating board. The Committee considered the BizSpace senior management succession plan, and was pleased with additional senior management appointments to bolster the existing management team.

The Committee will continue to review succession as the Company grows in size and complexity to ensure the availability of a pool of suitably qualified and talented managers to deliver the Sirius medium and long-term strategy. We will keep shareholders informed as decisions are made and will provide an update in the next Annual Report.

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have taken measured steps towards broadening boardroom diversity since then. Page 47 of this report addresses the Board's Diversity Policy, and the Corporate governance report on page 66 describes our progress on boardroom diversity.

The operating business in Germany prides itself on its diversity and inclusion record, where all forms of diversity and inclusiveness are normalised within the business and are fully integrated into its ways of working. As the designated Non-Executive Director with responsibility for engaging with the workforce, I carried out six further site visits in 2021 and held conversations with numerous colleagues. I was particularly impressed by the attitudes to diversity and inclusion which run through the business. I plan to visit more sites in 2022, in both Germany and the UK, to engage with colleagues across a range of topics and will provide summary feedback to the Board.

We carried out the first externally facilitated Board evaluation in the year, which covered the Board and the Board Committees and separate evaluations were carried out for each Director. The process and outcomes are described on page 78 of the Corporate governance report. The key takeaway for this Committee is to discuss the development of a skills matrix for Board membership.

We carried out a review of the composition of the Board Committees as it was time to move away from each of the independent Non-Executive Directors sitting on all the Committees and the aim is to achieve more focus and increased efficiency. Details of the membership of each of the Committees are set out in the individual Committee reports.

Over the new financial year, the Committee's priorities were to induct and integrate the new Non-Executive Director successfully, and to continue to review the succession plans, including those for the BizSpace Senior Management Team.

As James Peggie completed his ninth year as a Non-Executive Director in November 2021, succession for his key roles of Chair of the Remuneration Committee and Senior Independent Director became a particular focus and, following discussions with fellow Board members and with major investors, it was agreed that Caroline Britton would succeed James Peggie as Senior Independent Director with effect from the conclusion of the AGM on 6 July 2022. As planned, Joanne Kenrick will succeed James Peggie as Chair of the Remuneration Committee with effect from the conclusion of the AGM on 6 July 2022.

The Corporate governance report describes how we engage with our shareholders. As Chairman of the Nomination Committee, I welcome dialogue with shareholders on all matters under the Committee's remit.

Daniel Kitchen
Chairman of the Nomination Committee
10 June 2022

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Daniel Kitchen (Chairman)	4/4
Caroline Britton	4/4
Mark Cherry	4/4
Kelly Cleveland	4/4
Joanne Kenrick[1]	2/2
James Peggie	4/4

(1) Joanne Kenrick was appointed to the Committee on 1 November 2021.

Key focus areas

The Committee's main focus areas during the financial year are summarised below.

Area	Subject
Appointments	» Appointed Joanne Kenrick as an independent Non-Executive Director » Recommended the appointment of Diarmuid Kelly as Chief Financial Officer and the appointment of Alistair Marks to a new role as Chief Investment Officer
Policy	» Implemented Procedure for New Appointments
Governance	» Reviewed the Company's progress on gender and ethnic diversity in the boardroom » Reviewed the Management Structure Plan » Reviewed management succession plans » Reviewed and changed the composition of Board Committees » Reviewed findings of 2022 external Board evaluation and made recommendations in relation to actions to be taken » Reviewed Non-Executive Director independence » Reviewed the Nomination Committee Terms of Reference » Reviewed the 2021 Nomination Committee report

Diversity Policy

The Board's Diversity Policy was adopted in May 2017. The policy recognises that boardroom diversity maximises the opportunities to achieve the Group's business goals and includes a commitment to diversity and gender equality in the recruitment process. It also requires the Committee to discuss and agree annually all measurable targets for achieving diversity on the Board.

Subject to diversity considerations, our policy operates on equality principles. These are to employ the best candidates available in every position regardless of sex, race (ethnic origin, nationality and colour), age, religion or philosophical belief, sexual orientation, marriage or civil partnership, pregnancy, maternity, gender reassignment or disability.

The Board's progress on diversity is summarised on page 76 of the Corporate governance report.

The operating company in Germany, Sirius Facilities, is a signatory to the German Charter of Diversity. With a gender-balanced and internationally diverse workforce, with 34% of our managers and 51% of the total workforce being female, over time it is expected that more women will be represented in the higher leadership roles.

Procedure for New Appointments

The Committee approved a Procedure for New Appointments during the year, the main provisions of which are summarised below.

Evaluation	Evaluate the balance of skills, knowledge, experience and diversity of the Board against the challenges and opportunities facing the Board and the Group
Description	Describe the role and capabilities required for the appointment, including diversity considerations
Search	Agree on the search methods to be used and selection process to be followed, and brief any external search consultants
Assessments	Depending on the chosen selection process, conduct interviews, perform assessments and carry out background checks as applicable
Factors	Consider any potential conflicts of interest if a candidate is known to a Director, the candidate's other commitments and time availability
Selection	Make the appointment
Induction	Arrange a formal induction to equip the Director in their responsibilities and knowledge of the Group's strategy, position, prospects and regulatory environment

The Procedure supports boardroom diversity by considering and placing a value on the benefits of diversity at an early stage in the process, in addition to the individual capabilities of each candidate.

The Committee usually appoints independent executive search consultants for senior appointments, which assist through advice and facilitating the search process. This entails agreeing the candidate brief, which explains to candidates why the appointment is being made and provides information on the Group's aims and direction. A long-list of potential candidates is reviewed and reduced to create a short-list for interview. During the assessment process, attributes taken into consideration include the candidate's capabilities and qualities, attitudes and values, balance and complementary fit, and the ability to bring constructive challenge.

Executive search consultants, Redgrave Partners, were used for the appointment of Joanne Kenrick as the new independent Non-Executive Director and prioritised diversity as well as experience (in particular in relation to remuneration) to broaden the Board's composition. These search consultants have no other connection with the Company.

Succession planning

The Committee formally reviewed the succession plan for the Executive Directors and other members of the Senior Management Team at the September 2021 Committee meeting. The Committee also considered succession for the key roles of Chair of the Remuneration Committee and Senior Independent Director as James Peggie completed his ninth year as a Non-Executive Director in November 2021. The Committee discussed the requirements for these challenging roles, being knowledge of Directors' remuneration (framework and regulatory environment) and highlighted investor relations and diplomacy skills as well as commercial property experience.

The Committee is cognisant of the current gender composition of the Senior Management Team. While comfort is taken from the greater gender balance at middle management levels, the progression of the leadership pipeline was again a key focus for the Committee during the formal review in 2021.

The Committee noted that there is one Director on the Board from an ethnic minority background. While this pre-dates the recommendations of the Parker Review 2017 to have at least one ethnic minority Director by 2024, we are committed to instructing search consultants to identify candidates from diverse backgrounds, including ethnicity, for all appointments so that we continue to meet the recommendations as a minimum.

Board evaluation

A summary of the external evaluation carried out in the year, including its design, process and outcomes, and how it has influenced the Board's work programme, is provided on page 78 of the Corporate governance report.

SUSTAINABILITY AND ETHICS COMMITTEE REPORT

Accelerating progress

Andrew Coombs
Chairman of the Sustainability and Ethics Committee

"As a major property owner, we recognise our responsibilities to our stakeholders, being employees, business partners, tenants and the wider communities in which we operate."

The primary functions of the Sustainability and Ethics Committee are to:

» advise the Board on the economic sustainability of the business and ethical matters relating to the Group; and

» provide a leadership forum for Non-Executive Directors to work with executive management to shape policy, strategy and, where appropriate, targets to improve the Group's environmental, social and governance ("ESG") performance.

The Committee's Terms of Reference are available at www.sirius-real-estate.com.

Dear Shareholder

On behalf of the Board, I am pleased to present the Sustainability and Ethics Committee report for the year ended 31 March 2022. The Sustainability and Ethics Committee fulfils the function of a social and ethics committee under the terms of the JSE Listings Requirements and it has fulfilled its mandate as prescribed by corporate law and that there were no instances of material non-compliance to disclose.

The Committee considers and makes recommendations to the Board in relation to the critical dimensions of how the Company does business, specifically its value system surrounding environmental impact, ethical standards and social responsibility. This Committee report should be read in conjunction with the separate Sustainability report, set out on pages 36 to 47.

As a major property owner, we recognise our responsibilities to our stakeholders, being employees, business partners, tenants and the wider communities in which we operate. With that as background, we recognise the importance of sustainability to our business and we have made this a key priority for 2022 by embedding it further into our strategy and business model as well as integrating it into BizSpace, UK.

This commitment to our responsibilities is underlined by my leadership of this Committee assisted by Kremena Wissel, Chief Marketing and Impact Officer, whose role is to lead further integration of ESG into Sirius' strategic development. Kremena has presented ESG updates to the Committee, which included details on our developing environmental strategy and the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

The Committee noted that 90% of employees provided high positive feedback about the Company's health and wellbeing programme rolled out during the Covid-19 pandemic, under which flexible work arrangements and mental health training programmes were rolled out across the business. As the virulence and impact of Covid-19 recedes, we are implementing programmes to encourage employees back to the office in a safe and responsible manner.

Our progress in the year included a major current workstream to measure and deliver a significant improvement with regards to the Company's impact on the environment. Examples include sourcing almost 100% of portfolio electricity energy from green electricity sources. We are reviewing heating systems and are developing a programme to replace the most inefficient heating systems across our sites and rolling out biodiversity initiatives (10,458 trees planted in reforestation projects to add to existing 9,000 trees on site, 1,000,000 bees kept).

It is reassuring that our efforts have been recognised by MSCI, which re-confirmed our business' ESG rating as AA in October 2021, and GRESB awarded us a "B" rating for our public disclosure in September 2021.

In 2021 we published the Sirius Scope 1, 2 and 3 greenhouse gas emissions for the first time in the Annual Report and we are continuing to work towards a carbon reduction strategy in partnership with a specialist ESG consultancy.

As referenced above, we are also working to embed the TCFD into our Company strategy and risk framework, so that climate change considerations will be a key part of our risk management and strategic planning processes.

We appreciate that we are progressing our journey and we have some way to go. Having made a start, however, we fully intend, as a matter of urgency, to see this journey through to a sustainable future.

Andrew Coombs
Chairman of the Sustainability and Ethics Committee
10 June 2022

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Andrew Coombs (Chairman)	3/3
Caroline Britton(1)	1/1
Mark Cherry	3/3
Kelly Cleveland	3/3
Joanne Kenrick(1)	1/1
James Peggie(1)	1/1

(1) As part of a reorganisation of Board Committees, Joanne Kenrick joined, while Caroline Britton and James Peggie stepped down from the Committee on 1 November 2021.

Key focus areas

The Committee's main focus areas during the financial year are summarised below.

Area	Subject
Purpose, values and competencies framework	» Noted progress to embed purpose statement, values and competencies framework across the business, including BizSpace
Sustainability	» Approved and monitored the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") including scenario planning aligned with the Paris Agreement » Reviewed the progress towards a detailed model for carbon emissions reduction leading to net zero » Group's outline sustainability strategy, including a strategic framework and draft climate change statement. Reviewed evolution of the ESG strategy and programme involving a specialist consultancy which remains ongoing in 2022. This includes the potential impact of ESG reporting requirements and a materiality assessment including investors and wider stakeholders
Colleague update	» Received an update from the CEO on employee engagement during 2021 financial year and planning for 2022 financial year » Noted employee initiatives taken during pandemic to improve mental and physical health » Member of Charter of Diversity, Germany, and of LGBTQ Great, UK » Noted introduction of target driven ESG incentives for management and all employees
Ethical policies	» Reviewed drafts of the Modern Slavery Statement 2022, Anti-Bribery and Corruption Statement and Procedures, Anti-Discrimination and Diversity Policy, Health and Wellbeing Policy, Supplier Code of Conduct, Sustainability Policy and updated Whistleblowing Policy – each of which were approved by the Board for implementation across the Group
Governance	» Noted feedback on the Committee's performance from the 2021 Board evaluation » Monitored integration of Sirius ESG policies and initiatives into BizSpace

Remuneration supporting sustainable shareholder values

James Peggie
Chairman of the Remuneration Committee

"Our Remuneration Policy is designed to support the creation of long-term sustainable shareholder value and provide a clear, consistent and cohesive approach to reward. Our aim is always to consider the wider workforce, our shareholders and other stakeholders by taking a fair and balanced approach to remuneration."

The primary functions of the Committee are to:

» design and determine the remuneration and associated benefits of the Executive Directors of the Company and the senior management of the Group; and

» review workforce remuneration and related policies for their alignment with the Group's values and culture, and take these into account when setting the policy for Executive Director and senior management remuneration.

The Committee's Terms of Reference are available at www.sirius-real-estate.com.

Dear Shareholder

I am pleased to present the Directors' remuneration report for the year ended 31 March 2022.

Our report explains the work of the Committee and how we have implemented our Remuneration Policy, which was strongly supported by shareholders at the 2021 AGM with over 89% of the votes in favour of it.

Following my letter are the two principal sections of the report:

» the Directors' Remuneration Policy (the "Remuneration Policy") – this sets out our forward-looking Remuneration Policy for Directors; and

» the Annual report on remuneration – this provides details of the amounts earned by the Directors in respect of the year ended 31 March 2022.

Our Remuneration Policy is designed to support the creation of long-term sustainable shareholder value and provide a clear, consistent and cohesive approach to reward for a FTSE 250 company. The Committee believes that the Remuneration Policy continues to support our strategy and, accordingly, remains appropriate. We will continue to monitor the operation of the Remuneration Policy with a current intention to undertake a fuller review in advance of the 2024 AGM in line with the usual UK timeline of reviewing the Remuneration Policy every three years. However, in line with JSE Listings Requirements we will put the Remuneration Policy to an advisory vote at the 2022 AGM.

This is my final Directors' remuneration report as Chairman of the Remuneration Committee as Joanne Kenrick takes on that role with effect from the end of the 2022 AGM. It has been a rewarding six years as Chair of the Committee during which time the Company has grown significantly both in size and the number of people working in the business. It has also been a time of considerable change in corporate governance and the approach to remuneration at Board level and the wider workforce which I hope we have embraced. I shall continue to be available to support Joanne as she takes up the reins. I am sure she will be excellent.

Remuneration in the context of our business performance and outcomes for our key stakeholders

Our aim is always to consider the wider workforce, our shareholders and other stakeholders by taking a fair and balanced approach to remuneration.

This year was a transformative year for Sirius marked by two key firsts which saw the Company access the corporate bond market, successfully raising €700 million through two oversubscribed issuances, and making a major corporate acquisition with the strategic purchase of BizSpace, providing geographic diversification and an established operating platform in the UK.

Remuneration in the context of our business performance and outcomes for our key stakeholders continued

As detailed in our Strategic report:

» Our German platform continues to deliver strong organic growth driven by asset management and strong occupier demand. Like-for-like annualised rent roll increased by 6.5% representing the eighth consecutive year of like-for-like rent roll growth in excess of 5%. In addition, we have acquired a record number of assets during the year which will provide the Company with over 118,000 sqm of vacant space in which we shall be investing in order to fuel future growth.

» We were pleased to complete the acquisition of BizSpace in November 2021 for a cash consideration of approximately £245 (€286) million and an enterprise value of £380 (€448) million. As a leading provider of regional flexible workspace across the UK, BizSpace has provided Sirius with an opportunity to diversify geographically at scale through the single acquisition of an established platform. The transaction provides a number of organic growth opportunities, overlaid with meaningful operational and financial synergies.

» We conducted an oversubscribed placing of new shares to raise €160 million for the acquisition of BizSpace.

» Our inaugural bond issuances in June 2021 and November 2021, coupled with the repayment of €340.2 million of existing debt, of which €170.7 million related to secured debt in Germany and the €169.5 million of acquired BizSpace secured debt, have transformed the Company's financing arrangements and will positively support Sirius' future growth ambitions.

» Over the past year, the Company made a number of strategic appointments at Group level, concluding its planned expansion and evolution of its Senior Management Team to position the business for its next stage of growth. These changes saw Alistair Marks appointed to the newly created role of Chief Investment Officer and Diarmuid Kelly promoted to the role of Chief Financial Officer, both of which follow the promotions of Rüdiger Swoboda to Chief Operating Officer and Kremena Wissel to Chief Marketing and Impact Officer in the previous financial year. We will continue to focus on hiring and retaining the best talent across its platforms to support its growth journey and are already well advanced in strengthening the existing BizSpace senior team to bring in new skillsets that will help the Group achieve its goals.

» For progress relating to the workforce, our community and other stakeholders, please read the Sustainability report set out on pages 36 to 47.

Directorate changes

With effect from 1 February Alistair Marks took up the new Board role of Chief Investment Officer and Diarmuid Kelly joined the Board as Chief Financial Officer.

A summary of Diarmuid Kelly's remuneration arrangements following his appointment to the Board is set out below.

Service agreements	Six months' notice from the Company or Diarmuid Kelly
Salary on appointment	€250,000
Pension	9.7% of salary in line with rate available for the wider workforce
Annual bonus	Up to 125% of salary
LTIP	Up to 200% of salary

In the Policy approved at the 2021 AGM we included reference to the provisions in Andrew Coombs' and Alistair Marks' service agreements that entitle them to payments for observing post-termination restrictive covenants, noting that these were legacy arrangements which would not be replicated on future appointments. A similar provision was included in Diarmuid Kelly's service contract which pre-dates his appointment to the Board. The Company considered revising this on his appointment but received professional advice that it is required under German law to enable the enforcement of the provisions in the service contract.

Executive Directors' remuneration for the 2022 financial year

Salary and pensions

As set out in the Directors' remuneration report for the year ended 31 March 2021, Andrew Coombs' salary was increased to £485,000 with effect from 1 April 2021. The increase took into account the significantly increased role and corresponding responsibilities of the CEO position within Sirius Real Estate, having regard to the material change in the scale and complexity of the business.

As we reported last year, Alistair Marks' salary remained at €364,828 as of 1 April 2021. We reported last year that we intended to reduce his salary to €320,000 with effect from 1 October 2021 having regard to the appointment of Diarmuid Kelly as then Group Finance Director. However, due to the BizSpace acquisition and related bond issuance and equity raising, Alistair's move to become Chief Investment Officer was delayed until 1 February 2022, at which point the reduction in Alistair's salary took effect and Diarmuid Kelly was appointed at that point as Chief Financial Officer. Further information in relation to salaries for the year ended 31 March 2022 is set out on page 103.

In light of the acquisition of BizSpace, and in the expectation of further growth during the coming year, leading to increased complexity of the Group and stretch of the Executive Directors and senior management involved across both Germany and the UK, we intend to review salaries during the year with a view to any changes coming into place in the year ending 31 March 2024 (and which will be communicated in next year's report). This may result in increases ahead of the wider workforce to reflect the increased time and complexity of the cross border responsibilities.

With effect from 1 April 2021, the pensions for Andrew Coombs and Alistair Marks were reduced from 15% of salary to 9.7% of salary as reported last year and, in line with the rate available to the majority of the wider workforce, Diarmuid Kelly's pension is 9.7% of salary with effect from his appointment.

Annual bonus outturn

The maximum bonus opportunity for the financial year was equal to 125% of base salary for each Executive Director.

Alistair Marks' bonus outturn is calculated by reference to his salary as CFO for the ten month period from the start of the year to 31 January and by reference to his reduced salary as CIO for the final two months of the year. Diarmuid Kelly's bonus outturn is calculated in respect of the full year by reference to the lower level of salary (€225,000) which applied prior to his appointment to the Board, and does not take account of his salary increase with effect from his appointment to the Board.

As a consequence of the Company's strong financial performance (as highlighted above) and excellent delivery around strategic and personal targets, Andrew Coombs, Alistair Marks and Diarmuid Kelly each earned 96.67% of their maximum bonus opportunity, details of which are provided on pages 104 to 107. An explanation of how these targets align with the Group's key performance indicators is provided on pages 105 and 106.

The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year as well as the experience of our shareholders and employees.

For Andrew Coombs and Alistair Marks, 35% of the bonus earned will be deferred into shares, 50% of which will be released to the Executive Directors after one year and 50% after two years, subject to their continued employment. This deferral arrangement will apply to the bonus earned by Diarmuid Kelly in respect of the period from his appointment to the Board. In respect of the ten months prior to his appointment to the Board, 35% of his bonus will be deferred in cash, in line with the policy applied to the C-Suite Directors.

LTIP awards with performance period ending during the year

Awards granted on 14 June 2019 pursuant to the 2018 LTIP, in the form of nil-cost options, with a four year performance period from 1 April 2018 to 31 March 2022 vested on 13 May 2022 at 100% of maximum. The Committee considers the level of pay-out is reflective of the outstanding overall performance of the Group over the performance period as well as the experience of our shareholders and employees. See page 107 for further details.

2022 LTIP awards

Awards pursuant to the 2021 LTIP were granted during the year to the Executive Directors and other members of the Senior Management Team. Details are provided on page 108.

Chairman and Non-Executive Director fees

From 1 April 2021, the basic fee for Non-Executive Directors was increased by 1% to €65,549. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director. During the year, the Committee reviewed the Chairman's fee which has remained at €141,600 since 2018. It was agreed by the Committee, with effect from 1 August 2021, that the Chairman's fee was to be increased to €224,200 in light of the growth in the scale and complexity of the business and the fee not having been increased since 2018.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.18).

	Fees at 1 April 2021
Chairman fee	€141,600
Non-Executive Director fee	€65,549
Additional fee for Chair of the Audit Committee	€11,800
Additional fee for Chair of the Remuneration Committee	€11,800
Additional fee for Senior Independent Director	€11,800

Implementation of Remuneration Policy for the 2023 financial year

Information on how the Company intends to implement the Remuneration Policy for the year ending 31 March 2023 is set out below:

Element	Application of the Remuneration Policy
Salary	With effect from 1 April 2022, Andrew Coombs', Alistair Marks' and Diarmuid Kelly's salaries will be increased by 3.5% in line with the general workforce increases to £501,975, €331,200 and €258,750 respectively.
Pension	Pension for Executive Directors are aligned with the rate available to the majority of the wider workforce (currently 9.7% of salary).
Annual bonus	Following the BizSpace acquisition which has provided geographic diversification and an established operating platform in the UK, Andrew Coombs' role and responsibilities across the two geographies have subsequently increased, with Andrew taking direct CEO responsibility for both Germany and the UK. Reflecting the increase in the scope of his role, the Committee has decided to increase his maximum annual bonus opportunity from 125% to 150% of base salary, in line with the Remuneration Policy approved at the 2021 AGM. The other Executive Directors' maximum annual bonus opportunity will remain at 125% of base salary. The annual bonus will be subject to stretching performance conditions based on a combination of financial measures, strategic and personal objectives and ESG targets. The Committee considers the performance targets and objectives to be commercially sensitive. Details of the performance targets and objectives, and performance against them, will be disclosed in the Directors' remuneration report for the year ending 31 March 2023, unless they are considered to remain commercially sensitive. 65% of the bonus earned will be paid in cash, with the remaining 35% deferred into shares (50% of which will be released to the Executive Directors after one year and 50% after two years). The proposed performance measures and weightings for the FY23 bonus are as follows:

KPI	Measurement scale	Vesting	Weighting
Company financial performance			
Adjusted FFO[(1)]	Below target	0%	70%
	On target	50%	
	Above target	100%	
Strategic targets, personal objectives and ESG targets			
Delivery on strategic targets	Each Executive Director has specific KPIs linked to short-term value creation indicators	From 0% to 100%	10%
Delivery on individual targets	Each Executive Director has his own specific objectives		10%
Delivery on ESG targets	Each Executive Director has his own specific and shared ESG objectives	From 0% to 100%	10%

(1) Adjusted FFO is defined for the purposes of the bonus objectives as being funds from operations (as defined in the Glossary) adjusted for senior management bonus costs and accruals and excluding any acquisitions that may be made during the year to 31 March 2023. The adjusted FFO figure shall be further adjusted in such manner as is agreed with the Remuneration Committee for any disposals completed in the year to 31 March 2022.

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation of Remuneration Policy for the 2023 financial year continued

Element	Application of the Remuneration Policy
LTIP award	Awards are proposed to be granted at the level of 200% of salary for both Andrew Coombs and Diarmuid Kelly. Alistair Marks will receive the same number of shares granted to Diarmuid Kelly. Vesting of the awards will be subject to stretching performance measures and targets based on annualised TNR growth (two-thirds of maximum) and relative TSR (one-third of maximum). The performance measures will be assessed over three years and a two year holding period will then apply to any shares which vest.

The targets for the 2023 LTIP grant are as follows:

Annualised TNR(1) growth over the performance period	Vesting percentage
<7.5% p.a.	0% of maximum
7.5% p.a.	25% of maximum
7.5% p.a.>–<10% p.a.	Pro rata vesting between 25% and 62.5% of maximum
10% p.a.	62.5% of maximum
10% p.a.>–<13.5% p.a.	Pro rata vesting between 62.5% and 100% of maximum
13.5% p.a.	100% of maximum

(1) Calculated as annualised growth in adjusted net asset value plus dividends paid. Adjusted net asset value means the net asset value of the Company adjusted for the fair value of derivative hedging instruments, deferred tax and goodwill.

Taking into account the strong total returns over the last few years these are considered to be stretching targets.

Relative TSR against the peer group(1) over the performance period	Vesting percentage
Below median	0% of maximum
Median	25% of maximum
Between median and upper quartile	Pro rata vesting between 25% and 100% of maximum
Upper quartile	100% of maximum

(1) TSR peer group: Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, Regional REIT Ltd, Hamborner REIT AG, DIC Asset AG, Urban Logistics REIT Plc, Industrials REIT, CLS Holdings Plc, Londonmetric Property Plc, and Shurgard Self Storage SA.

Element	Application of the Remuneration Policy
Chairman and Non-Executive Director fees	The Chairman and Non-Executive Director base fee will be increased by 3.5% to €232,047 and €67,850 respectively in line with the general workforce increases.

Additional disclosures

Sirius is a Guernsey incorporated company. We voluntarily report on Directors' remuneration in line with UK issuers where the disclosures are relevant to understanding our business performance and executive rewards.

Committee evaluation and conclusion

The Committee's performance was considered as part of the Board evaluation process, which is described in the Corporate governance report on page 78. I am pleased to report that the Board considers that the Committee continues to perform well in its role supporting the Board.

We remain committed to a responsible approach to executive pay and believe the Remuneration Policy operated as intended during the year. The decisions made as a Committee as regards remuneration earned in respect of the year ended 31 March 2022 demonstrate our commitment to ensuring that Executive Directors' reward is aligned with performance and the outcomes for all our stakeholders.

We hope that shareholders will continue to support the Remuneration Policy and the Annual report on remuneration at the AGM on 6 July 2022.

James Peggie
Chairman of the Remuneration Committee
10 June 2022

How the Committee operated during the year

Membership and attendance

Committee members as at 31 March 2022	Meeting attendance
James Peggie (Chairman)	4/4
Mark Cherry(1)	2/2
Daniel Kitchen	4/4
Joanne Kenrick(2)	2/2
Caroline Britton(1)	2/2
Kelly Cleveland(1)	2/2

(1) Stepped down from the Committee on 1 November 2021.

(2) Joanne Kenrick was appointed to the Committee on 1 November 2021.

Key focus areas

The Committee's main focus areas during the financial year are summarised below.

Area	Subject
Decisions relating to the Executive Directors and Chairman	» Taking into account our strong performance, approved salary increases effective from 1 April 2021 » Reviewed the Chairman's fee and approved increase with effect from 1 August 2021 » Approved bonus outturns for FY21 and retention of 35% by deferral in shares through the Deferred Bonus Plan » Released the remaining 50% of FY19 Deferred Bonus Plan awards and the first 50% of FY20 Deferred Bonus Plan awards » Approved awards under 2021 LTIP and performance conditions » Set financial objectives and targets for FY22 bonuses
Decisions relating to other members of the Senior Management Team	» Approved outturns for FY21 bonuses and the percentage of cash retention for one year » Released retained bonuses from FY20 » Set financial objectives for FY22 bonuses » Approved awards under 2021 LTIP and performance conditions » Reviewed senior management remuneration and contracts at BizSpace following the acquisition and assisted with remuneration and contracts for new hires
Decisions relating to managers below Senior Management Team	» Inclusion of new members of the Senior Managers' Share Incentive Plan » Reviewed senior management pay proposals for FY23
Remuneration Policy	» Reviewed the Directors' Remuneration Policy and considered it remains appropriate for the forthcoming financial year
Governance	» Reviewed 2021 Directors' remuneration report » Reviewed workforce pay across the Group

DIRECTORS' REMUNERATION REPORT CONTINUED

2018 UK Corporate Governance Code (the "2018 Code")

The Board considers that the membership of the Committee is compliant with the 2018 Code. No individual is involved in determining their own remuneration.

The 2018 Code applied to the Company from the start of the 2020 financial year and we have reported compliance with the 2018 Code within our Corporate governance report on page 67.

In determining the new Remuneration Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Code.

Principle	Commentary
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We operate simple variable pay arrangements, which are subject to clear performance measures aligned with the Group's strategy and the interests of all stakeholders. Details of our remuneration arrangements are disclosed clearly and concisely.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Committee to have appropriate regard to risk considerations. Annual bonus deferral is in place for all Executive Directors. Furthermore, the operation of in-employment and post-employment shareholding guidelines further align the interests of our Executive Directors to serve the long-term interests of the Company and shareholders, in addition to the large shareholding of both Andrew Coombs and Alistair Marks, two of the Executive Directors. The Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found on page 99.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Committee considers the approach to wider workforce pay and policies when determining the Directors' Remuneration Policy to ensure that it is appropriate in this context.
Alignment to culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	In determining the Remuneration Policy, the Committee was clear that this should drive the right behaviours, reflect our values and support the Group purpose and strategy. The Committee will review the remuneration framework regularly so that it continues to support our strategy.

Wider workforce remuneration and employee engagement

Sirius seeks to be an employer of choice for all of its employees. Compensation is therefore structured competitively within the market and is regularly reviewed in order to attract and retain talent. Although employees are not actively consulted on Directors' remuneration, as the Non-Executive Director designated under the 2018 Code for employee engagement, the Chairman, Daniel Kitchen, engages directly with employees on a range of topics of interest to them, including pay. This year the Chairman accompanied the CEO, Andrew Coombs, on a roadshow of six different sites in Germany where there was attendance by 86% of the workforce. Those who could not attend in person were provided with a presentation. The roadshow addressed the results of the annual employee survey, the focus on being an employer of choice as a result of modern infrastructure, balanced and aligned approach to remuneration, diverse and international culture, staff development and training. The German employees were reminded how the Board had listened and responded to previous survey results by introducing flexible working, an all employee bonus (which in future will be linked to ESG measures) and the Board's appreciation of employee efforts by recognition of the increased workload during the pandemic through the provision of two additional paid holidays on Christmas and New Year's Eve.

There were open Q&A sessions on these and other topics of interest to colleagues and the CEO took away a number of topics for consideration as a result of the engagements, such as focus on ESG and ESG bonus, employee wellbeing initiatives such as the planned head office move in Berlin, the continuing career development and training of employees and the continuation of the IT systems and infrastructure improvement programme. Progress on these topics as well as the roll out of the annual employee survey to the UK employees will be reported in the Annual Report 2023.

As described in the Sustainability report on page 44, the Group engages with colleagues through a number of formal and informal channels, including an annual employee survey, which explores a range of engagement, welfare and satisfaction areas.

Additionally, Share Incentive Plans are used by the Company to motivate, reward and retain key members of staff. In particular, we have in place a Senior Managers' Share Incentive Plan ("SIP") to create staff alignment with the Group and promote a sense of ownership. 31% of Sirius' staff are currently shareholders. These percentages exclude BizSpace employees who only joined the Group in November 2021 and have not yet had an opportunity to participate in Sirius' share plans.

Directors' Remuneration Policy

This part of the Directors' remuneration report sets out Sirius Real Estate's Directors' Remuneration Policy which was approved by shareholders at the 2021 AGM. The Remuneration Policy has been determined independently by the Remuneration Committee.

The Remuneration Policy was adopted at the AGM held on 30 July 2021 and will be reapproved on an advisory basis at the 2022 and 2023 AGMs in accordance with the requirements of the JSE Listings Requirements that the Remuneration Policy be put to a non-binding advisory vote each year.

The Policy as set out below is, therefore, broadly the same as that approved at the 2021 AGM, but with minor changes to update the illustrations of the application of the Remuneration Policy on pages 99 and 100 and date specific references. The Policy has also been updated to reflect the provisions in Diarmuid Kelly's service contract with regard to payments for observing post-termination restrictive covenants.

Executive Directors' Remuneration Policy

The following table sets out the elements of our Executive Director remuneration and how each element operates, as well as the maximum opportunity of each element and, where relevant, the approach to performance measures.

Fixed remuneration

Element, purpose and strategic link	Operation	Maximum opportunity and performance measures
Basic salary To provide a competitive base salary for the market in which the Company and its subsidiaries (the "Group") operate to attract and retain Executive Directors of a suitable calibre.	Usually reviewed annually taking account of a number of factors which may include, but are not limited to: » Group performance; » role, experience and individual performance; » competitive salary levels and market forces; and » pay and conditions elsewhere in the Group.	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: » promotion; » change in scope or increase in responsibilities; » an individual's development or performance in role; » a change in the size or complexity of the business; and » significant market movement.
Benefits To provide market appropriate benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, income insurance, death in service benefits and a company car. Other benefits may be provided based on individual circumstances, for example relocation or travel expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	Whilst the Remuneration Committee has not set a maximum level of benefits that Executive Directors may receive, the value of benefits is set at a level which the Remuneration Committee considers appropriate, taking into account market practice and individual circumstances.
Retirement benefits To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are provided with a contribution to a self-invested pension plan or a cash allowance instead of contributions to a pension plan (or a combination thereof).	From 1 April 2021, the maximum contribution level is set at the level not exceeding the contribution available to the majority of the wider workforce (currently 9.7% of salary).

Executive Directors' Remuneration Policy continued

Variable remuneration

Element, purpose and strategic link	Operation	Maximum opportunity and performance measures
Annual bonus Rewards performance against targets which support the strategic direction and financial performance of the Group. Deferral provides a retention element and direct alignment to shareholders' interests.	Awards are based on performance (typically measured over one financial year). Pay-out levels are normally determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend pay-outs if it considers that the formulaic output does not reflect its assessment of performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year, or is not appropriate in the context of other factors considered relevant by the Remuneration Committee. A proportion (normally up to 65%) of any bonus is paid in cash with the balance normally paid in the form of ordinary shares in the Company half of which are usually deferred for one year and half for two years. A greater proportion of the bonus may be deferred with the agreement of the Executive Director. Additional shares may be delivered in respect of deferred bonus award shares to reflect dividends over the deferral period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the Remuneration Committee determines. Recovery provisions apply as referred to below.	The annual bonus opportunity is up to a maximum of 150% of base salary. For the year ending 31 March 2023, Andrew Coombs' maximum award level will be 150% of salary, whereas the maximum award for the other Executive Director will continue to be capped at 125% of salary. Targets are set annually and aligned with key financial, strategic and/or individual personal targets (including ESG targets) with the weightings between these measures determined by the Remuneration Committee each year considering the Group's priorities at the time. At least 60% of the bonus will be based on one or more financial measures. For the year ending 31 March 2023, 70% of the bonus will be based on financial measures. For financial measures, no bonus is earned for threshold performance, rising to a maximum of 50% of the bonus for on-target performance and to 100% of the maximum for the financial element for maximum performance. The performance measures chosen for the year ending 31 March 2023 are described on page 93. Vesting of the bonus in respect of strategic measures or individual objectives will be between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the relevant metric or objective has been met.
2021 LTIP To provide a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned to shareholders' interests.	The Remuneration Committee may grant awards as conditional shares or as nil (or nominal) cost options. Awards will usually vest following the assessment of the applicable performance measures, which will usually be assessed over three years, but will not be released (so that the participant is entitled to acquire shares) until the end of a holding period of two years beginning on the vesting date. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The Remuneration Committee has discretion to amend pay-outs if it considers that the formulaic output does not reflect its assessment of performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant, or is not appropriate in the context of other factors considered relevant by the Remuneration Committee. Additional shares may be delivered in respect of LTIP award shares to reflect dividends over the performance period and, if relevant, holding period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the Remuneration Committee determines. Recovery provisions apply as referred to below.	For the year ending 31 March 2023 and any future year, the maximum award level will be 200% of an Executive Director's salary. For these purposes, the "market value" of a share will be the closing share price on the day of announcement by the Company of its results for the financial year preceding the year in respect of which the award is granted, unless the Remuneration Committee decides to determine market value on some other basis. Performance measures for LTIP awards will include financial measures (which may include, but are not limited to, total net asset value and total shareholder return) and may include strategic measures (which may include ESG measures). At least 60% of the award will be subject to performance conditions based on financial measures and at least one-third will be based on a total shareholder return measure. The performance measures chosen for the year ending 31 March 2023 are described on page 94. Subject to the Remuneration Committee's discretion to override formulaic outturns, awards will vest as to 25% for threshold performance, increasing to 100% for maximum performance.

Information supporting the Remuneration Policy table

Explanation of performance measures chosen

Performance measures for the annual bonus and LTIP are selected to reflect the Group's strategy. Performance targets are set each year by the Remuneration Committee, taking into account a number of different factors. Our current approach is that the annual bonus is assessed against a mixture of financial, strategic and personal objectives (including ESG targets), ensuring that Executive Directors are rewarded by reference not only to the relevant year's financial performance, but also achievement against non-financial metrics which are aligned with the forward-looking delivery of strategy; this may include measures targeting improvement in ESG. We currently intend that awards under the 2021 LTIP will be based on a mixture of total NAV return (directly linked to our KPIs) and, as regards at least one-third of each award, relative total shareholder return (which measures our performance against peer companies).

The Remuneration Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year).

Recovery provisions

The annual bonus and LTIP are subject to recovery provisions as set out below.

Malus provisions apply which enable the Remuneration Committee to determine before the payment of an annual bonus or the vesting of an LTIP award that the bonus opportunity or LTIP award may be cancelled or reduced.

Clawback provisions apply which enable the Remuneration Committee to determine for up to two years following the payment of a cash bonus or the vesting of an LTIP award that the amount of the bonus paid may be recovered (and any deferred bonus award may be reduced or cancelled, or recovery may be applied to it if it has been exercised) and the LTIP award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

The malus and clawback provisions may be applied in the event of material misstatement of audited financial results, material error in the information or assumptions on which the award or bonus was granted or vests (including an error in assessing a performance measure), material risk management failure, serious reputational damage, material corporate failure, or gross misconduct on the part of the Executive Director.

Shareholding guidelines during employment

To align the interests of Executive Directors with those of shareholders, the Remuneration Committee has adopted shareholding guidelines in accordance with which Executive Directors are expected to retain all shares acquired under the deferred bonus, 2015 LTIP, 2018 LTIP and 2021 LTIP (in each case after sales to cover tax) until such a time as they hold shares with a value equal to 300% of salary.

Shares subject to the 2018 LTIP and 2021 LTIP awards which have vested but have not been released (that is, which are in a holding period), or which have been released but have not been exercised, and shares subject to deferred bonus awards count towards the guidelines on a net of assumed tax basis.

Shareholding guidelines after employment

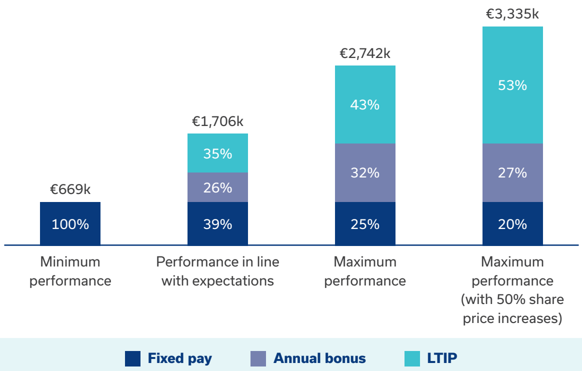
The Remuneration Committee has adopted a post-employment shareholding guideline. Shares are subject to this guideline only if they are acquired from share plan awards. Shares purchased by an Executive Director are not subject to this guideline.

An Executive Director must retain, for two years after cessation of employment, such of their relevant shares as have a value at cessation equal to 200% of salary (or if less all of their relevant shares).

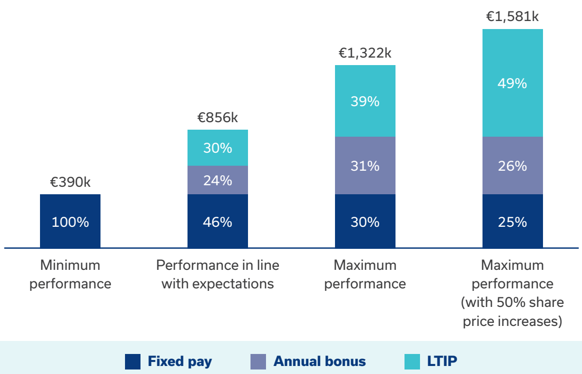
Illustrations of application of Remuneration Policy

The following charts provide an illustration, for each of the Executive Directors, of the application of the Remuneration Policy for the year ending 31 March 2023. The charts show the split of remuneration between fixed pay (base salary, benefits and employer pension contributions/salary supplement), annual bonus and long-term incentive pay on the basis of minimum remuneration, remuneration receivable for performance in line with Sirius Real Estate's expectations, maximum remuneration and maximum remuneration assuming a 50% increase in the share price for the purpose of the LTIP element.

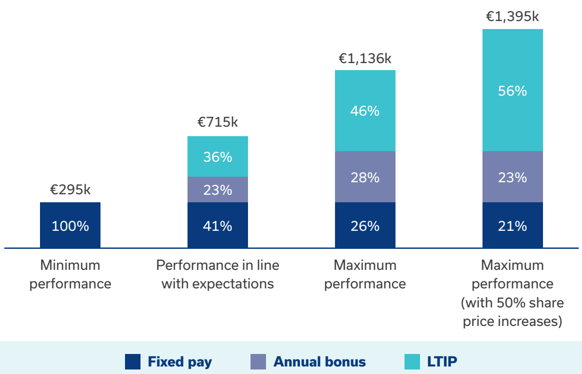
Andrew Coombs
Chief Executive Officer



Alistair Marks
Chief Financial Officer



Diarmuid Kelly
Chief Financial Officer



DIRECTORS' REMUNERATION REPORT CONTINUED

Information supporting the Remuneration Policy table continued

Illustrations of application of Remuneration Policy continued

In illustrating the potential reward, the following assumptions have been made.

<table>
<tr><th></th><th>Fixed pay</th><th>Annual bonus</th><th>LTIP</th></tr>
<tr><td>Minimum performance</td><td rowspan="4">Base salary (being the latest known salary as at 1 April 2022, converted into € at an exchange rate of 1.18 where necessary).

Employer pension contributions at an assumed rate of 9.7% based on the latest known salary.

Benefits as disclosed in the single figure table on page 103 for 2021/22 in the case of Andrew Coombs and Alistair Marks. As noted on page 90, the 2021/22 single figure values for Diarmuid Kelly are for the period from 1 February only, and accordingly have been annualised to give an indicative full year value.</td><td>No bonus.</td><td>No LTIP vesting.</td></tr>
<tr><td>Performance in line with expectations</td><td>Bonus equal to 75% of salary for Andrew Coombs and 62.5% of salary for other Executive Directors is earned (50% of maximum).</td><td>LTIP award granted equal to 200% of salary for both Andrew Coombs and Diarmuid Kelly, with Alistair Marks receiving the same value of LTIP as Diarmuid Kelly. In each case, 50% of the shares are assumed to vest.</td></tr>
<tr><td>Maximum performance</td><td rowspan="2">Bonus equal to 125% of salary is earned (maximum bonus earned).</td><td>LTIP award granted equal to 200% of salary for both Andrew Coombs and Diarmuid Kelly, with Alistair Marks receiving the same value of LTIP as Diarmuid Kelly. In each case, 100% of the shares are assumed to vest.</td></tr>
<tr><td>Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)</td><td>LTIP award granted equal to 200% of salary for both Andrew Coombs and Diarmuid Kelly, with Alistair Marks receiving the same value of LTIP as Diarmuid Kelly. In each case, 100% of the shares are assumed to vest.</td></tr>
</table>

Non-Executive Directors' Remuneration Policy

The Remuneration Policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract an individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary. Details are set out in the table below:

Approach to setting fees	» The fees of the Chairman are determined by the Remuneration Committee, and the fees of the Non-Executive Directors are determined by the Board following a recommendation from both the CEO and the Chairman. » Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity.
Basis of fees	» Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board Committees. » Additional fees may also be paid for other Board responsibilities or roles or time commitment, such as for holding the position of Senior Independent Director or designated Non-Executive Director with responsibility for engaging with the workforce. » Fees are normally paid in cash.
Other	» Non-Executive Directors may be eligible to receive reasonable reimbursements such as travel and other expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement. » Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements.

Approach to recruitment remuneration

When hiring a new Executive Director, the Remuneration Committee will typically align the remuneration package with the above Remuneration Policy.

When determining appropriate remuneration arrangements, the Remuneration Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension will only be provided in line with the above Remuneration Policy.
- The Remuneration Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus").
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short-term basis;
  - if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and

– if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Remuneration Committee.

» The Remuneration Committee may also alter the performance measures, performance period, vesting period, holding period and deferral period of the annual bonus or 2021 LTIP, subject to the rules of the 2021 LTIP, if the Remuneration Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' remuneration report.

» The maximum level of variable remuneration which may be granted (excluding "buyout" awards as referred to below) is 350% of salary.

» The Remuneration Committee may offer a service contract with a notice period (from both the Company and the Director) of up to twelve months.

The Remuneration Committee may make payments or awards in respect of hiring an employee to "buy out" remuneration arrangements forfeited on leaving a previous employer. In doing so, the Remuneration Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Remuneration Committee will generally seek to structure "buyout" awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. "Buyout" awards will ordinarily be granted on the basis that they are subject to forfeiture or "clawback" in the event of departure within twelve months of joining Sirius Real Estate, although the Remuneration Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under Sirius Real Estate's ordinary share plans. If necessary and subject to the limits referred to above, recruitment awards may be granted outside of these plans.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of appointment.

Service contracts

Each of the Executive Directors has a service contract with the Group. Other than in the case of a newly appointed Executive Director in respect of whom a notice period of up to twelve months may be offered, the notice period for Executive Directors will not exceed six months. All Non-Executive Directors have initial fixed term agreements with the Group for no more than three years. Details of the Directors' service contracts are set out below:

Name	Commencement	Notice period
Daniel Kitchen	24 September 2018	3 months
Andrew Coombs	20 January 2012	6 months
Alistair Marks	20 January 2012	6 months
Diarmuid Kelly	1 February 2022	6 months
James Peggie	27 November 2012	3 months
Caroline Britton	1 June 2020	3 months
Kelly Cleveland	1 June 2020	3 months
Mark Cherry	14 June 2019	3 months
Joanne Kenrick	1 September 2021	3 months

Payments for loss of office

Payments for loss of office will be in line with the provisions of the Executive Directors' service contracts and the rules of the share plans.

Payment in lieu of notice

The Company retains the right to terminate each Executive Director's service contract by making a payment in lieu of some or all of the notice period. Any such payment would consist of base salary but not benefits in respect of the unexpired notice period. Post-termination restrictive covenants are in place for six months after notice of termination has been given. Under their service contracts, Andrew Coombs and Alistair Marks are entitled to a payment of 100% of salary for observing these restrictions and Diarmuid Kelly to a payment of up to 50% of his contractual remuneration. The provisions for Andrew Coombs and Alistair Marks reflect legacy arrangements in their service contracts. The provision in Diarmuid Kelly's service contract is included having regard to the Company's professional advice that this is required to enable the enforcement of the provision in the service contract.

Annual bonus

In the event of cessation of employment, any payment to an Executive Director in respect of annual bonus will be at the discretion of the Remuneration Committee and will be dependent upon a number of factors including the circumstances of their departure and their contribution to the business during the bonus period in question. In "good leaver" circumstances including cessation due to death, ill health, injury, disability or any other reason at the discretion of the Committee a departing Director would typically be eligible for payment of a bonus. Any payment will typically be pro-rated to reflect the proportion of the bonus year worked and subject to performance achieved. Ordinarily, any bonus will be paid at the usual time (although the Remuneration Committee retains discretion to pay the bonus earlier in appropriate circumstances).

Any deferred amounts from bonus earned in previous years will normally be retained by the Executive Directors unless the Executive Director resigns to join or set up a competitive business or is summarily dismissed. Awards will ordinarily only vest at the usual time (although the Remuneration Committee retains discretion to vest awards early in appropriate circumstances).

2021 LTIP

Leaving before an award has vested

If an Executive Director ceases employment with the Group before an award under the 2021 LTIP vests as a result of death, ill health, injury, disability or any other reason at the discretion of the Remuneration Committee, the award will usually continue and vest following the end of the performance period to the extent determined taking into account performance conditions and, unless the Remuneration Committee determines otherwise, the proportion of the performance period that has elapsed at cessation. In other "leaver" circumstances, the award will lapse. Where an award does not lapse, it will ordinarily be released at the end of the originally envisaged holding period. The Remuneration Committee retains discretion to vest and release the award at cessation and to assess performance conditions accordingly and would do so in the event of death. The Remuneration Committee also has discretion to release the award at another time (such as following the end of the performance period).

2021 LTIP continued

Leaving during the holding period

If an Executive Director ceases employment for any reason after an award under the 2021 LTIP has vested but during the holding period, the award will ordinarily continue in accordance with the rules of the LTIP and be released at the end of the holding period, unless the Executive Director is dismissed for gross misconduct in which case the award will lapse. The Remuneration Committee retains discretion to release awards at cessation and would do so in the event of death.

Other payments

In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and other benefits. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Where the Remuneration Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

Where a "buyout" or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award.

Corporate events

In the event of a change of control of the Company or other relevant event:

» unvested awards under the 2021 LTIP will be released to the extent determined by the Remuneration Committee taking into account the relevant performance conditions and, unless the Remuneration Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the relevant performance period that has elapsed;

» awards under the LTIP which are in a holding period will be released to the extent already vested by reference to the performance conditions;

» deferred bonus awards will be released in full; and

» awards under the 2018 LTIP will be treated in accordance with the rules of that plan.

In appropriate circumstances, share plan participants may be invited (or required) to exchange their awards over Sirius Real Estate shares for equivalent awards over shares in the acquiring company.

There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or being terminated without notice in accordance with their terms.

Operation of share plans

The Remuneration Committee may operate the Company's share plans, as approved by shareholders where relevant, in accordance with their terms, including exercising any discretions available to them under the plans. Awards may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the relevant plan. Awards may be settled, in whole or in part, in cash, although the Remuneration Committee would only settle an Executive Director's award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares or as regards the tax liability arising in respect of the award.

Legacy arrangements

The Remuneration Committee retains discretion to make any remuneration payment or payment for loss of office outside the Remuneration Policy in this report and to exercise any discretion available in relation to any such payment:

» where the terms of the payment were agreed before the Remuneration Policy came into effect (including the satisfaction of awards granted under the 2018 LTIP); and

» where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a Director of the Company.

For these purposes, "payment" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Consultation with shareholders

The Remuneration Committee believes that ongoing dialogue with major shareholders in relation to Executive Director remuneration is of key importance, and consulted with major shareholders and investor agencies in advance of the finalisation of the Remuneration Policy proposed to shareholders at the 2021 AGM having regard to feedback received. The Remuneration Committee will consider shareholder feedback received on remuneration matters including issues raised at the Annual General Meeting as well as any additional comments received during any other meeting with shareholders. The Remuneration Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Annual report on remuneration, the Company will, in its voting announcement, pursuant to the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the Company, through dialogue, requesting written submissions or otherwise, in order to address shareholder concern, always with due regard to meeting the Company's stated business objectives whilst being fair and responsible.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee considers the pay and employment conditions of Group employees generally and takes these into account when determining the remuneration of the Executive Directors. The level of salary increases of employees within the wider Group is considered when setting base salary for Executive Directors. The Remuneration Committee is also kept informed of general decisions made in relation to employee pay and related issues.

External appointments

None of the Executive Directors currently has an external appointment other than personal service companies. The Directors recognise that external appointments can broaden an individual's skills and experience. If an Executive Director wishes to take up an external appointment, they must first seek approval from the Chairman.

Annual report on remuneration

Single figure table

The following table sets out total taxable remuneration for each Director in respect of the year ended 31 March 2022 (converted, where relevant, to euros based on an exchange rate of 1.18 unless stated otherwise).

31 March 2022	Salary/fees	Benefits[3]	Pension[4]	Bonus[5]	LTIP[6]	**Total**	**Total fixed pay**	**Total variable pay**
Executive Directors								
Andrew Coombs	€572,300	€19,393	€55,513	€691,553	€2,017,800	**€3,356,559**	**€647,206**	**€2,709,353**
Diarmuid Kelly[1]	€41,667	€1,860	€4,042	€45,314	€14,012	**€106,895**	**€47,569**	**€59,326**
Alistair Marks	€357,357	€26,978	€34,664	€431,821	€2,017,800	**€2,868,620**	**€418,999**	**€2,449,621**
Non-Executive Directors								
Daniel Kitchen	€196,667	–	–	–	–	**€196,667**	**€196,667**	**–**
Joanne Kenrick[2]	€38,237	–	–	–	–	**€38,237**	**€38,237**	**–**
Mark Cherry	€65,549	–	–	–	–	**€65,549**	**€65,549**	**–**
James Peggie	€89,149	–	–	–	–	**€89,149**	**€89,149**	**–**
Caroline Britton	€77,349	–	–	–	–	**€77,349**	**€77,349**	**–**
Kelly Cleveland	€65,549	–	–	–	–	**€65,549**	**€65,549**	**–**

(1) Diarmuid Kelly was appointed to the Board on 1 February 2022. The 2021/22 figures reflect his remuneration for the period from 1 February 2022.

(2) Joanne Kenrick was appointed to the Board on 1 September 2021.

(3) Using exchange rates at the end of the month in which the transaction occurred.

(4) Pension contribution was 9.7% of salary for each Executive Director.

(5) Includes the value of the bonus paid in cash and the value of the bonus deferred into shares, as described below.

(6) The LTIP figures relate to the 2019 LTIP granted in June 2019 which vested after a four year performance period and are calculated using a share price of €1.34, being the share price at the date of vesting (13 May 2022), converted to euros based on an exchange rate of 1.18.

The following table sets out total taxable remuneration for each Director in respect of the year ended 31 March 2021 (converted, where relevant, to euros based on an exchange rate of 1.17 unless stated otherwise).

31 March 2021	Salary/fees[3]	Benefits[2]	Pension[4]	Bonus[5]	LTIP[6]	Total	Total fixed pay	Total variable pay
Executive Directors								
Andrew Coombs	€502,035	€11,667	€71,379	€502,035	€1,708,650	€2,795,766	€585,081	€2,210,685
Alistair Marks	€364,828	€29,754	€54,723	€364,828	€1,708,650	€2,522,783	€449,305	€2,073,478
Non-Executive Directors								
Daniel Kitchen	€140,400	–	–	–	–	€140,400	€140,400	–
Justin Atkinson[1]	€25,350	–	–	–	–	€25,350	€25,350	–
Mark Cherry	€64,350	–	–	–	–	€64,350	€64,350	–
Jill May[1]	€21,450	–	–	–	–	€21,450	€21,450	–
James Peggie	€87,750	–	–	–	–	€87,750	€87,750	–
Caroline Britton[2]	€61,250	–	–	–	–	€61,250	€61,250	–
Kelly Cleveland[2]	€53,625	–	–	–	–	€53,625	€53,625	–

(1) Justin Atkinson and Jill May stepped down from the Board on 31 July 2020.

(2) Caroline Britton and Kelly Cleveland were appointed to the Board on 1 June 2020 and their fees reflect their roles since their appointment.

(3) Using exchange rates at the end of the month in which the transaction occurred.

(4) Pension contribution was 15% of salary for each Executive Director.

(5) Includes the value of the bonus paid in cash and the value of the bonus deferred into shares, as described below.

(6) The LTIP figures relate to the 2018 LTIP granted in January 2019 which vested after a three year performance period and are calculated using a share price of €1.13, being the share price at the date of vesting (21 May 2021), converted to euros based on an exchange rate of 1.16.

Additional disclosures in respect of the single figure table

Base salary

The salaries applicable at 1 April 2021 or, if later, date of appointment to the Board are shown below (converted to euros based on an exchange rate of 1.18, where relevant).

Executive Director	Base salary at 1 April 2021, or, if later, date of appointment(1)
Andrew Coombs	€572,300
Diarmuid Kelly	€250,000
Alistair Marks(2)	€364,828

(1) Further information in relation to the salaries for the year ended 31 March 2022 is set out on page 92. Note, Andrew Coombs is paid in sterling.

(2) Following the appointment of Diarmuid Kelly as CFO, from 1 February 2022 Alistair Marks' salary was reduced to €320,000 to reflect his new position as Chief Investment Officer.

Non-Executive Director fees

From 1 April 2021, the basic fee for Non-Executive Directors was increased by 1% to €65,490. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director. During the year, the Committee reviewed the Chairman's fee which has remained at €141,600 since 2018. It was agreed by the Committee, with effect from 1 August 2021, that the Chairman's fee was to be increased to €224,200.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.18).

Executive Director	Fees at 1 April 2021
Chairman fee	€141,600
Non-Executive Director fee	€65,490
Additional fee for Chair of the Audit Committee	€11,800
Additional fee for Chair of the Remuneration Committee	€11,800
Additional fee for Senior Independent Director	€11,800

Taxable benefits

Taxable benefits for the Executive Directors include a company car, private medical insurance, income insurance and death-in-service benefits.

Annual bonus

For the year ended 31 March 2022, each of Andrew Coombs, Alistair Marks and Diarmuid Kelly was awarded a bonus opportunity equal to a maximum of 125% of base salary. As noted above, Alistair Marks' bonus outturn was determined by reference to the salary he earned for the year taking into account the reduction of that salary with effect from 1 February 2022, and Diarmuid Kelly's bonus outturn was determined by reference to the lower level of salary which applied prior to his appointment to the Board.

The following table sets out the bonus earned by the Executive Directors and how this reflects performance for the year. The annual bonus is based 70% on adjusted funds from operations ("Adjusted FFO"), 10% on other strategic objectives, 10% on ESG objectives and 10% on personal objectives.

Adjusted FFO is used by the Board as a primary measure of the performance of the business, as it best reflects the changes in cash flow the Group is generating from its operations. It is the measure the Company uses to determine the level of dividend payable to its shareholders and cash flow from operations is a key factor in improving the value of the Group's properties, as valuers and potential buyers normally use a discounted cash flow model in determining values and offer prices. Adjusted FFO is defined for the purposes of the bonus objectives as being recurring profit before tax, adjusted for depreciation, amortisation of financing fees, senior management bonus costs and accruals and current tax receivable/incurred. In the calculation of Adjusted FFO for the purpose of the bonuses, the Committee has excluded acquisitions made during the year, to enable a like-for-like comparison with the previous year. Further information on its relationship with the Company's KPIs and its relevance as a short-term bonus performance measure is provided in the KPI section on pages 26 and 27 (adjusted profit before tax and dividend per share) and in the Dividend section of the Financial review on page 53.

2022	Weighting (% of salary)	Target range	Actual performance	Pay-out (% of salary)
Adjusted FFO	87.5%	€57.95m–€64.66m	€69.94	87.50%
ESG objectives	12.5%	See below	100%	12.50%
Strategic objectives	12.5%	See below	2 of 3 achieved	8.33%
Personal objectives	12.5%	See below	100%	12.50%
Total	125.0%			120.83%

ESG objectives, personal objectives and strategic objectives 2022 financial year – outturn

For the 2022 financial year, Andrew Coombs' and Alistair Marks' ESG, strategic and personal objectives are as follows:

Executive Director	Objectives	Actual performance	Bonus earned (% of salary)
ESG objectives			
Both	Establish a roadmap to reduce emissions at Sirius and its assets, including conducting a tenant survey.	Roadmap established – started net zero project for the assets with consulting group Evora. Conducted project on Scope 3 emissions and set activities for Scope 1 and 2 emissions. Tenant survey conducted in June 2021.	12.5% of salary from a maximum of 12.5% of salary.
Andrew Coombs	Make meaningful progress on the bee, tree and wildflower initiatives.	500,000 bees kept (with another 500,000 in April 2022), over 10,000 trees planted in corporate forest and over 25,000 sqm turned into wildflower meadows.	
Andrew Coombs	Promote wellbeing and encourage charitable activities.	Held multiple staff wellbeing, diversity and charitable events in the year.	
Both	Introduce and conduct staff compliance training to cover modern slavery, Supplier Code of Conduct, sustainability, health and wellbeing.	Delivered multiple governance training sessions to cover data protection, anti-discrimination, modern slavery, Cyber Essentials, internal policies and governance.	
Both	Publish full TCFD disclosure for FY22.	Included in the Annual Report 2022 on pages 40 to 43.	
Alistair Marks	Deliver on the e-charging infrastructure plan for 50% of Sirius sites.	38 sites in Germany (of 67 owned) now equipped with e-chargers.	
Alistair Marks	Install full energy smart metering on 6% of Sirius sites by 31 March 2022.	Smart metering installed on 7 sites (of 67) so 10.4% achieved.	
Strategic objectives			
Both	Grow the gross asset value of Titanium portfolio to a minimum of €425 million by 31 March 2022 (one-third); generate cash through corporate bond issuances, refinancings, disposals/asset recyclings or equity raisings to facilitate continuity of acquisitions programme throughout FY22 (one-third); and complete 80,000 sqm refurbishment of lettable space pursuant to the capex investment programme (one-third).	The Titanium portfolio grew to €349.7 million during the year but did not achieve the target. Cash was generated through €700 million bond issuance, and; placing of €160 million to fund the acquisition of BizSpace; and 93,232 sqm refurbishment of lettable space was completed.	8.33% of salary from a maximum of 12.5% of salary.
Personal objectives			
Andrew Coombs	**Employees** Deliver a comprehensive training programme to employees (including senior management) of over 500 days.	1,268 training days delivered.	12.5% of salary from a maximum of 12.5% of salary.
Alistair Marks	**Employees** Mentor Diarmuid Kelly for role of Chief Financial Officer and ensure a smooth transition for the finance team.	Diarmuid Kelly appointed by the Board as CFO with effect from 1 February 2022 after 6.25 years of service reporting to Alistair. The finance function has been fully engaged all year with no transition issues.	
Andrew Coombs	**Stakeholder engagement** Deliver a comprehensive investor and analyst engagement programme, including investor visits, site tours and conferences where permitted.	Held 72 separate investor presentations in London, the USA and SA and 9 separate presentations to broker sales teams in London. Hosted 4 separate investor tours of the UK and Germany (85 engagements in total).	
Andrew Coombs	Deliver an engaging programme for Board meetings, including presentations by senior staff and external advisers on current and relevant topics, as well as Board visits and site tours where permitted.	Attendance by external Board evaluation experts, property valuers, corporate advisers, the CEO of BizSpace, and members of the Senior Management Team. Board visits were curtailed by ongoing Covid-19 travel restrictions. Chairman attended six CEO forum events.	

Annual bonus continued

ESG objectives, personal objectives and strategic objectives 2022 financial year – outturn continued

Executive Director	Objectives	Actual performance	Bonus earned (% of salary)
Alistair Marks	**Stakeholder engagement** Deliver a high-quality Annual Report and Company presentations, and implement feedback from proxy agencies and investors and developments in ESG reporting requirements.	Responded to questions relating to accounting treatment of service charges from the FRC with the matter closed. The Annual Report is continuously updated and upgraded using external experts with more structured and balanced presentation material. The ESG reporting requirements for FY22 are set out on pages 36 to 47 of this Annual Report.	
Andrew Coombs	**Crisis management** Implement the learning from the Covid-19 crisis, including remote working, IT systems and security.	Provided new laptops to 30% of staff to support remote working. Achieved the award of Cyber Security Essentials certification, moved SAP to the Cloud to improve resilience and performance and Implemented remote management tools and docking stations for 60% of staff to support in-office social distancing.	
Alistair Marks	**Crisis management** Implement the learning from the Covid-19 crisis in the finance department and relationship with auditors.	Reporting timetables were successfully reduced to support the BizSpace transaction (despite increased home working). Financial and management reporting standards maintained throughout the year.	
Andrew Coombs	**Portfolio management** Identify and grow incremental revenue opportunities.	Increase in ancillary income of €1.7 million over FY21, with significant increase in conferencing, virtual office and telecoms/internet revenue.	
Andrew Coombs	Identify scale opportunities to grow the business and proceed with acquisitions where return criteria can be met, alongside the timely disposal of non-core or mature properties.	Completion of BizSpace acquisition in November 2021 for €448 million of enterprise value. Deployed over €200 million into ten acquisitions in Germany and notarised the disposal of non-core Magdeburg asset for €13.75 million, in excess of its last reported book value.	
Alistair Marks	**Financial** Modelling the Company's growth plans and updating in line with activities in the portfolio and financing opportunities. Successful launch of the corporate bond issuance.	Presented earnings, NAV and cash flow forecasts routinely to the Board and addressed specific issues or opportunities through bespoke Board papers on corporate acquisitions, bond issuances, placing and LTV. Two corporate bonds launched in the year raised €700 million in total. Maintained regular connections with debt investors, bankers and credit agencies. Increased S&P outlook from "stable" to "positive" in the year.	
Alistair Marks	**Financial** Embed the new Group financing structure.	Relocated Guernsey financing company in order to optimise the Group tax structure. All necessary approvals and confirmations have been obtained from the relevant authorities.	

By reference to the achievement of each Executive Director against their ESG/Strategic and Personal objectives detailed in the table above and the achievement of the Adjusted FFO target, the total bonus earned is 120.83% of salary (96.67% of maximum) for both Andrew Coombs and Alistair Marks.

The majority of Diarmuid Kelly's bonus for FY22 relates to his service as an employee and not as an Executive Director. As noted on pages 89 and 90, in the single total figure table we have included the bonus related to the portion of the year for which he was an Executive Director. Since the majority of the bonus (ten out of twelve months) relates to his service other than as an Executive Director, we have not included the detail of the performance conditions by reference to which his bonus was earned. These conditions (which applied across the Senior Management Team) were aligned to the Executive Directors' bonus targets, with consistent Adjusted FFO, strategic, personal and ESG targets. In line with best practice, for FY23 and future years the performance conditions in relation to Diarmuid Kelly's bonus will be disclosed in the same way as for other Executive Directors.

The Committee considers the level of pay-out is reflective of the outstanding overall performance of the Group in the year as well as the experience of our shareholders and employees. For Andrew Coombs and Alistair Marks, 65% of the bonus earned is paid in cash with the remaining 35% deferred into a share award under the Deferred Bonus Plan, half of which vests after one year and half of which vests after two years, with the benefit of dividend equivalents (paid in shares) in respect of dividends paid on the deferred shares over the deferral period. For Diarmuid Kelly, the deferral under the Deferred Bonus Plan applies to 35% of his bonus earned for the two month period after he joined the Board. For the ten month period during which he was a C-Suite Director, 35% of his bonus is deferred in cash for one year.

The amounts included in the table below and the single figure table in relation to Diarmuid Kelly relate only to the bonus earned for the period from his appointment to the Board.

Executive Director	Bonus earned	Bonus paid in cash	Bonus deferred into shares: Vesting after one year	Bonus deferred into shares: Vesting after two years
Andrew Coombs[(1)]	€691,553	€449,509	€121,021	€121,021
Alistair Marks	€431,821	€280,683	€75,568	€75,568
Diarmuid Kelly	€45,314	€29,454	€7,930	€7,930

(1) Converted to euros based on the exchange rate of 1.18.

LTIP awards vesting in respect of the year ended 31 March 2022

Awards granted under the 2018 LTIP to each of Andrew Coombs, Alistair Marks and Diarmuid Kelly on 14 June 2019, in the form of nil-cost options, with a performance period which ended on 31 March 2022 vested on 13 May 2022.

As shown in the tables below for Andrew Coombs, Alistair Marks and Diarmuid Kelly, the 2018 LTIP award granted in FY20 vested at 100% of the maximum number of shares.

Award	Weighting % of award	Performance measure	Threshold	Target	Maximum	Actual	Number of shares vesting
Ordinary award	Two-thirds	Annualised TNR[(1)] growth	7.5%: 166,667 shares vest for each award	10%: 483,333 shares vest for each award	13.5%: 800,000 shares vest for each award	17.9%	800,000
	One-third	Relative TSR[(2)] against the peer group	Median: 83,333 shares vest for each award	n/a	Upper quartile: 400,000 shares vest for each award	Ranked 4, upper quartile	400,000
Outperformance award	100%	Annualised TNR growth	13.5%: nil shares vest for each award	n/a	15%: 300,000 shares vest for each award	17.9%	300,000

Diarmuid Kelly's 2018 LTIP award granted in FY20 in the form of only an "ordinary award" over 250,000 shares in respect of his role prior to being appointed as an Executive Director. The award was subject to similar performance conditions to those above, as follows:

Award	Weighting % of award	Performance measure	Threshold (25% vesting)	Target (62.5% vesting)	Maximum	Actual	Number of shares vesting
Ordinary award	Two-thirds	Annualised TNR[(1)] growth	7.5%	10%	13.5%	17.9%	166,667
	One-third	Relative TSR[(2)] against the peer group	Median	n/a	Upper quartile	Ranked 4, upper quartile	83,333

(1) Calculated as annualised growth in adjusted net asset value plus dividends paid. Adjusted net asset value means the net asset value of the Company adjusted for the fair value of derivative hedging instruments, deferred tax and goodwill.

(2) TSR peer group: A&J Mucklow Group Plc, Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, RDI REIT Plc, Regional REIT Limited, VIB Vermögen AG, alstria office REIT-AG, TLG Immobilien, Hamborner REIT AG, DIC Asset AG and Aroundtown SA.

The vesting of the 2018 LTIP award granted in FY20 for Andrew Coombs and Alistair Marks was subject to a requirement that the Company's LTV ratio policy over the applicable performance period in the opinion of the Committee had not been materially exceeded. In addition to this, the Committee considered the underlying performance of the Group during the performance period, taking into account overall business performance and whether there had been a significant negative event (such as an ESG event) which would warrant an adjustment. The Committee concluded that the LTV policy had not been materially exceeded and that there had not been any negative event warranting adjustment. Accordingly, it confirmed the proposed vesting outcome of 100% of the maximum number of shares to be appropriate.

The awards are subject to a two year holding period following vesting. The rules of the 2018 LTIP and the Company's Directors' Remuneration Policy permit that holding period to be operated on the basis that the shares cannot be acquired until the end of it, or that they can be acquired following vesting but that the shares acquired must (other than any sold to cover tax liabilities) be retained until the end of it.

LTIP awards vesting in respect of the year ended 31 March 2022 continued

Therefore, the vesting for each Executive Director will be:

Executive Director	Number of awards granted	Vesting (% maximum)	Total number of shares vesting	Total estimated value of award on vesting
Andrew Coombs	1,500,000	100%	1,500,000	€2,017,800
Alistair Marks	1,500,000	100%	1,500,000	€2,017,800
Diarmuid Kelly	250,000	100%	250,000	€14,012[1]

(1) The value of the award on vesting, included in the table above and the single figure table, is the value of 2/48 of the vesting shares (calculated as set out below) reflecting the proportion of the four year performance period for which Diarmuid Kelly was a Director.

The value of the vesting awards is based on the share price at the date of vesting (£1.14), being €1.345 converted to euros based on the exchange rate of 1.18. The estimated value of the vesting awards has been included within the "single figure" total remuneration table on page 103.

The 2018 LTIP awards were granted on 14 June 2019 when the share price was €0.73. Therefore, the amount of the vested award attributable to share price appreciation was €0.615 per share (not taking into account fluctuations in exchange rates).

LTIP awards granted during the year ended 31 March 2022

Awards were granted to the Executive Directors (and other members of the Senior Management Team) on 2 August 2021 under the 2021 LTIP, as set out in the table below. Each award was granted in the form of a nil-cost option. The performance measures will be assessed over three years and a two year holding period will then apply to any shares which vest. In line with the plan rules and the Policy, the share price used to determine the number of shares under award was the closing price on 7 June 2021, being the day on which the results for the year ended 31 March 2021 were announced (£1.022).

Executive Director	Maximum number of shares	Face value at grant[1]	% of award vesting at threshold	% of salary[2]	Performance period
Andrew Coombs	949,119	€1,144,600	25%	200%	1 April 2021–31 March 2024
Alistair Marks	580,000	€699,457	25%	196%	1 April 2021–31 March 2024
Diarmuid Kelly[2]	500,000	€602,980	25%	268%	1 April 2021–31 March 2024

(1) For these purposes, the face value of the award is calculated by multiplying the number of shares by €1.20596 (being the share price of £1.022 as referred to above, converted to euros based on the exchange rate of 1.18).

(2) The 2021 LTIP award was granted in respect of his role prior to being appointed as an Executive Director and is in line with the limits in the LTIP as approved by shareholders at the 2021 AGM.

The targets for the 2021 LTIP grant made on 2 August 2021 are as follows:

Annualised TNR[1] growth over the performance period	Vesting percentage
<7.5% p.a.	0% of maximum
7.5% p.a.	25% of maximum
7.5% p.a.>–<10% p.a.	Pro rata vesting between 25% and 62.5% of maximum
10% p.a.	62.5% of maximum
10% p.a.>–<13.5% p.a.	Pro rata vesting between 62.5% and 100% of maximum
13.5% p.a.	100% of maximum

(1) Calculated as annualised growth in adjusted net asset value plus dividends paid. Adjusted net asset value means the net asset value of the Company adjusted for the fair value of derivative hedging instruments, deferred tax and goodwill.

Taking into account the strong total returns over the last few years these are considered to be stretching targets.

Relative TSR against the peer group[1]	Vesting percentage
Below median	0% of maximum
Median	25% of maximum
Between median and upper quartile	Pro rata vesting between 25% and 100% of maximum
Upper quartile	100% of maximum

(1) TSR peer group: Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, Regional REIT Ltd, Hamborner REIT AG, DIC Asset AG, Urban Logistics REIT Plc, Industrials REIT, CLS Holdings Plc, Londonmetric Property Plc, Demire Deutsche Mittelstand Real Estate AG and Shurgard Self Storage SA.

Deferred Bonus Plan awards granted in the year

The following nil-cost options were granted on 21 June 2021 under the Deferred Bonus Plan in respect of bonuses earned for the period ended 31 March 2021.

	Type of award	Number of shares awarded	Face value at grant[1]
Andrew Coombs	Nil-cost option	148,108	€184,554
Alistair Marks	Nil-cost option	108,258	€134,898

(1) For these purposes the face value of the award is calculated by multiplying the number of shares by £1.056 (being the share price at 21 June 2021, converted to euros based on the exchange rate of 1.18.

On 21 June 2022, 50% of the shares will vest (rounded down to the nearest whole share where necessary) with the remaining balance vesting on 21 June 2023, subject to the terms of the plan. Dividend equivalents will be settled in shares in respect of dividends paid over the deferral period.

Payments made to former Directors during the year

No payments were made in the year to any former Director of the Company.

Payments for loss of office made during the year

No payments for loss of office were made in the year to any Director of the Company.

Shareholding guidelines and statement of Directors' shareholdings and share interests

In respect of the financial year ended 31 March 2022, the Company's shareholding guidelines required Executive Directors to have acquired and retained a holding with a value equal to 300% of salary. Unvested share-based incentives do not count towards the guidelines. Shares which are vested but have not been released (that is, which are in a holding period), or which have been released but have not been exercised, count towards the guidelines on a net of assumed tax basis.

The interests of the Directors and their connected persons in the Company's ordinary shares as at 31 March 2022 were as set out below. The shareholdings of Andrew Coombs, Diarmuid Kelly and Alistair Marks as a multiple of salary were as at 31 March 2022 2,085%, 162% and 2,334% respectively (calculated using the then share price of £1.25 and an exchange rate of 1.18). The shareholding guidelines have been met by both Andrew Coombs and Alistair Marks. Diarmuid Kelly was appointed to the Board on 1 February 2022 and has not met the shareholding requirements as at 31 March 2022. There have been no changes to those interests between 31 March 2022 and the date of signing of these audited financial statements.

Share ownership

	Shares owned as at 31 March 2021	**Shares owned as at 31 March 2022**
Executive Directors		
Andrew Coombs[1]	8,447,714	**9,544,593**
Diarmuid Kelly	n/a	**292,257**
Alistair Marks[1]	6,659,078	**6,673,792**
Non-Executive Directors		
Daniel Kitchen	100,000	**143,850**
Joanne Kenrick[2]	n/a	**—**
James Peggie	1,346,428	**1,374,536**
Mark Cherry	—	**—**
Caroline Britton	—	**—**
Kelly Cleveland	—	**—**

(1) Andrew Coombs and Alistair Marks have encumbered 3.00 million shares and 6.03 million shares respectively. In both cases the encumbrances were for rolling credit facilities of up to £1.00 million in Andrew Coombs' case and £1.75 million in Alistair Marks' case for private purposes and for an indefinite period.

(2) Joanne Kenrick was appointed to the Board on 1 September 2021 and to the Committee on 1 November 2021.

Shareholding guidelines and statement of Directors' shareholdings and share interests continued

Share plan interests

Director	Award	Date of grant	Number of shares subject to award as at 1 April 2021	Number of shares subject to awards granted during the financial year	Number of shares in respect of which award surrendered/ lapsed during the financial year	Number of shares in respect of which award vested and/or exercised during the financial year	**Number of shares subject to award as at 31 March 2022**	Status
Andrew Coombs	2018 LTIP	14 June 2019	1,500,000	—	—	—	**1,500,000**	Unvested subject to performance conditions[1]
	DBP	14 June 2019	106,652	—	—	106,652	**—**	Vested[2]
	2018 LTIP	15 June 2020	1,000,000	—	—	—	**1,000,000**	Unvested subject to performance conditions[3]
	DBP	15 June 2020	173,890	—	—	86,945	**86,945**	Unvested, not subject to performance conditions[4]
	2021 LTIP	2 August 2021	—	949,119	—	—	**949,119**	Unvested subject to performance conditions[5]
	DBP	21 June 2021	—	148,108	—	—	**148,108**	Unvested, not subject to performance conditions[6]
Alistair Marks	2018 LTIP	14 June 2019	1,500,000	—	—	—	**1,500,000**	Unvested subject to performance conditions[1]
	DBP	14 June 2019	81,268	—	—	81,268	**—**	Vested[2]
	2018 LTIP	15 June 2020	1,000,000	—	—	—	**1,000,000**	Unvested subject to performance conditions[3]
	DBP	15 June 2020	134,328	—	—	67,164	**67,164**	Unvested, not subject to performance conditions[4]
	2021 LTIP	2 August 2021	—	580,000	—	—	**580,000**	Unvested subject to performance conditions[5]
	DBP	21 June 2021	—	108,258	—	—	**108,258**	Unvested, not subject to performance conditions[6]
Diarmuid Kelly	2018 LTIP	14 June 2019	250,000	—	—	—	**250,000**	Unvested subject to performance conditions[1]
	2018 LTIP	15 June 2020	250,000	—	—	—	**250,000**	Unvested subject to performance conditions[3]
	2021 LTIP	2 August 2021	—	500,000	—	—	**500,000**	Unvested subject to performance conditions[5]

(1) These awards are subject to performance conditions as set out on page 107. The awards vested on 13 May 2022 at 100%.

(2) 50% of the shares vested on 14 June 2021.

(3) These awards are subject to performance conditions as set out on page 95 of the Annual Report and Accounts for the year ended 31 March 2021. For Diarmuid Kelly, the performance conditions are the same as those set out in his 2019 LTIP awards as set out on pages 107 and 108.

(4) These awards will vest in respect of 50% of the shares on each of 15 June 2021 and 15 June 2022.

(5) These awards are subject to performance conditions as set out on page 107.

(6) These awards will vest in respect of 50% of the shares on each of 21 June 2022 and 21 June 2023.

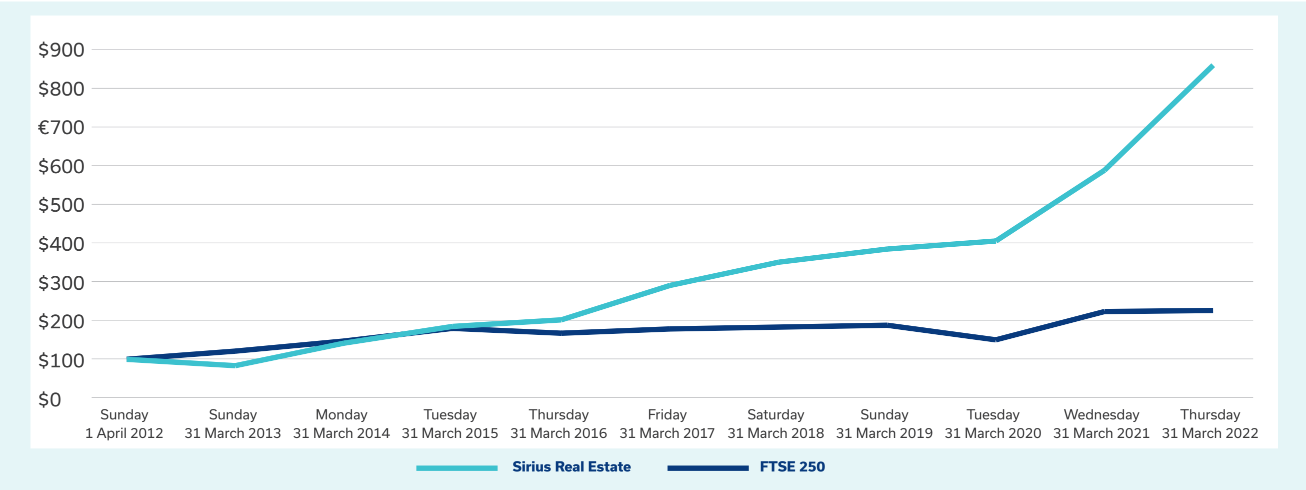
Implementation of Directors' Remuneration Policy for the 2023 financial year

Information on how the Company intends to implement the new Remuneration Policy for the financial year ending 31 March 2023 is set out in the Committee Chairman's letter on page 91.

Total shareholder return performance graph and CEO remuneration

The graph below shows the total shareholder return ("TSR") performance for the Company's shares in comparison to the FTSE 250 for the period 1 April 2012 to 31 March 2022. The Company is a constituent of this index and, as such, it has been selected as an appropriate comparator group. For the purposes of this graph, TSR has been calculated as the percentage change during the period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value by 31 March 2022 of €100 invested in the Group over the period compared with €100 invested in the FTSE 250.

The total remuneration of the CEO over the past six(1) financial years is shown below. The annual bonus pay-out and LTIP vesting level as a percentage of the maximum opportunity are also shown.



Year ended 31 March	Total remuneration €	Annual bonus (% maximum)	LTIP vesting (% maximum)
2022	3,356,559	97%	100%
2021	2,795,766	100%	100%
2020	968,598	95%	—
2019	6,631,533	95%	96%(2)
2018	989,175	100%	—
2017	906,143	83%	—

(1) The Company was admitted to the Main Market of the London Stock Exchange and the Main Board of the Johannesburg Stock Exchange in March 2017.

(2) The 2015 LTIP vested in full in this year, having only had one single award grant in 2015 when the Company was listed on the Alternative Investment Market of the London Stock Exchange. As announced on 28 June 2018, the Executive Directors voluntarily surrendered 4% of their awards, to enable the awards to be reallocated to 79 employees who did not participate in the 2015 LTIP. The percentage in the table is post-surrender of those shares.

Relative importance of spend on pay

The table below demonstrates the relative importance of the Group's expenditure on total employee pay compared to dividend payments to shareholders. There were no share buybacks during either financial year.

	2022 €000	2021 €000	% change
Dividend payments	**44,490**	37,596	18.33%
Total employee pay	**28,496**	22,262	28.00%

Advice to the Committee

Andrew Coombs and Alistair Marks occasionally attended meetings of the Committee and provided information and support as requested. No Executive Director was involved in determining their own remuneration.

The Committee received objective and independent advice from Deloitte LLP during the year ended 31 March 2022. Deloitte LLP is a founder signatory to the Remuneration Consultants Group's Code of Conduct and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee were £22,750 for the year ended 31 March 2022. Deloitte was appointed by the Committee and has provided share scheme advice and general remuneration advice to the Company.

Statement of voting at the previous Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out the actual voting in respect of the non-binding shareholder votes on the Directors' Remuneration Policy and the Directors' remuneration report and the binding shareholder vote on the Company's LTIP Plan Rules at the Company's Annual General Meeting on 30 July 2021.

Resolution	Votes for	% of votes	Votes against	% of votes	Votes withheld
Remuneration Policy	652,865,047	89.93%	73,139,370	10.07%	3,997,419
2021 Long Term Incentive Plan	721,532,864	99.33%	4,841,692	0.67%	3,627,280
Remuneration report	668,147,085	92.95%	50,690,157	7.05%	11,164,594

In accordance with the JSE Listings Requirements, as the non-binding advisory vote at the 2020 AGM on the Remuneration Policy was voted against by more than 25% of the votes exercised at the meeting by the Company's shareholders, the Company extended an invitation to dissenting shareholders to engage with the Committee. No shareholders responded to the invitation. We have, however, engaged extensively with shareholders and investor agencies over their concerns and considered them during our review of the Remuneration Policy in 2021.

Shareholder engagement

I welcome dialogue with our shareholders. If you have any questions for me as Chairman of the Committee, you can reach me via the Company Secretary.

Approved by the Board on 10 June 2022.

James Peggie

James Peggie
Chairman of the Remuneration Committee
10 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and applicable law.

Under Companies (Guernsey) Law, 2008 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

» select suitable accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and then apply them consistently;

» make judgements and accounting estimates that are reasonable and prudent;

» present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

» state that the Group has complied with IFRS as issued by the IASB, subject to any material departures disclosed and explained in the financial statements;

» provide additional disclosures when compliance with the specific requirements of IFRS as issued by the IASB is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and performance; and

» prepare the Group's financial statements on a going concern basis, unless it is inappropriate to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Annual Report and financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Responsibility statement of the Directors in respect of the Annual Report and financial statements

Each of the Directors confirm to the best of their knowledge:

» the financial statements, prepared in accordance with IFRS as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

» the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

Each of the Directors confirm to the best of their knowledge that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Daniel Kitchen
Chairman
10 June 2022

Declaration by Group Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO")

for the year ended 31 March 2022 (additional declaration as required by the rules of the JSE Limited)

The Directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 127 to 130, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves Directors, and have taken the necessary remedial action.

Andrew Coombs
CEO
10 June 2022

Diarmuid Kelly
CFO
10 June 2022

DIRECTORS' REPORT

The Directors submit their report with the audited financial statements for the year ended 31 March 2022. A review of the Group's business and results for the year is contained in the Chairman's statement, the Asset management review and the Financial review which should be read in conjunction with this report.

The Directors have complied with the provisions of the Companies (Guernsey) Law, 2008 (the "Companies Law") in preparing the financial statements. The Directors confirm to the best of their knowledge and belief that the Company has complied with the Companies Law and the Company's Articles of Incorporation throughout the financial year ended 31 March 2022.

The Directors submit their report together with the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes for the financial year ended 31 March 2022 set out on pages 131 to 176, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and in accordance with any relevant enactment for the time being in force, and are in agreement with accounting records, which have been properly kept in accordance with Section 238 of the Companies Law.

Business of the Group

Sirius Real Estate Limited is the Group's holding company. The principal activity of its operating subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and the United Kingdom.

Results and dividends

These results are set out in the consolidated income statement on page 127.

The Group's profit after tax for the year was €148.0 million (2021: €147.6 million).

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share representing 65% of FFO, an increase of 19.7% on the equivalent dividend last year, which represented 65% of FFO. The total dividend for the year is 4.41c, an increase of 16.1% on the 3.80c total dividend for the year ended 31 March 2021, based also on 65% of FFO. The Group has not received any state financial assistance in connection with the Covid-19 crisis.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2022, the ex-dividend date will be 6 July 2022 for shareholders on the South African register and 7 July 2022 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 8 July 2022 and the dividend will be paid on 18 August 2022. A detailed dividend announcement is expected to be made on 20 June 2022, including details of a scrip dividend alternative.

The Group dividend policy is stated in the Financial review on page 54. Dividends are expected to continue being paid in cash on a semi-annual basis and shareholders may also be offered a scrip alternative. The Board confirms the use of distribution per share as the relevant measure of financial results for the purposes of trading statements to comply with the JSE Listings Requirements.

Corporate governance

Details of how the Board has applied the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") are set out in the Corporate governance report on pages 66 to 67.

Articles of Incorporation

A copy of the Articles of Incorporation is available to download from the Company's website, www.sirius-real-estate.com. The Articles of Incorporation may only be amended by a special resolution of the Company's members and certain changes to the Articles are being proposed for adoption by members at the 2022 Annual General Meeting. These changes are mainly those necessary or customary for a UK REIT, details of which are set out in the Notice of Annual General Meeting.

Share capital

Details of the issued share capital, together with details of shares issued during the year, are set out in note 27 to the financial statements. There is one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Restrictions on voting rights

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights in the Company's securities.

Restrictions on transfers of securities

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. Restrictions are being proposed to the Articles of Incorporation, for adoption by shareholders at the 2022 AGM. These changes are necessary consequential to the Company's conversion to a UK REIT. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Employee share plans

Details of employee share plans are set out in note 9 to the financial statements.

Employee Benefit Trust

No votes are cast in respect of the shares held in the Employee Benefit Trust in connection with the Company's share plans and dividends paid and payable are subject to a standing waiver.

Dividend waivers

The value of dividends waived during the year ended 31 March 2022 by the Employee Benefit Trust as described above was €143,000 (2021: €111,200). Other than the standing waiver provided by the Employee Benefit Trust, the Directors are not aware of any shareholder which has waived its right to receive dividends on any shares held by it.

Authority to purchase shares

The Company was authorised at the 2021 Annual General Meeting ("AGM") to purchase its own shares, within certain limits and as permitted by the Articles of Incorporation. A renewal of this authority will be proposed at the 2022 AGM. No shares were purchased during the year and no shares are held in Treasury.

Authority to allot shares

Subject to the Companies Law and any relevant authority of the Company in general meeting, the Company has authority to issue new shares. At the 2021 AGM, shareholders authorised the Directors to allot shares in the capital of the Company within certain limited circumstances and as permitted by the Companies Law. A renewal of this authority will be proposed at the 2022 AGM.

A scrip dividend authority was approved at the 2021 AGM and the Directors are seeking this authority again at the 2022 AGM.

Directors

Details of the Directors who served during the financial year and their meeting attendance are set out on page 73 of the Corporate governance report. The Corporate governance report also describes the effects the principal decisions taken by the Directors have had on the Company's key business relationships with colleagues, tenants, suppliers and others.

In accordance with the 2018 Code, all the Directors will stand for election or re-election at the AGM on 6 July 2022. The Chairman has reviewed the performance of each Director standing for election or re-election and is satisfied that each continues to be effective and demonstrates commitment to the role.

The Articles of Incorporation permit the Board to authorise any matter which would otherwise involve a Director breaching his duty under the Companies Law to avoid conflicts of interest. When authorising a conflict of interest, the Board must do so without the conflicted Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate but will be permitted neither to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible and procedures are in place to facilitate disclosure.

The Articles of Incorporation sets out the Company's rules regarding the appointment and replacement of Directors. The Board may appoint an eligible person, who is willing to act as a Director of the Company, either as an additional Director or to fill a casual vacancy. Any such Director must retire from office at the next AGM at which he or she may stand for election by the shareholders. A Director may be removed by written notice approved by all the other Directors. The Company may appoint or remove a Director by ordinary resolution without prejudice to any claim for damages for breach of contract that Director may have.

Related party transactions

Other than those described in note 30 to the financial statements, there were no transactions, arrangements or agreements entered into during the financial year or outstanding as at 31 March 2022 which were required to be disclosed under Listing Rule 11 or IAS 24 "Related Party Disclosures".

Directors' interests in shares

The beneficial interests of the Directors in the shares of the Company and the options held as at 31 March 2022 are set out in the Directors' remuneration report on page 109. None of the Directors serving at the year end had a beneficial interest in the share capital of any subsidiary company.

Directors' indemnity and insurance

The Company has made third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report. The Company maintains Directors' and officers' liability insurance for its Directors and officers.

Substantial shareholders

At 31 March 2022, the following shareholders had notified the Company of substantial interests over 5% in the issued share capital of the Company.

Shareholder	Number of ordinary shares in which interested(1)	% of issued share capital of the Company(1)
BlackRock Inc	125,365,340	10.69%
Standard Life Aberdeen Plc	121,749,643	10.39%

(1) As at date of notification and as at 31 March 2022.

As at 31 March 2022, 102 non-public owners held 1.99% of shares (there are no Treasury Shares), which includes those shares held by Executive and Non-Executive Directors, and there were 7,845 public shareholders holding 98.01%.

Going concern

The Group has prepared its going concern assessment for the period to the end of June 2023 (the "going concern period"). The Group's going concern assessment is based on a forecast of the Group's future cash flows. This considers management's base case scenario and a severe but plausible scenario where sensitivities are applied to model the outcome on the occurrence of downside assumptions explained below. It considers the Group's Principal Risks and Uncertainties and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 24) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as the Ukrainian crisis and new Covid-19 variants, on the Group's financial position and future prospects. The cash flow projections incorporate assumptions on future trading performance and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value, debt service cover and occupancy ratios set out within the relevant finance agreements.

The impact of the crisis in Ukraine and Covid-19 on the business in the year to 31 March 2022 did not result in any deterioration in the Group's income streams or falls in asset values both of which increased in the period.

The base case and severe but plausible downside scenarios include the following assumptions:

Base case:

- growth in rent roll at 31 March 2022, principally from contractual increases in rents and organic growth through lease renewals;
- increasing cost levels in line with forecast inflation of 7%;
- continuation of forecast capex investment;
- continuation of forecast dividend payments;
- payment of loan interest and loan amortisation amounts and assumed refinancing of the €15 million of the Schuldschein facility in December 2022 and January 2023; and
- no acquisitions over and above those legally committed to.

Severe but plausible downside scenario:

- reduction in occupancy of 5% per annum from the 31 March 2022 rent roll;
- reduction in service charge recovery of 5% per annum from the 31 March 2022 recovery levels; and
- reduction in property valuations of 5% per annum.

DIRECTORS' REPORT CONTINUED

Going concern continued

Severe but plausible downside scenario: continued

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants with no cure payments or breaches forecast, continue to operate within the terms of its facilities and have sufficient cash reserves.

The Directors also evaluated potential events and conditions beyond 30 June 2023 that may cast significant doubt on the Group's ability to continue as a going concern, specifically, the ability of the Group to refinance or extend the €20 million Schuldschein facility in July 2023, €172 million Berlin Hyp AG loan in October 2023 and €58 million Deutsche Pfandbriefbank AG loan in December 2023. The Directors are of the view that they have a realistic prospect of securing this refinancing or an alternative source of secured or unsecured funding, a judgement which was informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300 million corporate bond issuance in November 2021) and the period of time the Group has to arrange refinancing. Should the debt facilities falling due in July 2023, October 2023 and December 2023 not be refinanced or extended, alternative options could be considered, including the use of mitigating factors referred to below. The mitigating factors are within the control of the Directors and there is sufficient time for such mitigating factors to be implemented, if required.

In each of the scenarios considered for going concern, the Group is not dependent on any mitigating actions which would be available to the Group in the going concern review period to June 2023, which include restricting dividends, reducing capital expenditure or the disposal of unencumbered assets that have a book value of €1.6 billion as at 31 March 2022.

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

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP valued the Group's owned properties, including assets held for sale, at €2,092.8 million as at 31 March 2022 (2021: €1,350.8 million). After adjusting investment properties for lease incentive accounting, the book value of investment properties including assets held for sale is shown as €2,074.9 million (2021: €1,347.2 million) in the consolidated statement of financial position.

(ii) Net assets

The investment property valuation has been incorporated into the financial statements for the year ended 31 March 2022 and the net assets of the Group at that date amounted to €1,191.1 million (2021: €926.8 million).

Treasury operations and financial instruments

The Group's policy in relation to financial risk management and the use of financial instruments is set out in notes 25 and 26 to the financial statements.

Change of control

The Company is not a party to any significant agreements that would be affected by a change of control of the Company following a takeover of the Group. Certain of the Company's subsidiaries are parties to an agreement relating to the Titanium portfolio, which would be affected by a direct or indirect acquisition of 24.99% or more of the Company's issued share capital or total voting rights. In this situation and in the absence of any other relevant factors, the venture partner, AXA IM Alts, may exercise a right to acquire the subsidiaries' shares in the Titanium portfolio at fair value.

No agreement between any Director and the Company provides for compensation for loss of office or employment in the event of a takeover of the Company, except for provisions in the rules of the Company's share plans which may result in the vesting of options or awards granted to employees on a takeover.

Political donations

No political donations or contributions were made during the year by the Company or any subsidiary company to any political party, candidate or holder of public office.

Annual General Meeting

The Company's Annual General Meeting will be held at 10.00am (UK time) on Wednesday 6 July 2022 at 33 St James' Square, London SW1Y 4JS. Further information can be found in the Shareholder Circular and Notice of Meeting which accompany this Annual Report and Accounts.

Company website

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.sirius-real-estate.com, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosures required under UK Listing Rule 9.8.4

There are no disclosures required to be made under LR 9.8.4R which have not already been disclosed elsewhere in this Directors' report.

Auditors and disclosure of information to auditors

On the recommendation of the Audit Committee, the Board of Directors proposes to the Annual General Meeting to be held on 6 July 2022 that Ernst & Young LLP ("EY") be reappointed as auditors of the Company. EY are accredited as an audit firm by JSE Limited.

The Directors who held office at the date of approval of the financial statements confirm that, so far as they are each aware:

» there is no relevant audit information of which the Company's auditors are unaware; and

» each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company auditors are aware of that information.

By order of the Board

Anthony Gallagher

Anthony Gallagher
Company Secretary
10 June 2022

Financial statements

INDEPENDENT AUDITOR'S REPORT
to the members of Sirius Real Estate Limited

Opinion

We have audited the financial statements of Sirius Real Estate Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

» give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of its profit for the year then ended;

» have been properly prepared in accordance with International Financial Reporting Standards; and

» have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

» We obtained an understanding of the process followed by Management to prepare the Group's going concern assessment over the going concern period to 30 June 2023, including challenging the completeness of risks identified in Management's assessment, identifying and assessing scenarios that may arise as a result of the ongoing conflict in Ukraine and other macro-economic factors (including Covid-19, forecast inflation levels and interest rates) which may adversely affect future occupancy and income levels and the impact of a fall in property valuations on compliance with loan covenants.

» We obtained the base case scenario and the severe but plausible downside scenario covering the going concern period prepared by Management and provided to the Board. We challenged Management on whether the scenarios considered were sufficient to allow them to form their view on going concern. We tested the mathematical accuracy of the models and verified the opening available cash balance in Management's cash flow forecast by comparing it to the year-end cash balance which was subject to our audit procedures.

» We challenged the appropriateness of each of the key assumptions through agreeing them to supporting evidence and searching for contradictory evidence, using our understanding of the Group's business, evidence gained during the audit and our industry knowledge. We assessed the historical forecasting accuracy as an input into determining the ability of Management to forecast for the going concern period.

» We used our Chartered Surveyors to challenge the stress tests applied to forecast reductions in property valuations in the severe but plausible downside scenario. We applied further sensitivities where appropriate to stress test the impact on forecast available cash.

» We checked the modelled details of the lending terms and covenants back to lender agreements, verifying the key terms and confirming the availability of the debt facilities in the going concern period.

Conclusions relating to going concern continued

- We performed testing to evaluate whether the covenant requirements of the debt facilities would be breached under the severe but plausible downside scenario prepared by Management and applied additional stress tests to observe their impact on liquidity. We performed additional reverse stress testing to understand the fall in valuations and/or occupancy needed to use remaining liquidity. In assessing the likelihood of these scenarios, we considered the perspective of our Chartered Surveyors, assessed the impact of the timing of these events and understood the availability of mitigating actions to be taken.
- We challenged Management's assessment of events or conditions after the going concern period that may cast significant doubt on the entity's ability to continue as a going concern. Management identified the need to repay or refinance the €20m Schuldschein in July 2023, €172m Berlin Hyp AG debt facility in October 2023 and €58m Deutsche Pfandbriefbank AG debt facility in December 2023. We challenged whether there was a realistic prospect that the Group would be able to complete these refinancings within the timescale required. Our audit procedures included considering the perspective of EY Debt Advisory Specialists in the UK and Germany on the probability of being able to refinance, the reasonableness of the expected refinancing requirements and assessing the historical ability to refinance debt when required.
- We reviewed the disclosures in the Annual Report and Accounts in relation to going concern with a view to assessing whether they appropriately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken.

Our key observations on going concern include:

- The Group's activities are financed in part through external debt financing. Under the severe but plausible downside scenario the Group is expected to comply with its loan covenants with no cure payments or breaches forecast.
- There are refinancings that fall due in July 2023 (€20m), October 2023 (€172m) and December 2023 (€58m) and Management has concluded that there is a reasonable prospect that the Group will be able to complete the required refinancings that fall due after the end of the going concern period. Management's judgment is informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300m corporate bond issuance in November 2021) and the length of time the Group has to arrange refinancing.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period to 30 June 2023. Going concern has also been determined to be a key audit matter.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	» The Group operates in both Germany and the United Kingdom. During the year the Group acquired Helix Investments Limited ("BizSpace") which has been identified as a full scope component. We performed an audit of the complete financial information of both the German and United Kingdom components. » The components where we performed full or specific audit procedures accounted for 100% of Adjusted profit before tax, 100% of Revenue and 100% of Total assets. » The Group audit team also performed direct audit procedures on investment in associates included within the Group financial statements.
Key audit matters	» The valuation of the investment property portfolio » Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives » Going concern basis used in the preparation of the financial statements » (New in 2022) Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment
Materiality	» Overall Group materiality of €23.6m (2021: €15.1m) which represents 1% of Total assets (1% of Total assets) was applied to balances related to investment properties, loans and derivatives. » Specific materiality of €3.9m (2021: €3.0m) which represents 5% of Adjusted profit before tax (2021: 5% of adjusted profit before tax) was applied to account balances not related to investment properties, loans, or derivatives.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each subsidiary within the Group. This enables us to form an opinion on the Group financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by a single integrated audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected both components covering entities within Germany and the United Kingdom, which represent the principal business units within the Group.

Of the two components selected, we performed an audit of the complete financial information of both components ("full scope components") which were selected based on their size or risk characteristics.

	Germany	United Kingdom
Revenue	91% of Group	9% of Group
Adjusted profit before tax	91% of Group	9% of Group
Total assets	80% of Group	20% of Group

For the current year, the full scope components contributed 100% (2021: 100%) of the Group's Adjusted profit before tax, 100% (2021: 100%) of the Group's Revenue and 100% (2021: 100%) of the Group's Total assets.

Changes from the prior year

The Group acquired BizSpace during the year and this is the first year in which we have applied a scoping assessment to our audit. We identified two components, being Germany and the United Kingdom, which combined, contributed to 100% of the Total assets and Adjusted profit before tax. Both locations have been identified as full scope components. In previous years, the audit was approached as a single component with an integrated team completing all audit work.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Sirius Real Estate Limited. The Group has determined that the most significant future impacts from climate change on their operations will be determined from the climate scenario analysis they intend to undertake in the financial year to March 2023. These are explained on pages 40 to 43 in the required Task Force on Climate-Related Financial Disclosures and on page 63 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the Task Force on Climate Disclosures on pages 40 to 43, governmental and societal responses to climate change risks are still developing, and are interdependent of each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of International Financial Reporting Standards.

Our audit effort in considering climate change was focused on the adequacy of the Group's disclosures in the financial statements and their conclusion that no issues were identified that would materially impact the valuation of the investment properties and the investment properties held in the investments in associates, or have any other material impact on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the Key Audit Matter of going concern referred to above, this year we have included a new key audit matter: Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment. The audit partner and other senior members of the audit team spent a significant amount of time assessing the judgments and appropriateness of the balances recorded due to the complexity of this area.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The valuation of the investment property portfolio 2022: €2,100m (2021: €1,362m) in investment properties, €14m (2021: €0m) included within assets held for sale and €350m (2021: €244m) included in investments in associates Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); Note 14 of the Financial Statements (pages 154 to 157) and Note 20 of the Financial Statements (page 161) The valuation of the investment property portfolio (including investment properties within assets held for sale and held in investments in associates) requires significant judgement and use of estimates by Management and the external valuer. Any input inaccuracies or unreasonable bases used in these judgements (such as in respect of market rental income and yields applied) could result in a material misstatement of the income statement and balance sheet. There is also a risk that Management may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations or bonus targets.	Our audit procedures in respect of the valuation of investment property included: » We performed a walkthrough of the valuation process and methodology, evaluating the Group's controls over data used in the valuation of the investment property portfolio and Management's review of the valuations. » We evaluated the competence of the external valuer which included consideration of their qualifications and expertise. » We selected a sample based on factors including size, risk, type of property and location, which in total comprised 42% of the market value of investment properties (including investment properties within assets held for sale and total value of investments in associates). For the sample of properties we performed testing over source documentation provided by the Group to the external valuer. This included agreeing a sample of this documentation back to underlying lease data and vouching costs incurred to date in respect of properties with capital expenditure in the period. » We included Chartered Surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for our sample. Our Chartered Surveyors assessed the yield of each property against available market evidence and/or asset specific considerations. They also assessed whether the other assumptions applied by the external valuer, such as the market rental income and voids were supported by available market data. This included assessing the external valuer's considerations of factors such as the conflict in Ukraine and increasing inflation and interest rates in respect of tenant voids and rent collections, the impact on the property valuations and investigating any contrary evidence to the assumptions adopted. » We challenged the external valuer on whether climate factors had been considered as part of the valuations. The external valuer confirmed that this had been considered but did not lead to any specific adjustments to values. » We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio by reference to movements in yields and rents during the year and their impact on the valuation, along with asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We challenged Management and their external valuer with our audit findings, including contradictory evidence to obtain further understanding of the movements in values. » We obtained a confirmation from the external valuer that they had not been subject to undue influence from Management. » We utilised our analytical procedures and work of the Chartered Surveyors described above in order to assess for evidence of undue Management influence. » We performed site visits accompanied by our Chartered Surveyors for a sample of properties, to confirm existence and state of repair of the properties. » We assessed the adequacy of the disclosures of estimates and valuation assumptions in note 14 and note 20 that were made in accordance with IFRS 13 – Fair Value Measurement. **Scope of our procedures** We performed full scope audit procedures over valuation of all property categories, including investment properties, investment properties held for sale and investment properties held in the investment in associate.	We have audited the inputs, assumptions and methodology used by the external valuer. We concluded that the methodology applied was appropriate and that the external valuations were a reasonable assessment of the market value of investment properties at 31 March 2022. Our Chartered Surveyors concluded that the sample of valuations they reviewed were within a reasonable range. We concluded that the investment property valuations are reasonable and did not identify evidence of undue Management influence. We have reviewed the disclosures in the financial statements and consider them appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives 2022: €135m rental and other income and €75m service charge income (2021: €105m rental and other income and €60m service charge income) Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); and Note 6 of the Financial Statements (page 142) Market expectations and profit-based targets may place pressure on Management to distort revenue recognition. This may result in overstatement of revenues to assist in meeting current or future targets or expectations.	Our audit procedures over revenue recognition included: » We evaluated the Group's controls over revenue recognition and the treatment of rents which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. » We selected a sample of lease agreements and agreed the terms per the lease agreements to the data input into the property management system, including lease incentive clauses. We agreed a sample of service charge income balances in the year to the supporting terms of the lease agreements, invoices raised and cash collections. » We performed analytical procedures using data analytics tools to assess whether revenue had been recognised in the appropriate accounting period. We performed anchor testing from rental agreements to cash combined with three-way journal correlation using data analytics. This provided substantive evidence on occurrence and measurement of revenue, with some evidence on completeness of processing. » We agreed a sample of lease agreements to the revenue recognised, after considering the straight-lining of lease incentives over the lease period in accordance with IFRS 16 – Leases. » For the service charge income, we analysed and compared our expectation to actual service charge income recognised in the ledger. We reviewed the service charge calculation and allocation to tenants and the recoverability of historic service charge debtors. We selected a sample of service charge expense balances in the year, agreeing it to supporting third party documentation and tracing through to the expected recovery of service charge income. » We assessed whether the revenue recognition policies adopted complied with IFRS through sample testing transactions to determine the underlying accounting treatment applied. » We challenged the appropriateness of a sample manual journals posted to revenue through obtaining evidence to support the journal posting. The manual journals testing is specifically designed to address the risk of management override of controls and incorrect cut off. **Scope of our procedures** We performed full scope audit procedures over revenue recognition, including revenue earned through the investment in associate.	We audited the timing of revenue recognition, treatment of rents, service charge income and lease incentives and assessed the risk of management override. Based upon the audit procedures performed, we have concluded that revenue, service charge income and the lease incentives have been recognised on an appropriate basis in the year.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment 2022: €206m fair value of net assets acquired and €37m of goodwill initially recognised on acquisition. €37m impairment of goodwill recorded. Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); and Note 4 of the Financial Statements (page 140) The level of estimation uncertainty of the fair value of assets and liabilities, combined with the magnitude of the balances related to accounting for the acquisition may result in material misstatement to the financial statements.	Our audit procedures over the accounting for the acquisition of BizSpace included: » We obtained and assessed Management's accounting paper on the application of IFRS 3 Business combinations, including judgements in determining whether the acquisition represents an asset acquisition or a business combination, and the purchase price allocation assessment. » We obtained and reviewed relevant sale agreements and other contractual arrangements entered into in relation to the acquisition, to assess the date when control of BizSpace was obtained. » We performed testing on opening balances and reviewed the predecessor audit files to determine the appropriateness of the balances recorded at the date of acquisition. » We obtained the property valuations prepared at acquisition date by the external valuers. We selected a sample of 9 properties which equated to 24% of the opening investment property balance for which the valuation was tested for reasonableness by EY's Chartered Surveyors. » We challenged Management and their specialist in searching for evidence of other assets or liabilities that have been acquired but not identified. » Together with EY's valuation specialists, we assessed the key judgements made in identifying and recognising any intangibles, including goodwill, and the estimate of the fair value of the intangibles, including goodwill, recognised in the initial accounting. » The acquisition generated goodwill of €37m. We challenged the appropriateness of the assumptions used by Management and their Specialist in the goodwill impairment test. This included using EY valuation specialists who performed benchmarking analysis of the discount rate against peers of the business. » We performed sensitivity analysis over the key assumptions, including the discount rate, terminal growth rate and forecasted cash flows to assess the impact on goodwill impairment test. » We determined the impact of the integration of BizSpace on the current processes at the Group, including whether there are any differences in accounting policies applied. » We assessed the completeness and adequacy of the disclosures made in the financial statements. **Scope of our procedures** We performed full scope audit procedures over the accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment.	We concluded that the accounting treatment applied in relation to the acquisition is appropriate. We concluded that the opening balances recognised by the Group are appropriately stated and the valuations in the selected sample of properties was assessed by our Chartered Surveyors as reasonable. We concluded that the impairment of goodwill is appropriate. We concluded that the disclosures in the financial statements are appropriate in relation to the acquisition.

In the prior year, our auditor's report included a key audit matter in relation to the assessment of uncertain tax positions. In the current year, we have updated our risk assessment and concluded that the assessment of uncertain tax positions is no longer a key audit matter. This reflects the resolution of historic areas of focus and our assessment that the remaining risk profile of the remaining uncertain tax positions has reduced.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality	Performance materiality	Audit differences
Overall	1% of Total assets	€23.6m	€17.8m	€1.1m
	(2021: 1% of Total assets)	(2021: €15.1m)	(2021: €11.3m)	(2021: €0.8m)
Specific – account balances not related to investment properties, loans and borrowings, derivatives and related Income Statement accounts	5% of Adjusted profit before tax (2021: 5% of Adjusted profit before tax)	€3.9m (2021: €3.0m)	€2.9m (2021: €2.3m)	€0.2m (2021: €0.1m)

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined that an asset-based measure would be the most appropriate basis for determining overall materiality given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined that it is appropriate to set the overall materiality at 1.0% of Total assets (2021: 1.0% of Total assets). We applied overall materiality to the investment property, loans and borrowings, derivatives and the related Income Statement balances.

This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We determined that for other account balances not related to investment properties, loans and borrowings, derivatives and the related Income Statement balances, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements.

We determined that materiality for these areas should be based upon 5% of Adjusted profit before tax. Adjusted profit before tax is considered an important performance metric and aligned with industry earnings measures.

During the course of our audit, we reassessed initial materiality which has not resulted in a change from our planning materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely €17.8m (2021: €11.3m) and €2.9m (2021: €2.3m) respectively for overall and specific materiality levels. We have set performance materiality at this percentage based on our expectations of identifying material misstatements and the control environment supporting the prevention of material misstatement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €1.1m (2021: €0.8m), as well as uncorrected audit differences in excess of €0.2m (2021: €0.1m) that relate to our specific testing of the other account balances not related to investment property, loans or derivatives,, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit continued

Other information

The other information comprises the information included in the annual report set out on pages 1 to 116, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

» proper accounting records have not been kept by the Company; or

» the financial statements are not in agreement with the Company's accounting records and returns; or

» we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

» Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 115 to 116;

» Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 64;

» Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 115 and 116;

» Directors' statement on fair, balanced and understandable set out on page 113;

» Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 54 to 63;

» the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 84; and

» the section describing the work of the audit committee set out on pages 82 and 83.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 113, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

Auditor's responsibilities for the audit of the financial statements continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

» We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, The Companies (Guernsey) Law, 2008, the UK Corporate Governance Code and The King IV Report for Corporate Governance™ for South Africa 2016), the relevant tax regulations in the jurisdictions the Group operates in, the General Data Protection Regulation (GDPR), Health & Safety Regulations and the Bribery Act. There are no significant industry specific laws or regulations that we considered in determining our approach;

» We understood how Sirius Real Estate Limited is complying with those frameworks through enquiry with Management, and by identifying the Group's policies and procedures regarding compliance with laws and regulations. We also identified those members of Management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, as well as consideration of the results of our audit procedures across the Group to either corroborate or provide contrary evidence which was then followed up. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour;

» We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by reviewing the Group's risk register and through enquiry with Management and the Audit Committee during the planning and execution phases of our audit. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how Management monitors those programmes and controls;

» Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:

  - Enquiry of Management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - Reading minutes of meetings of those charged with governance;
  - Obtaining electronic confirmations from the Group's banking providers to vouch the existence of cash balances and completeness of loans, borrowings and other treasury positions such as derivatives;
  - Obtaining and reading correspondence from legal and regulatory bodies, including the Financial Reporting Council (FRC), the London Stock Exchange (LSE), the Johannesburg Stock Exchange (JSE) and tax authorities in all jurisdictions the Group operates in; and
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit Committee, we were appointed by the Company in 2018 to audit the Group financial statements for the year ending 31 March 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 March 2019 to 31 March 2022.

The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Saunders
for and on behalf of Ernst & Young LLP
London
10 June 2022

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Revenue	6	**210,182**	165,361
Direct costs	7	**(87,689)**	(71,541)
Net operating income		**122,493**	93,820
Gain on revaluation of investment properties	14	**140,884**	99,585
(Loss)/gain on disposal of properties		**(623)**	54
Recoveries from prior disposals of subsidiaries		**94**	65
Administrative expenses	7	**(40,718)**	(27,823)
Goodwill impairment	17	**(40,906)**	–
Share of profit of associates	20	**6,940**	4,977
Operating profit		**188,164**	170,678
Finance income	10	**2,986**	2,712
Finance expense	10	**(23,219)**	(9,869)
Change in fair value of derivative financial instruments	10	**996**	136
Net finance costs		**(19,237)**	(7,021)
Profit before tax		**168,927**	163,657
Taxation	11	**(20,935)**	(16,097)
Profit for the year after tax		**147,992**	147,560
Profit attributable to:			
Owners of the Company		**147,873**	147,451
Non-controlling interest		**119**	109
		147,992	147,560
Earnings per share			
Basic earnings per share	12	**13.48c**	14.16c
Diluted earnings per share	12	**13.29c**	13.96c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Profit for the year after tax	**147,992**	147,560
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
Foreign currency translation reserve	**(1,701)**	–
Other comprehensive loss after tax that may be reclassified to profit or loss in subsequent periods	**(1,701)**	–
Other comprehensive loss for the year after tax	**(1,701)**	–
Total comprehensive income for the year after tax	**146,291**	147,560
Total comprehensive income attributable to:		
Owners of the Company	**146,172**	147,451
Non-controlling interest	**119**	109
	146,291	147,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

	Notes	31 March 2022 €000	31 March 2021 €000
Non-current assets			
Investment properties	14	**2,100,004**	1,362,192
Plant and equipment	16	**5,492**	2,682
Intangible assets	17	**4,283**	6,568
Right of use assets	18	**14,996**	1,919
Other non-current financial assets	19	**48,330**	44,960
Investment in associates	20	**24,142**	17,202
Total non-current assets		**2,197,247**	1,435,523
Current assets			
Trade and other receivables	21	**24,571**	18,731
Derivative financial instruments		**329**	70
Cash and cash equivalents	22	**150,966**	65,674
Total current assets		**175,866**	84,475
Assets held for sale	15	**13,750**	–
Total assets		**2,386,863**	1,519,998
Current liabilities			
Trade and other payables	23	**(89,335)**	(50,527)
Interest-bearing loans and borrowings	24	**(19,630)**	(9,114)
Lease liabilities	18	**(1,090)**	(5,857)
Current tax liabilities	11	**(10,423)**	(2,063)
Derivative financial instruments		**–**	(414)
Total current liabilities		**(120,478)**	(67,975)
Non-current liabilities			
Interest-bearing loans and borrowings	24	**(961,863)**	(458,940)
Lease liabilities	18	**(37,571)**	(9,130)
Derivative financial instruments		**–**	(797)
Deferred tax liabilities	11	**(75,893)**	(56,331)
Total non-current liabilities		**(1,075,327)**	(525,198)
Total liabilities		**(1,195,805)**	(593,173)
Net assets		**1,191,058**	926,825
Equity			
Issued share capital	27	**–**	–
Other distributable reserve	28	**570,369**	449,051
Own shares held	27	**(6,274)**	(2,903)
Foreign currency translation reserve		**(1,701)**	–
Retained earnings		**628,258**	480,385
Total equity attributable to the owners of the Company		**1,190,652**	926,533
Non-controlling interest		**406**	292
Total equity		**1,191,058**	926,825

The financial statements on pages 127 to 130 were approved by the Board of Directors on 10 June 2022 and were signed on its behalf by:

Daniel Kitchen
Chairman

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2022

	Notes	Issued share capital €000	Other distributable reserve €000	Own shares held €000	Foreign currency translation reserve €000	Retained earnings €000	Total equity attributable to the owners of the Company €000	Non-controlling interest €000	Total equity €000
As at 31 March 2020		–	470,151	(1,515)	–	332,934	801,570	246	801,816
Profit for the year		–	–	–	–	147,451	147,451	109	147,560
Other comprehensive income for the year		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	147,451	147,451	109	147,560
Share-based payment transactions		–	3,148	–	–	–	3,148	–	3,148
Own shares purchased	27	–	–	(1,613)	–	–	(1,613)	–	(1,613)
Own shares allocated	27	–	–	225	–	–	225	–	225
Dividends paid	29	13,169	(37,417)	–	–	–	(24,248)	(63)	(24,311)
Transfer of share capital	29	(13,169)	13,169	–	–	–	–	–	–
As at 31 March 2021		–	449,051	(2,903)	–	480,385	926,533	292	926,825
Profit for the year		–	–	–	–	147,873	147,873	119	147,992
Other comprehensive income for the year		–	–	–	(1,701)	–	(1,701)	–	(1,701)
Total comprehensive income for the year		–	–	–	(1,701)	147,873	146,172	119	146,291
Shares issued	27	159,926	–	–	–	–	159,926	–	159,926
Transaction cost relating to share issues	27	(6,219)	–	–	–	–	(6,219)	–	(6,219)
Dividends paid	29	13,673	(44,488)	–	–	–	(30,815)	(5)	(30,820)
Transfer of share capital	29	(167,380)	167,380	–	–	–	–	–	–
Share-based payment transactions	9	–	1,945	–	–	–	1,945	–	1,945
Value of shares withheld to settle employee tax obligations	9	–	(3,519)	–	–	–	(3,519)	–	(3,519)
Own shares purchased	27	–	–	(5,545)	–	–	(5,545)	–	(5,545)
Own shares allocated	27	–	–	2,174	–	–	2,174	–	2,174
As at 31 March 2022		**–**	**570,369**	**(6,274)**	**(1,701)**	**628,258**	**1,190,652**	**406**	**1,191,058**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Operating activities			
Profit for the year after tax		**147,992**	147,560
Taxation	11	**20,935**	16,097
Profit for the year before tax		**168,927**	163,657
Loss/(gain) on disposal of properties		**623**	(54)
Recoveries from prior disposals of subsidiaries		**(94)**	(65)
Net exchange differences		**(1,975)**	–
Share-based payments	9	**4,173**	3,148
Gain on revaluation of investment properties	14	**(140,884)**	(99,585)
Change in fair value of derivative financial instruments	10	**(996)**	(136)
Depreciation of property, plant and equipment	16	**1,167**	669
Amortisation of intangible assets	17	**1,164**	897
Depreciation of right of use assets	18	**843**	521
Goodwill impairment	17	**40,906**	–
Share of profit of associates	20	**(6,940)**	(4,977)
Finance income	10	**(2,986)**	(2,712)
Finance expense	10	**23,219**	9,869
Changes in working capital			
Increase in trade and other receivables		**(5,196)**	(2,518)
Increase in trade and other payables		**3,470**	2,913
Taxation paid		**(3,671)**	(632)
Cash flows from operating activities		**81,750**	70,995
Investing activities			
Purchase of investment properties		**(162,844)**	(35,484)
Prepayments relating to new acquisitions		**(1,860)**	–
Proceeds from loss on control of subsidiaries (net of cash disposed)		**94**	65
Capital expenditure on investment properties		**(23,786)**	(31,104)
Purchase of plant and equipment and intangible assets		**(3,540)**	(2,718)
Acquisition of a subsidiary (net of cash acquired)		**(254,730)**	–
Proceeds on disposal of properties (including held for sale)	14, 15	**15,297**	30
Increase in loans receivable due from associates		**(1,124)**	(5,950)
Interest received		**2,986**	1,627
Cash flows used in investing activities		**(429,507)**	(73,534)
Financing activities			
Proceeds from issue of share capital	27	**159,926**	–
Transaction costs on issue of shares	27	**(6,219)**	–
Shares purchased		**(5,545)**	(1,613)
Payment relating to exercise of share options	9	**(3,519)**	–
Dividends paid to owners of the Company	29	**(30,815)**	(24,248)
Dividends paid to non-controlling interest		**(5)**	(63)
Proceeds from loans		**750,000**	20,000
Repayment of loans		**(399,431)**	(33,753)
Payment of principal portion of lease liabilities		**(5,871)**	(5,681)
Exit fees/prepayment of financing penalties		**(5,335)**	–
Capitalised loan issue cost		**(14,369)**	(134)
Finance charges paid		**(7,067)**	(7,558)
Cash flows from/(used in) financing activities		**431,750**	(53,050)
Increase/(decrease) in cash and cash equivalents		**83,993**	(55,589)
Net exchange difference		**1,299**	–
Cash and cash equivalents as at the beginning of the year		**65,674**	121,263
Cash and cash equivalents as at the year end	22	**150,966**	65,674

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2022.

The principal activity of the Group is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and the United Kingdom ("UK").

2. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements have 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.

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

As at 31 March 2022 the Group's consolidated financial statements reflect consistent accounting policies and methods of computation as used in the previous financial year, except for the changes in the application of accounting policies as described in note 2(b), in accordance with IFRS.

(b) Changes in accounting policies

There were several new and amendments to standards and interpretations which are applicable for the first time for the Group from 1 April 2021. None of them have had a significant impact on the Group or Company's income statement or balance sheet. In May 2021, the IASB published amendments to IAS 12 "Income Taxes". The IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. As earlier application is permitted the Group has adopted the amendments early as described in note 11.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. See note 2(ab).

(c) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of the JSE Limited, IFRS and Companies (Guernsey) Law, 2008. The consolidated financial statements have been prepared on the same basis as the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2021, except for the changes in accounting policies as shown in note 2(b). All forward-looking information is the responsibility of the Board of Directors and has not been reviewed or reported on by the Group's auditors.

(d) Going concern

The Group has prepared its going concern assessment for the period to the end of June 2023 (the "going concern period"). The Group's going concern assessment is based on a forecast of the Group's future cash flows. This considers management's base case scenario and a severe but plausible scenario where sensitivities are applied to model the outcome on the occurrence of downside assumptions explained below. It considers the Group's principal risks and uncertainties and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 24) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as the Ukrainian crisis and new Covid-19 variants, on the Group's financial position and future prospects. The cash flow projections incorporate assumptions on future trading performance and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value, debt service cover and occupancy ratios set out within the relevant finance agreements.

The impact of the crisis in Ukraine and Covid-19 on the business in the year to 31 March 2022 did not result in any deterioration in the Group's income streams or falls in asset values, both of which increased in the period.

The base case and severe but plausible downside scenarios include the following assumptions:

Base case:

» growth in rent roll at 31 March 2022, principally from contractual increases in rents and organic growth through lease renewals;

» increasing cost levels in line with forecast inflation of 7%;

» continuation of forecast capex investment;

» continuation of forecast dividend payments;

» payment of loan interest and loan amortisation amounts and assumed refinancing of the €15 million of the Schuldschein facility in December 2022 and January 2023; and

» no acquisitions over and above those legally committed to.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(d) Going concern continued

Severe but plausible downside scenario:

- reduction in occupancy of 5% per annum from the 31 March 2022 rent roll;
- reduction in service charge recovery of 5% per annum from the 31 March 2022 recovery levels; and
- reduction in property valuations of 5% per annum.

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants with no cure payments or breaches forecast, continue to operate within the terms of its facilities and have sufficient cash reserves.

The Directors also evaluated potential events and conditions beyond 30 June 2023 that may cast significant doubt on the Group's ability to continue as a going concern, specifically, the ability of the Group to refinance or extend the €20 million Schuldschein facility in July 2023, €172 million Berlin Hyp AG loan in October 2023 and €58 million Deutsche Pfandbriefbank AG loan in December 2023. The Directors are of the view that they have a realistic prospect of securing this refinancing or an alternative source of secured or unsecured funding, a judgement which was informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300 million corporate bond issuance in November 2021) and the period of time the Group has to arrange refinancing. Should the debt facilities falling due in July 2023, October 2023 and December 2023 not be refinanced or extended, alternative options could be considered, including the use of mitigating factors referred to below. The mitigating factors are within the control of the Directors and there is sufficient time for such mitigating factors to be implemented, if required.

In each of the scenarios considered for going concern, the Group is not dependent on any mitigating actions which would be available to the Group in the going concern review period to June 2023, which include restricting dividends, reducing capital expenditure or the disposal of unencumbered assets that have a book value of €1.6 billion as at 31 March 2022.

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

(e) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2022. 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 income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

(f) Acquisitions

Where a property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property (see policy in note 2(aa)). More specifically, consideration is made of the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary. IFRS 3 "Business Combinations" sets out an optional concentration test designed to simplify the evaluation of whether an acquired set of activities and assets is not a business. An acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Where such acquisitions are not deemed to be an acquisition of a business, they are not treated as business combinations. Instead, they are treated as asset acquisitions, with the cost to acquire the corporate entity being allocated between the identifiable assets and liabilities of the entity based on their relative fair values on the acquisition date. Accordingly, no goodwill arises.

(g) Foreign currency translation

The consolidated financial information is presented in euros, which is the functional and presentational currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

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 profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

2. Significant accounting policies continued

(g) Foreign currency translation continued

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the exchange rates at the dates of the transactions, or where appropriate, the average exchange rates for the period. The foreign exchange differences arising on translation for consolidation are recognised in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(h) Revenue recognition

Rental income

Rental income from operating leases and licence agreements containing leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Fixed or determinable rental increases, which can take the form of actual amounts or agreed percentages, are recognised on a straight-line basis over the term of material leases. If the increases are related to a price index to cover inflationary cost increases, then the policy is not to spread the amount but to recognise them when the increase takes place.

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

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group mainly generates revenue from contracts with customers for services rendered to tenants including management charges and other expenses recoverable from tenants based on the Group's right to recharge tenants for costs incurred (with or without markup) on a day-to-day basis ("service charge income"). These services are specified in the lease agreements and separately invoiced. Service charge income is recognised as revenue when the performance obligations of the services specified in the lease agreements are met.

The individual activities vary significantly throughout the day and from day to day; however, the nature of the overall promise of providing property management service remains the same each day. Accordingly, the service performed each day is distinct and substantially the same. These services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Transaction prices are regularly updated and are estimated at the beginning of each year based on previous costs and estimated spend. Service charge budgets are prepared carefully to make sure that they are realistic and reasonable. Variable consideration is only included in the transaction price to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance obligations related to service charge revenue is discharged by the Company continuously and on a daily basis, through the provision of utilities and other services to tenants. Changes in service charge revenue are linked to changes in the cost of fulfilling the obligation or the value to a tenant at a given period of time. Accordingly, the variable consideration is allocated to each distinct period of service (i.e. each day) as it meets the variable consideration allocation exception criteria.

Service charge expenses are based on actual costs incurred and invoiced together with an estimate of costs to be invoiced in future periods as receipt of final invoices from suppliers can take up to twelve months after the end of the financial period. 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. Service charge costs related to vacant space are irrecoverable.

The Group acts as a principal in relation to these services, and records revenue on a gross basis, as it controls the specified goods or services before transferring them to tenants.

Where amounts invoiced to tenants are greater than the revenue recognised at the period end date, the difference is recognised as unearned revenue when the Group has unconditional right to consideration, even if the payments are non-refundable. Where amounts invoiced are less than the revenue recognised at the period end date, the difference is recognised as contract assets or, when the Group has a present right to payment, as receivables albeit unbilled.

Rental income, fee income and other income from managed properties

As the Group derives income and incurs expenses relating to properties it manages but does not own, such income and expense is disclosed separately within revenue and direct costs. Income relating to managed properties is accounted for according to revenue recognition accounting policies set out above.

Allocation of revenues earned through all-inclusive lease and licence arrangements

The Group has entered into leases and licensing arrangements (which contain a lease) where the revenue due from the tenant is an all-inclusive price, representing lease income (recognised in accordance with IFRS 16) and service charge income (recognised in accordance with IFRS 15). Management have estimated the allocation of the revenues using the relevant service charge costs incurred and the occupancy of the properties where all-inclusive lease and license arrangements are in place. The allocation resulted in €5.7 million being recorded as service charge income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(h) Revenue recognition continued

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).

(i) 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.

Group as lessee

All contracts that give the Group the right to control the use of an identified asset over a certain period of time in return for consideration are considered leases within the meaning of IFRS 16 "Leases" ("IFRS 16").

For all contracts that meet the definition of leases according to IFRS 16, the Group, at the commencement date of the lease (i.e. the date the underlying asset is available for use), recognises lease liabilities equal to the present value of the future lease payments, discounted to reflect the term-specific incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Lease liabilities are subsequently increased by the periodic interest expenses and reduced by the lease payments made during the financial year.

Correspondingly, right of use assets are initially recognised at cost under IFRS 16 which is the amount of the lease liabilities (plus any advance payments that have already been made or any initial direct costs). Subsequently, the right of use assets are generally measured at cost, taking depreciation (calculated straight line over the lease term) and impairments into account and are presented separately in the statement of financial position except for right of use assets that meet the definition of IAS 40 "Investment Property" ("IAS 40") which are presented as investment property and subsequently measured at fair value in line with the measurement rules set out in IAS 40.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a case-by-case basis and are only taken into account if their use is sufficiently probable.

The Group utilises the recognition exemptions provided by IFRS 16 and does not apply IFRS 16 to leases with a contractual term of twelve months or less or to leases in which the underlying asset is of low value (on a case-by-case basis).

Lease payments associated with short-term leases and with leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets relating to office spaces are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(j) 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 a 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 probable 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.

The Group has converted the UK business into a UK Real Estate Investment Trust ("REIT") with effect from 1 April 2022, with all relevant steps for the REIT conversion taken prior to the accounting period end date of 31 March 2022, resulting in the Group no longer being subject to UK corporation tax on income from its property rental business, as well as on profits on disposals of assets. Accordingly, the Group reflected the impact of the conversion into a UK REIT as at 31 March 2022 and all deferred tax balances in relation to the change in fair value of investment property, lease liabilities and right of use assets according to IFRS 16, losses and other short term related deferred tax assets have been released as at 31 March 2022.

2. Significant accounting policies continued

(k) 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.

(l) Investment properties

Investment properties are properties that are either owned by the Group or held under a lease which are held for long-term rental income and/or capital appreciation.

Investment properties owned by the Group are initially recognised at cost, including transaction costs when the control 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. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

The fair value of the Group's owned investment properties at 31 March 2022 is based on a valuation carried out at that date by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer, on the basis of highest and best use. The valuation is in accordance with standards complying with the Royal Institute of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been set by the International Valuation Standards Committee.

The Cushman & Wakefield LLP valuation is based upon assumptions including those relating to current rental rates, market rental rates, occupancy, gross initial yields, discount factors and void periods. The German properties are valued on the basis of a ten to fourteen 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 to fourteen year period. After ten to fourteen years, a determining residual value (exit scenario) is calculated, discounted to present value. The UK properties are valued on a traditional basis, where the income being generated is capitalised by an appropriate yield. Yields are based on comparable evidence of similar quality assets which have traded in the open market. The yield applied reflects the age, location, ownership, customer base and agreement type.

Investment properties relating to leased assets are recognised in accordance with IFRS 16 (see policy in note 2(i)). Subsequent to initial recognition, investment properties relating to leased assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

The fair value of investment properties relating to leased assets at 31 March 2022 has been arrived at on the basis of a valuation carried out at that date by management. The valuation is based upon assumptions including future rental income and expenditure in accordance with the conditions of the related lease agreements. The properties are valued on the basis of a discounted cash flow model with the measurement period equal to the term of the lease agreements.

(m) Disposals of investment property

Investment property disposals are recognised when control of the property transfers to the buyer, which typically occurs 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.

(n) Assets held for sale and disposal groups

(i) Investment properties held for sale

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

» the asset must be available for immediate sale in its present condition and location;

» the asset is being actively marketed;

» the asset's sale is expected to be completed within twelve months of classification as held for sale;

» there must be no expectation that the plan for selling the asset will be withdrawn or changed significantly; and

» the successful sale of the asset must be highly probable.

(ii) Disposal groups

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of a disposal group, excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset with the sale expected to be completed within one year from the date of the classification.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(n) Assets held for sale and disposal groups continued

(ii) Disposal groups continued

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Additional disclosures are provided in note 15.

(o) 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 income statement 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	three to ten years
Fixtures and fittings	three to fifteen years

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

(p) Intangible assets

The Group recognises only acquired intangible assets. These intangibles are valued at cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with a definite useful life are amortised on a straight-line basis over their respective useful lives. Their useful lives are between three and five years. Any amortisation of these assets is recognised as such under administrative expenses in the consolidated income statement.

Intangible assets with an indefinite useful life, including goodwill, are not amortised.

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 tested annually for impairment, or more frequently when there is an indication that the business to which the goodwill applies may be impaired.

(q) Trade and other receivables

Rent and service charge receivables and any contract assets do not contain significant financing components and are measured at the transaction price. Other receivables are initially measured at fair value plus transaction costs. Subsequently, trade and other receivables are measured at amortised cost and are subject to impairment (see note 2(y)). The Group applies the simplified impairment model of IFRS 9 in order to determine expected credit losses in trade and other receivables, including lease incentives.

The Group assesses on a forward-looking basis the expected credit losses associated with its trade and other receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

(r) Treasury Shares and shares issued to the Employee Benefit Trust

Own equity instruments are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's equity instruments.

(s) 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.

(t) 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.

(u) Bank borrowings

Interest-bearing bank loans and borrowings are initially recorded at fair value net of directly attributable transaction costs.

Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method.

2. Significant accounting policies continued

(u) Bank borrowings continued

When debt refinancing exercises are carried out, existing liabilities will be treated as being extinguished when the new liability is substantially different from the existing liability. In making this assessment, the Group will consider the transaction as a whole, taking into account both qualitative and quantitative characteristics in order to make the assessment.

(v) Trade payables

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

(w) Equity instruments

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

(x) Dividends

Interim dividend distributions to shareholders are recognised in the financial statements when paid. Final 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 shareholders. The final dividend relating to the year ended 31 March 2022 will be approved and recognised in the financial year ending 31 March 2023.

(y) 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 impairment. The Group recognises an allowance for expected credit losses ("ECLs") for all receivables and contract assets held by the Group. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms and that are not recognised separately by the Group.

For rent and other trade receivables and any contract assets, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e. a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). In determining the ECLs the Group takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or Company voluntary arrangements and market expectations and trends in the wider macroeconomic environment in which our customers operate.

Impairment losses are recognised in the income statement. For more information refer to note 7. Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended.

(ii) Non-financial assets

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

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

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

(z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification, except for deferred tax assets and liabilities which are classified as non-current assets and liabilities. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(aa) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Assets acquired and liabilities assumed (including contingent liabilities) are recognised at fair value. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 "Financial Instruments" is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss (see policy in note 2(y)).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, monitored at the lowest level within the entity at which is monitored for internal management purposes (see policy in note 2(y)).

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group. The application of these new standards, amendments and interpretations is not expected to have a significant impact on the Group's income statement or balance sheet.

(ac) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings and EPRA net asset value metrics, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Note 12 to the financial statements includes a reconciliation of basic and diluted earnings to EPRA earnings. Note 13 to the financial statements includes a reconciliation of net assets to EPRA net asset value metrics.

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, headline earnings are calculated using basic earnings adjusted for revaluation gain net of related tax, gain/loss on sale of properties net of related tax, recoveries from prior disposals of subsidiaries net of related tax, NCI relating to revaluation and revaluation gain/loss on investment property relating to associates net of related tax. Note 12 to the financial statements includes a reconciliation between IFRS and headline earnings.

The Directors have chosen to disclose adjusted earnings in order to provide an alternative indication of the Group's underlying business performance; accordingly, it excludes the effect of adjusting items net of related tax. Note 12 to the financial statements includes a reconciliation of adjusting items included within adjusted earnings, with certain adjusting items stated within administrative expenses in note 7 and certain finance costs in note 10.

The Directors have chosen to disclose adjusted profit before tax and funds from operations in order to provide an alternative indication of the Group's underlying business performance and to facilitate the calculation of its dividend pool; a reconciliation between profit before tax and funds from operations is included within note 29 to the financial statements. Within adjusted profit before tax are adjusting items as described above gross of related tax.

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

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:

Acquisition and disposal of properties

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management considers whether the Group assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

On 15 November 2021 the Group acquired the BizSpace Group. A key judgment was made by Management as to whether the acquisition represented a business combination or asset acquisition, concluding it represented a business combination. Refer to note 2aa above.

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:

Assessing goodwill for impairment (see also note 17)

Each year the Group considers cashflow forecasts from cash generating units in order to estimate whether an impairment provision is required in respect of goodwill. In making this estimate, judgement is applied as to the extent to which the cash flow forecasts prepared to assess value in use are distinguishable and separate from cash flows already considered in the carrying value of other assets held by the group, such as investment property.

Goodwill arose during the year following the acquisition of Helix Investments Limited. Having performed the assessment of value in use, the Group determined that the identified cash flows could not be distinguished from those included in other assets held by the cash generating units, in particular those associated with the fair value of investment property. Consequently, the goodwill was impaired during the year.

Historic goodwill was recognised in January 2012 following the internalisation of the Asset Management Agreement. Given the time that has passed and performance and investment in the business since acquisition, the Group has determined that the identified cash flows could no longer be distinguished from those included in other assets held by the cash generating units. Consequently, the goodwill was impaired during the year.

Valuation of owned and leased investment properties (including those recognised within assets held for sale or a disposal group)

The fair value of the Group's owned investment properties was determined by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting, the book value of investment properties including assets held for sale is shown as €2,074.9 million (2021: €1,347.2 million) as disclosed in note 14.

The Cushman & Wakefield LLP valuation approach is explained in note 2(l).

The fair value of the Group's leased investment properties was determined by the management. The book value of leased investment properties is shown as €25.1 million (2021: €15.0 million) as disclosed in note 14.

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.

Cash flow and covenant compliance forecasts

Cash flow forecasts and covenant compliance forecasts are prepared by management to assess the going concern assumption and viability of the Group. Estimations of future revenue and expenditure are made to determine the expected cash inflows and outflows, considering expectations for occupancy levels, forecast expenditure and the current market climate. The impact of the forecasted cash flows and underlying property valuations are considered when assessing forecast covenant compliance and anticipated levels of headroom on the Group's debt facilities.

Refer to note 2(d) for further details, which includes the assessment of forecasted cash flows and covenant compliance in management's going concern assessment.

Sustainability

In preparing the financial statements, management considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Taskforce on Climate related Financial Disclosure. The Group also considered the work performed to date in preparing its net zero pathway which it plans to be in line with the Science Based Targets Initiative (SBTIs). At the time of preparing the financial statements, the Group expects a limited exposure in relation to the investment properties, based on the current climate-related requirements. On this basis, the Directors concluded that climate change did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that this is not expected to have a significant impact on the Group's going concern or viability assessment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

4. Business combinations

The provisions of IFRS 3 are applied to all business combinations.

Acquisitions in 2022

Acquisition of Helix Investments Limited

Company	Type of acquisition	Date of acquisition	Acquired voting rights
Helix Investments Limited, Jersey	Purchase	15 Nov 2021	100%

The purchase price amounted to €242,779,000 (£206,763,000). The consideration was transferred in the form of cash. On completion a loan advanced by the seller and held by Helix Investments Limited of €45,021,000 (£38,342,000) was also repaid in cash.

The Group incurred costs of €5,299,000 for legal advice and due diligence in connection with the business combination and these are included in administrative expenses.

Helix Investments Limited is the holding company of the BizSpace Group business, which is a leading provider of regional flexible workspace, offering light industrial, workshop, studio and out of town office units to a wide range of businesses across the UK. The acquisition therefore provides Sirius with a unique opportunity to enter with immediate scale an under-served market via a one-step acquisition of an established platform. It provides Sirius with a high-quality portfolio, offering significant organic growth potential in rental pricing in a UK market characterized by supply constraints. The BizSpace Group business is also highly complementary to Sirius' existing platform, allowing for meaningful operational and financial synergies to drive value creation for Sirius shareholders.

The acquired identifiable assets and liabilities as at 15 November 2021 are presented at their fair values in the following table in accordance with the final purchase price allocation:

	Helix Investments Limited €000
Investment property	421,105
Other non-current assets	3,033
Current assets	3,478
Cash and cash equivalents	33,069
Loans	(214,495)
Current liabilities	(23,727)
Lease liabilities	(12,182)
Deferred tax liabilities	(4,670)
Net assets	**205,611**
Purchase price	242,779
Goodwill	**37,168**

Based on final purchase price allocation, goodwill arising on the purchase of Helix Investments Limited amounts to €37,168,000 as at 15 November 2021. At 31 March 2022, the Directors assessed the computed goodwill to determine if it represented recoverable value over and above the value included in the acquired investment properties and other net assets, and concluded that there was insufficient evidence to support such recovery and so wrote-off the goodwill. As at 31 March 2022 the carrying amount of the goodwill is €nil as it has been impaired as per note 17.

The gross amounts of acquired trade receivables and impairment losses recognized were as follows as at 15 November 2021.

	Helix Investments Limited €000
Gross trade receivables	1,111
Expected credit loss provision	(498)
Trade receivables	**613**

Due to first-time consolidation as at 15 November 2021, the acquired company has contributed revenue of €20,954,000 and profit after tax of €47,891,000 to consolidated revenue and consolidated profit.

Had the company already been fully consolidated as at 1 April 2021, consolidated revenue and consolidated profit after tax would have been as follows:

	1 April 2021 to 31 March 2022 €000
Group revenue	243,879
Group profit after tax	211,060

5. Operating segments

Information on each operating segment based on geographical location in which the Group operates is provided to the chief operating decision maker, namely the Group's executive management team, on an aggregated basis and represented as operating profit and expenses.

The investment properties that the Group owns are aggregated into segments with similar economic characteristics such as the nature of the property, the products and services it provides, the customer type for the product served, and the method in which the services are provided. Executive management considers that this is best achieved through the operating segments of German assets and United Kingdom assets. The Group's investment properties are considered to be their own segment. The properties at each location (Germany and UK) have similar economic characteristics. These have been aggregated into two operating segments based on location in accordance with the requirements of IFRS 8.

Consequently, the Group is considered to have two reportable operating segments, as follows:

» Germany; and

» United Kingdom ("UK").

Consolidated information by segment is provided on a net operating income basis, which includes revenues made up of gross rents from third parties and direct expenses, gains and losses on property valuations, property disposals, and control of subsidiaries. All of the Group's share of profit of associates and administrative expenses including goodwill impairment, amortisation and depreciation are separately disclosed as part of operating profit. Group administrative costs, finance income and expenses and change in fair value of derivative financial instruments are disclosed.

Income taxes and depreciation are not reported to the executive management team on a segmented basis. There are no sales between segments.

The operating segment UK is a result of a business combination as disclosed in note 4. As such the UK segment reportable figures are those from 15 November 2021 until 31 March 2022 whilst the Germany segment consists of the full annual period ended 31 March 2022.

	Year ended 31 March 2022			Year ended 31 March 2021		
	Germany €000	**UK €000**	**Total €000**	Germany €000	UK €000	Total €000
Rental and other income from investment properties	**108,716**	**15,258**	**123,974**	95,288	–	95,288
Service charge income from investment properties	**55,009**	**5,696**	**60,705**	51,041	–	51,041
Rental and other income from managed properties	**10,884**	**–**	**10,884**	9,699	–	9,699
Service charge income from managed properties	**14,619**	**–**	**14,619**	9,333	–	9,333
Revenue	**189,228**	**20,954**	**210,182**	165,361	–	165,361
Direct costs	**(80,118)**	**(7,571)**	**(87,689)**	(71,541)	–	(71,541)
Net operating income	**109,110**	**13,383**	**122,493**	93,820	–	93,820
Gain on revaluation of investment properties	**100,872**	**40,012**	**140,884**	99,585	–	99,585
(Gain)/loss on disposal of properties	**(363)**	**(260)**	**(623)**	54	–	54
Recoveries from prior disposals of subsidiaries	**94**	**–**	**94**	65	–	65
Depreciation and amortisation	**(2,685)**	**(486)**	**(3,171)**	(2,087)	–	(2,087)
Other administrative expenses	**(34,321)**	**(3,226)**	**(37,547)**	(25,736)	–	(25,736)
Goodwill impairment	**(3,738)**	**(37,168)**	**(40,906)**	–	–	–
Share of profit of associates	**6,940**	**–**	**6,940**	4,977	–	4,977
Operating profit	**175,909**	**12,255**	**188,164**	170,678	–	170,678
Finance income	**2,986**	**–**	**2,986**	2,712	–	2,712
Amortisation of capitalised finance costs	**(2,544)**	**(30)**	**(2,574)**	(1,683)	–	(1,683)
Other finance expense	**(15,759)**	**(4,886)**	**(20,645)**	(8,186)	–	(8,186)
Change in fair value of derivative financial instruments	**996**	**–**	**996**	136	–	136
Net finance costs	**(14,321)**	**(4,916)**	**(19,237)**	(7,021)	–	(7,021)
Segment profit for the year before tax	**161,588**	**7,339**	**168,927**	163,657	–	163,657

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

5. Operating segments continued

	31 March 2022			31 March 2021		
	Germany €000	UK €000	Total €000	Germany €000	UK €000	Total €000
Segment assets						
Investment properties	**1,635,221**	**464,783**	**2,100,004**	1,362,192	–	1,362,192
Investment in associates	**24,142**	**—**	**24,142**	17,202	–	17,202
Other non-current assets	**21,535**	**3,236**	**24,771**	11,169	–	11,169
Total segment non-current assets	**1,680,898**	**468,019**	**2,148,917**	1,390,563	–	1,390,563

6. Revenue

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Rental and other income from investment properties	**123,974**	95,288
Service charge income from investment properties	**60,705**	51,041
Rental and other income from managed properties	**10,884**	9,699
Service charge income from managed properties	**14,619**	9,333
Total revenue	**210,182**	165,361

Other income relates primarily to income associated with conferencing and catering of €2,977,000 (2021: €2,314,000) and fee income from managed properties of €4,084,000 (2021: €7,338,000). The total revenue from contracts with customers includes service charge income and other income totalling €63,682,000 from investment properties (2021: €53,355,000) and €18,703,000 from managed properties (2021: €16,671,000).

7. Operating profit

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

Direct costs

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Service charge costs relating to investment properties	**66,128**	56,184
Costs relating to managed properties	**16,985**	11,274
Non-recoverable maintenance	**4,576**	4,083
Direct costs	**87,689**	71,541

Administrative expenses

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Audit and non-audit fees to audit firm	**1,426**	683
Legal and professional fees	**3,901**	2,778
Expected credit loss provision (see note 25)	**2,291**	1,791
Other administration costs	**(328)**	2,781
LTIP and SIP	**4,173**	3,395
Employee costs	**16,004**	11,109
Director fees and expenses	**604**	493
Depreciation of plant and equipment (see note 16)	**1,167**	669
Amortisation of intangible assets (see note 17)	**1,164**	897
Depreciation of right of use assets (see note 18)	**843**	521
Marketing	**2,345**	2,009
Selling costs relating to assets held for sale	**20**	–
Exceptional items	**7,108**	697
Administrative expenses	**40,718**	27,823

The expected credit loss provision has increased during the year mainly due to the increase of gross trade receivables as a result of acquired assets in the financial year.

Other administration costs include net foreign exchange gains in amount of €1,975,000 as a result of the increased foreign currency cash balances as at the period end.

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

7. Operating profit continued

Administrative expenses continued

Exceptional items relate to the following:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Acquisition costs in relation to business combinations	**5,299**	—
Legal case costs	**894**	247
Office termination fees	**500**	—
Internal tax restructuring costs	**415**	250
Signage and hygiene costs related to Covid-19	**—**	200
Total	**7,108**	697

The following services have been provided by the Group's auditors:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Audit fees to audit firm:		
Audit of consolidated financial statements	**1,135**	532
Audit of subsidiary undertakings	**226**	88
Total audit fees	**1,361**	620
Audit related assurance services	**65**	63
Other assurance services	**234**	—
Total assurance services	**299**	63
Total fees for non-audit services	**299**	63
Total fees	**1,660**	683

The other assurance services include services relating to the corporate bond issuances in amount of €234,000 which have been capitalised to the loan issue costs.

8. Employee costs and numbers

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Wages and salaries	**24,337**	19,013
Social security costs	**3,848**	2,925
Pension	**336**	253
Other employment costs	**335**	71
Total	**28,856**	22,262

Included in the costs related to wages and salaries for the year are expenses of €4,173,000 (2021: €3,395,000) relating to the granting or award of shares under LTIPs and SIPs (see note 9). The costs for all periods include those relating to Executive Directors.

All employees are employed directly by one of the following Group subsidiary companies: Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG NOVA GmbH, Sirius Finance (Guernsey) Limited, BizSpace Limited, BizSpace II Limited, M25 Business Centres Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 416 (2021: 256), expressed in full-time equivalents. In addition, as at 31 March 2022, the Board of Directors consists of six Non-Executive Directors (2021: five) and three Executive Directors (2021: two).

9. Employee schemes

Equity-settled share-based payments

2018 LTIP

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

9. Employee schemes continued

Equity-settled share-based payments continued

June 2020 grant

3,600,000 ordinary share awards were granted under the scheme on 15 June 2020 with a total charge for the award of €2,265,552. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 15 June 2020 LTIP grant an expense of €811,000 is recognised in the consolidated income statement to 31 March 2022.

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

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

The weighted average fair value of share options granted on 15 June 2020 is €0.68.

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

June 2019 grant

3,760,000 ordinary share awards and 690,000 outperformance share awards were granted under the scheme on 16 June 2019 with a total charge for the awards of €2,145,511 over three years. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 16 June 2019 LTIP grant an expense of €1,126,000 is recognised in the consolidated income statement to 31 March 2022.

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

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

The weighted average fair value of share options granted on 16 June 2019 is €0.54.

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

January 2019 grant

In addition, as disclosed in the 2019 Annual Report, 4,000,000 ordinary share awards and 700,000 outperformance share awards were previously granted under the scheme on 15 January 2019.

The January 2019 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 3,266,210 shares with a weighted average share price of €1.20 at the date of exercise. 1,433,790 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1,944,000 was paid for the participants' tax liabilities.

9. Employee schemes continued

Equity-settled share-based payments continued

2021 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2021. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further restricted period of two years when shares acquired on exercise cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. The employees' tax obligation will be determined upon the vesting date of the share issue.

August 2021 grant

4,154,119 ordinary share awards were granted under the scheme on 2 August 2021 with a total charge for the award of €4,705,196. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 2 August 2021 LTIP grant an expense of €1,066,000 is recognised in the consolidated income statement to 31 March 2022.

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

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

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

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

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

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

2019 SIP

A SIP for the benefit of senior employees of the Company was approved in August 2019. The fair value was based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards were granted in the form of whole shares at no cost to the participants. Shares will vest after a three year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As a result, under the scheme in August 2019 2,784,750 shares were granted (with an additional 70,000 allocated in the 2021 financial year), subject to performance criteria, and an expense including related costs of €567,000 is recognised in the consolidated income statement to 31 March 2022.

The SIP 2019 grant vested on 14 March 2022. Vesting was at maximum level for all participants resulting in the exercise of 2,534,750 shares with a weighted average share price of €1.45 at the date of exercise. 1,020,775 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1,500,000 was paid for the participants' tax liabilities.

During the year 195,000 shares were forfeited due to employees in the scheme leaving the employment of the Company.

2020 SIP

Another SIP for the benefit of senior employees of the Company was approved in July 2020. The July 2020 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 95,537 shares with a weighted average share price of €1.26 at the date of exercise. 24,463 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €75,000 was paid for the participants' tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

9. Employee schemes continued

Equity-settled share-based payments continued

2021 SIP

Another SIP for the benefit of the senior employees was approved in 2021. Awards granted under the SIP are made in the form of a conditional right to receive a specified number of shares for nil cost which vest after the three year performance period (on 1 March 2025 for the 2021 award) with vested awards being subject to a further restricted period of one year when shares cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. Awards are equity settled. The employees' tax obligation will be determined upon the vesting date of the share issue.

September 2021 grant

3,074,500 share awards were granted under the scheme on 7 September 2021 with a total charge for the award of €3,735,689 on the basis that 0% of awards are forfeited during the vesting period. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 7 September 2021 SIP grant an expense of €603,000 is recognised in the consolidated income statement to 31 March 2022.

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

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

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

** In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies and the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant. Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

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

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

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of share awards	**Weighted average exercise price €000**	Number of share awards	Weighted average exercise price €000
Balance outstanding as at the beginning of the year (nil exercisable)	**15,584,750**	**–**	11,934,750	–
Maximum granted during the year	**7,302,831**	**–**	3,790,000	–
Forfeited during the year	**(195,000)**	**–**	(140,000)	–
Exercised during the year	**(4,934,934)**	**–**	–	–
Shares surrendered to cover employee tax obligations	**(2,479,028)**	**–**	–	–
Balance outstanding as at year end (nil exercisable)	**15,278,619**	**–**	15,584,750	–

9. Employee schemes continued

Employee benefit schemes

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

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Charge relating to 2018 LTIP – January 2019 grant	**—**	1,202
Charge relating to 2018 LTIP – June 2019 grant	**1,126**	766
Charge relating to 2018 LTIP – June 2020 grant	**811**	645
Charge relating to 2021 LTIP – August 2021 grant	**1,066**	—
Charge relating to 2019 SIP – August 2019 grant	**567**	679
Charge relating to 2020 SIP – July 2020 grant	**—**	103
Charge relating to 2021 SIP – September 2021 grant	**603**	—
Total consolidated income statement charge relating to LTIP and SIP	**4,173**	3,395

An amount of €1,945,000 is recognised in other distributable reserves as per the consolidated statement of changes in equity. Own shares held in amount of €1,868,000 have been used to settle the 2019 SIP award. In addition, an amount of €360,000 has been accrued for future employers 'tax obligations in relation to share based payment schemes.

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

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Bank interest income	**95**	38
Finance income from associates	**2,891**	2,674
Finance income	**2,986**	2,712
Bank loan interest expense	**(11,482)**	(7,402)
Interest expense related to lease liabilities (see note 18)	**(479)**	(349)
Amortisation of capitalised finance costs	**(2,574)**	(1,683)
Total interest expense	**(14,535)**	(9,434)
Bank charges and bank interest expense on deposits	**(863)**	(435)
Refinancing costs, exit fees and prepayment penalties	**(7,821)**	—
Other finance costs	**(8,684)**	(435)
Finance expense	**(23,219)**	(9,869)
Change in fair value of derivative financial instruments	**996**	136
Net finance expense	**(19,237)**	(7,021)

Included within refinancing costs are exit fees and early prepayment penalties of €6,947,000 that directly related to the early repayment of loans and cost in relation to the restructuring of debt in amount of €874,000.

The change in fair value of derivative financial instruments of €996,000 (2021: €136,000) reflects the change in the market valuation of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

11. Taxation

Consolidated income statement

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Current income tax		
Current income tax charge	**(6,220)**	(1,641)
Current income tax charge relating to disposals of investment properties	**—**	(87)
Adjustments in respect of prior periods	**112**	(189)
Total current income tax	**(6,108)**	(1,917)
Deferred tax		
Relating to origination and reversal of temporary differences	**(14,827)**	(14,180)
Total deferred tax	**(14,827)**	(14,180)
Income tax charge reported in the income statement	**(20,935)**	(16,097)

The German corporation tax rate of 15.825% is used in the tax reconciliation for the Group. Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The reconciliation of the effective tax rate is explained below:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Profit before tax	**168,927**	163,657
Current tax using the German corporation tax rate of 15.825% (2021: 15.825%)	**26,733**	25,899
Effects of:		
Deductible interest on internal financing(1)	**(5,398)**	(7,207)
Tax exempt gain from selling of investments and dividends(2)	**(1,113)**	(798)
Non-deductible expenses	**452**	290
Change in unrecognised deferred tax – tax effect of utilisation of tax losses not previously recognised(3)	**(10,478)**	(2,498)
Property valuation movements due to differences in accounting treatments	**—**	(210)
Adjustments in respect of prior periods	**(112)**	189
German trade tax	**19**	236
Other	**—**	196
Goodwill impairment(4)	**6,473**	–
Difference in foreign tax rates(5)	**1,452**	–
Deferred tax – current year movements(6)	**961**	–
Rate difference between current tax and deferred tax(7)	**1,946**	–
Total income tax charge in the income statement	**20,935**	16,097

(1) Amounts non-taxable on interest on internal financing have decreased from the prior year as a result of the financing company being tax resident in Cyprus for the full period and taxed on a portion of its interest income, with the remainder not taxed at 15.825% being included in the reconciliation above to show the difference in foreign tax rates.

(2) The tax exempt gain from selling of investments and dividends in the current year relates to the profits of associates only.

(3) Following the acquisition of the BizSpace Group on 15 November 2021, the BizSpace Group has entered into the UK REIT regime effective from 1 April 2022. The result of the REIT conversion included the de-recognition of deferred tax assets and deferred tax liabilities on investment properties, shown above in the reconciliation.

(4) An impairment of €40.9 million in relation to the goodwill is included as a permanent item in the tax reconciliation.

(5) As the current UK corporation tax rate is 19% this item shows the difference between this rate and the German corporation tax rate of 15.825% used in the above reconciliation.

(6) The deferred tax only adjustment relates to movements in UK temporary differences on investment properties and lease liabilities which do not impact the income statement or current taxes.

(7) As the substantively enacted UK main corporation tax rate effective from 1 April 2023 is currently 25%, the difference between the current UK corporation tax rate of 19% and the deferred tax rate of 25% (for deferred tax unwinding after 1 April 2023) is also included within the tax reconciliation.

11. Taxation continued

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 March 2022 €000	31 March 2021 €000	**31 March 2022 €000**	31 March 2021 €000	**31 March 2022 €000**	31 March 2021 €000
Revaluation of investment property	**—**	—	**(95,411)**	(73,946)	**(95,411)**	(73,946)
Rent free adjustments	**—**	—	**(640)**	(570)	**(640)**	(570)
Capitalised own works	**—**	—	**(55)**	(43)	**(55)**	(43)
Hedging (swaps)	**—**	249	**(52)**	—	**(52)**	249
IFRS 16	**4,059**	—	**(4,283)**	—	**(224)**	—
Tax losses	**20,330**	17,979	**—**	—	**20,330**	17,979
Fixed asset temporary differences	**159**	—	**—**	—	**159**	—
Deferred tax assets/(liabilities)	**24,548**	18,228	**(100,441)**	(74,559)	**(75,893)**	(56,331)

In respect of IFRS 16, deferred tax had not previously been recognised due to the application of the initial recognition exemption. To align with IASB ED/2019/5, which amends the application of the initial recognition exemption for transactions giving rise to offsetting deferred tax assets and deferred tax liabilities, a deferred tax liability has been recognised on the IFRS 16 right of use asset and a deferred tax asset in respect of the IFRS 16 lease liability resulting in a net deferred tax liability recognised as at 31 March 2022. The amendments to the initial recognition exemption under IAS 12 are effective for accounting periods beginning on or after 1 January 2023 and have been adopted early.

Movement in deferred tax during the year is as follows:

	31 March 2021 €000	Recognised in income €000	Exchange differences €000	Acquisition of a subsidiary €000	**31 March 2022 €000**
Revaluation of investment property	(73,946)	(8,646)	—	(12,819)	**(95,411)**
Rent free adjustments	(570)	(70)	—	—	**(640)**
Capitalised own works	(43)	(12)	—	—	**(55)**
Hedging (swaps)	249	(301)	—	—	**(52)**
IFRS 16	—	(5,697)	—	5,473	**(224)**
Tax losses	17,979	2,272	(2)	81	**20,330**
Fixed asset temporary differences	—	(1,128)	(32)	1,319	**159**
Other short-term temporary differences	—	(1,245)	(31)	1,276	**—**
Total	(56,331)	(14,827)	(65)	(4,670)	**(75,893)**

The Group has not recognised a deferred tax asset on €257 million (2021: €238 million) of tax losses carried forward and future share scheme deductions due to uncertainties over recovery. There is no expiration date on €257 million of the losses and future share scheme tax deductions will convert to tax losses on realisation.

Recognised and unrecognised temporary differences in the acquired BizSpace Group of €54 million, largely driven by deferred tax liability on investment properties, has been derecognised as at 31 March 2022 following the BizSpace Group's entry to the UK REIT regime effective 1 April 2022 (see note 2(j) above for further discussion of this). A deferred tax asset of €0.2 million relating to the excess of capital allowances over qualifying net book value in the BizSpace Group is expected to be recoverable by the residual business of the BizSpace Group post REIT conversion. A change in ownership of the Group may result in restriction on the Group's ability to use tax losses in certain tax jurisdictions.

A deferred tax liability is recognised on temporary differences of €nil (2021: €nil) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. In his Budget Statement of 3 March 2021, the UK Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. This may have a potential impact on any taxable profits made by the residual business of the BizSpace Group post REIT conversion and other UK operations only from that date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

11. Taxation continued

Deferred tax assets and liabilities continued

	31 March 2022		
	Assets €000	Liabilities €000	Net €000
UK	159	–	159
Germany	24,389	(100,441)	(76,052)
Cyprus	–	–	–
Deferred tax assets/(liabilities)	24,548	(100,441)	(75,893)

	31 March 2022		
	Assets €000	Liabilities €000	Net €000
UK	–	(7,316)	(7,316)
Germany	–	(2,690)	(2,690)
Cyprus	–	(417)	(417)
Current tax assets/(liabilities)	–	(10,423)	(10,423)

12. Earnings per share

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

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Earnings attributable to the owners of the Company		
Basic earnings	**147,873**	147,451
Diluted earnings	**147,873**	147,451
EPRA earnings	**70,695**	58,633
Diluted EPRA earnings	**70,695**	58,633
Headline earnings	**58,368**	58,848
Diluted headline earnings	**58,368**	58,848
Adjusted		
Basic earnings	**147,873**	147,451
Deduct gain on revaluation of investment properties	**(140,884)**	(99,585)
Add loss/(deduct gain) on sale of properties	**623**	(54)
Deduct recoveries from prior disposals of subsidiaries	**(94)**	(65)
Tax in relation to the gain on revaluation of investment properties and gain on sale of properties above less REIT related tax effects	**14,624**	14,346
Non-controlling interest ("NCI") relating to revaluation, net of related tax	**85**	82
Goodwill impairment	**40,906**	–
Deduct revaluation gain on investment property relating to associates	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates above	**1,256**	872
Headline earnings after tax	**58,368**	58,848
Deduct change in fair value of derivative financial instruments, net of related tax and NCI	**(793)**	(215)
Deduct revaluation expense relating to leased investment properties	**(5,572)**	(4,325)
Add adjusting items, net of related tax and NCI(1)	**19,122**	4,092
Adjusted earnings after tax	**71,125**	58,400
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	**1,097,082,162**	1,040,956,722
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	**1,112,360,781**	1,056,541,472
Basic earnings per share	**13.48c**	14.16c
Diluted earnings per share	**13.29c**	13.96c
Basic EPRA earnings per share	**6.44c**	5.63c
Diluted EPRA earnings per share	**6.36c**	5.55c
Headline earnings per share	**5.32c**	5.65c
Diluted headline earnings per share	**5.25c**	5.57c
Adjusted earnings per share	**6.48c**	5.61c
Adjusted diluted earnings per share	**6.39c**	5.53c

(1) See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 7.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

12. Earnings per share continued

	Notes	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Exceptional items	7	**7,108**	697
Refinancing costs, exit fees and prepayment penalties	10	**7,821**	–
Selling costs relating to assets held for sale	7	**20**	–
LTIP and SIP	7	**4,173**	3,395
Adjusting items as per note 12		**19,122**	4,092

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

	Year ended 31 March 2022		Year ended 31 March 2021	
	Gross €000	Net €000	Gross €000	Net €000
Basic earnings		**147,873**		147,451
Deduct gain on revaluation of investment properties	**(140,884)**	**(126,260)**	(99,585)	(85,326)
Add loss on sale of properties	**623**	**623**	(54)	33
Deduct recoveries from prior disposals of subsidiaries	**(94)**	**(94)**	(65)	(65)
NCI relating to revaluation	**104**	**85**	101	82
Goodwill impairment	**40,906**	**40,906**	–	–
Deduct revaluation gain on investment property relating to associates	**(6,021)**	**(4,765)**	(4,199)	(3,327)
Headline earnings		**58,368**		58,848

EPRA earnings

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Basic and diluted earnings attributable to owners of the Company	**147,873**	147,451
Gain on revaluation of investment properties	**(140,884)**	(99,585)
Add loss on disposal of properties (including tax)	**623**	33
Deduct recoveries from prior disposals of subsidiaries	**(94)**	(65)
Refinancing costs, exit fees and prepayment penalties	**7,821**	–
Goodwill impairment	**40,906**	–
Acquisition costs in relation to business combinations	**5,299**	–
Change in fair value of derivative financial instruments	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments	**14,827**	14,180
NCI in respect of the above	**85**	82
Deduct revaluation gain on investment property relating to associates	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates	**1,256**	872
EPRA earnings	**70,695**	58,633

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted, EPRA and diluted earnings per share the number of shares has been reduced by 5,280,308 own shares held (2021: 3,684,608 shares), which are held by an Employee Benefit Trust on behalf of the Group.

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

	Year ended 31 March 2022	Year ended 31 March 2021
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,097,082,162**	1,040,956,722
Effect of grant of SIP shares	**3,074,500**	2,834,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,112,360,781**	1,056,541,472

12. Earnings per share continued

EPRA earnings continued

The Company has chosen to report EPRA earnings per share ("EPRA EPS"). EPRA EPS is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon.

13. Net asset value per share

	31 March 2022 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	**1,190,652**	926,533
Deferred tax liabilities/(assets) (see note 11)	**75,893**	56,331
Derivative financial instruments at fair value	**(329)**	1,141
Adjusted net asset value attributable to the owners of the Company	**1,266,216**	984,005
Number of shares		
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,166,880,684**	1,049,132,259
Number of ordinary shares for the purpose of EPRA NTA per share	**1,182,159,303**	1,064,717,009
Net asset value per share	**102.04c**	88.31c
Adjusted net asset value per share	**108.51c**	93.79c
EPRA NTA per share	**107.28c**	92.29c
Net asset value as at year end (basic)	**1,190,652**	926,533
Derivative financial instruments at fair value	**(329)**	1,141
Deferred tax in respect of EPRA earnings adjustments	**75,566**	56,331
Goodwill as per note 17	**—**	(3,738)
Intangibles as per note 17	**(4,283)**	(2,830)
Deferred tax in respect of EPRA adjustments in relation to investment in associates	**6,563**	5,212
EPRA NTA	**1,268,169**	982,649

31 March 2022	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)	**1,190,652**	**1,190,652**	**1,190,652**
Diluted EPRA net asset value at fair value	**1,190,652**	**1,190,652**	**1,190,652**
Group			
Derivative financial instruments at fair value	**(329)**	**(329)**	**n/a**
Deferred tax in respect of EPRA earnings adjustments	**75,893**	**75,566***	**n/a**
Goodwill as per note 17	**n/a**	**—**	**—**
Intangibles as per note 17	**n/a**	**(4,283)**	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(22,229)**
Real estate transfer tax	**160,692**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	**6,563**	**6,563***	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**2,196**
Real estate transfer tax	**9,147**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV	**1,442,618**	**1,268,169**	**1,170,619**
EPRA NRV, NTA and NDV per share	**122.03c**	**107.28c**	**99.02c**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

13. Net asset value per share continued

31 March 2021	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments	56,331	56,331*	n/a
Goodwill as per note 17	n/a	(3,738)	(3,738)
Intangibles as per note 17	n/a	(2,830)	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,485)
Real estate transfer tax	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	5,212	5,212*	n/a
Fair value of fixed interest rate debt	n/a	n/a	(1,772)
Real estate transfer tax	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV	1,102,263	982,649	917,538
EPRA NRV, NTA and NDV per share	103.53c	92.29c	86.18c

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end except for deferred tax in relation to assets held for sale.

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

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

	31 March 2022	31 March 2021
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,166,880,684**	1,049,132,259
Effect of grant of SIP shares	**3,074,500**	2,834,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	**1,182,159,303**	1,064,717,009

The number of shares has been reduced by 5,280,308 own shares held (2021: 3,684,608 shares), which are held by an Employee Benefit Trust on behalf of the Group.

14. Investment properties

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

	31 March 2022 €000	31 March 2021 €000
Total investment properties at book value as at the beginning of the year	**1,362,192**	1,193,915
Acquisition of a subsidiary (see note 4)*	**421,105**	–
Additions – owned investment properties	**162,844**	35,484
Additions – leased investment properties	**3,366**	1,518
Capital expenditure and broker fees	**22,607**	31,720
Disposals	**(1,808)**	(30)
Reclassified as investment properties held for sale (see note 15)	**(13,739)**	–
Gain on revaluation above capex and broker fees	**147,017**	104,156
Adjustment in respect of lease incentives	**(561)**	(246)
Deficit on revaluation relating to leased investment properties	**(5,572)**	(4,325)
Foreign exchange differences	**2,553**	–
Total investment properties at book value as at year end(1)	**2,100,004**	1,362,192

* An amount of €12,182,000 relate to leased investment properties.

14. Investment properties continued

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:

	31 March 2022 €000	31 March 2021 €000
Owned investment properties at market value per valuer's report(1)	2,079,079	1,350,770
Adjustment in respect of lease incentives	(4,153)	(3,603)
Leased investment property market value	25,078	15,025
Total investment properties at book value as at year end(1)	**2,100,004**	1,362,192

(1) Excluding assets held for sale.

The fair value (market value) of the Group's owned investment properties as at year end has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS. The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. The methodology and assumptions used to determine the fair values of the properties are consistent with the previous year.

The weighted average lease expiry remaining across the owned portfolio in Germany as at year end was 2.9 years (2021: 2.9 years). The weighted average lease expiry remaining across the owned portfolio in the UK as at year end was 0.9 years. Licence agreements in the UK are rolling and are included in the valuation.

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

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

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Gain on revaluation above capex and broker fees	147,017	104,156
Adjustment in respect of lease incentives	(561)	(246)
Deficit on revaluation relating to leased investment properties	(5,572)	(4,325)
Gain on revaluation of investment properties reported in the income statement	**140,884**	99,585

Included in the gain on revaluation of investment properties reported in the income statement (excluding the revaluation effects in respect of leased investment properties) are gross gains of €160.4 million and gross losses of €19.5 million (2021: gross gains of €106.4 million and gross losses of €6.8 million).

Other than the capital commitments disclosed in note 31, the Group is under no contractual obligation to purchase, construct or develop any investment property. The Group is responsible for routine maintenance of the investment properties.

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

The valuation for owned investment properties is (including assets classified as held for sale) performed on a lease-by-lease basis due to the mixed-use nature of the sites using the discounted cash flow technique for the German portfolio and on a capitalised income basis, where income is capitalised by an appropriate yield which reflects the age, location, ownership, customer base and agreement type for the UK portfolio. This gives rise to large ranges in the inputs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

14. Investment properties continued

31 March 2022	Market value (€000)	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Gross initial yield %		Net initial yield %		Discount factor %		Void period months	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks															
Mature	**329,100**	**2.67**	**8.32**	**2.65**	**7.42**	**91.5**	**100.0**	**4.5**	**8.5**	**3.7**	**6.7**	**3.6**	**5.4**	**6**	**12**
Value add	**625,540**	**—***	**8.16**	**3.49**	**8.46**	**—***	**97.3**	**—***	**9.0**	**(3.7)**	**6.8**	**3.9**	**7.1**	**9**	**18**
Total traditional business parks	**954,640**	**—***	**8.32**	**2.65**	**8.46**	**—***	**100.0**	**—***	**9.0**	**(3.7)**	**6.8**	**3.6**	**7.1**	**6**	**18**
Modern business parks															
Mature	**195,750**	**5.03**	**8.13**	**3.74**	**7.68**	**91.8**	**100.0**	**5.0**	**9.8**	**4.1**	**8.4**	**3.6**	**5.0**	**6**	**15**
Value add	**213,140**	**2.86**	**10.28**	**3.76**	**10.15**	**74.9**	**97.8**	**2.9**	**9.4**	**1.6**	**6.6**	**4.4**	**7.3**	**9**	**24**
Total modern business parks	**408,890**	**2.86**	**10.28**	**3.74**	**10.15**	**74.9**	**100.0**	**2.9**	**9.8**	**1.6**	**8.4**	**3.6**	**7.3**	**6**	**24**
Office															
Mature	**10,200**	**10.07**	**10.07**	**9.38**	**9.38**	**87.1**	**87.1**	**6.4**	**6.4**	**5.2**	**5.2**	**4.5**	**4.5**	**9**	**9**
Value add	**266,880**	**2.03**	**11.78**	**6.15**	**12.18**	**40.0**	**92.0**	**2.0**	**9.5**	**—***	**7.2**	**4.6**	**6.6**	**9**	**18**
Total office	**277,080**	**2.03**	**11.78**	**6.15**	**12.18**	**40.0**	**92.0**	**2.0**	**9.5**	**—***	**7.2**	**4.5**	**6.6**	**9**	**18**
Total Germany	**1,640,610**	**—***	**11.78**	**2.65**	**12.18**	**—***	**100.0**	**—***	**9.8**	**(3.7)**	**8.4**	**3.6**	**7.3**	**6**	**24**

31 March 2022	Market value (€000)	Average current rental rate per sqm €		Average market rental rate per sqm €		Occupancy %		Net initial yield %		Void period months	
		Low	High	Low	High	Low	High	Low	High	Low	High
Total mixed-use schemes	**123,263**	**1.71**	**26.49**	**5.78**	**23.59**	**48.6**	**96.8**	**3.0**	**10.0**	**4.00**	**12.00**
Total office	**153,112**	**—***	**25.38**	**5.83**	**26.50**	**—***	**100.0**	**—***	**10.0**	**4.00**	**12.00**
Total industrial	**175,394**	**1.04**	**10.94**	**2.39**	**11.24**	**65.1**	**100.0**	**3.0**	**10.0**	**4.00**	**12.00**
Total UK	**451,769**	**—***	**26.49**	**2.39**	**26.50**	**—***	**100.0**	**—***	**10.0**	**4.00**	**12.00**

* The Group has acquired vacant investment properties during the financial year. As a result the lower range for rental rates, occupancy and yields is 0.

31 March 2021	Market value (€000)	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Gross initial yield %		Net initial yield %		Discount factor %		Void period months	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks															
Mature	326,650	2.67	8.16	2.65	8.46	91.3	100.0	4.7	8.8	3.8	7.2	3.8	5.9	6	12
Value add	439,100	1.99	6.44	3.33	6.91	49.5	97.3	4.7	9.3	3.4	7.2	4.3	7.4	9	18
Total traditional business parks	765,750	1.99	8.16	2.65	8.46	49.5	100.0	4.7	9.3	3.4	7.2	3.8	7.4	6	18
Modern business parks															
Mature	209,600	4.78	10.01	3.63	9.79	91.6	100.0	5.4	10.0	4.5	8.6	3.8	5.4	6	15
Value add	144,400	3.61	7.09	4.35	8.24	77.2	88.2	5.9	8.6	4.7	7.1	5.0	5.9	9	24
Total modern business parks	354,000	3.61	10.01	3.63	9.79	77.2	100.0	5.4	10.0	4.5	8.6	3.8	5.9	6	24
Office															
Mature	17,080	7.81	9.70	9.19	9.21	91.6	94.0	4.7	6.9	3.6	5.8	4.6	4.8	9	9
Value add	213,940	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	0.7	8.3	4.9	6.9	9	15
Total office	231,020	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	0.7	8.3	4.6	6.9	9	15
Total Germany	1,350,770	1.99	11.35	2.65	10.30	49.5	100.0	2.6	10.4	0.7	8.6	3.8	7.4	6	24

Strategic report
Governance
Financial statements

14. Investment properties continued

As a result of the level of judgement and estimates used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from valuations shown in the statement of financial position. Key inputs are considered to be inter-related whereby changes in one key input can result in changes in other key inputs. The impact of changes in relation to the key inputs is also shown in the table below:

31 March 2022	Market value €000	Change of 5% in market rental rates €000		Change of 0.25% in discount rates €000		Change of 0.5% in gross initial yield €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	**954,640**	**48,450**	**(48,380)**	**(19,640)**	**20,070**	**(84,224)**	**82,247**	**(98,020)**	**126,295**
Total modern business parks	**408,890**	**19,260**	**(19,420)**	**(8,540)**	**8,510**	**(30,840)**	**36,820**	**(38,033)**	**48,091**
Total office	**277,080**	**14,470**	**(14,340)**	**(5,840)**	**5,760**	**(23,005)**	**28,467**	**(37,901)**	**27,766**
Market value Germany	**1,640,610**	**82,180**	**(82,140)**	**(34,020)**	**34,340**	**(138,069)**	**147,534**	**(173,954)**	**202,152**

31 March 2022	Market value €000	Change of 5% in market rental rates €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease
Total mixed-use schemes	**123,263**	**3,967**	**(4,423)**	**(4,494)**	**4,389**
Total office	**153,112**	**5,754**	**(5,325)**	**(4,295)**	**5,029**
Total industrial	**175,394**	**7,139**	**(6,333)**	**(5,822)**	**6,843**
Market value UK	**451,769**	**16,860**	**(16,081)**	**(14,611)**	**16,261**

31 March 2021	Market value €000	Change of 5% in market rental rates €000		Change of 0.25% in discount rates €000		Change of 0.5% in gross initial yield €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	765,750	38,310	(38,000)	(15,030)	15,950	(58,824)	69,947	(74,243)	93,306
Total modern business parks	354,000	17,350	(17,190)	(7,560)	7,960	(24,479)	28,561	(29,189)	35,288
Total office	231,020	11,680	(11,480)	(4,520)	4,850	(18,859)	23,308	(26,769)	53,359
Market value Germany	1,350,770	67,340	(66,670)	(27,110)	28,760	(102,162)	121,816	(130,201)	181,953

15. Assets held for sale

Investment properties held for sale

	31 March 2022 €000	31 March 2021 €000
Magdeburg	**13,750**	–
Balance as at year end	**13,750**	–

The disclosures regarding valuation in note 14 are also applicable to assets held for sale. An amount of €13,750,000 relating to the sale of the Magdeburg asset was received prior to the completion date of 1 April 2022 and is included in the cash at bank per note 22. As a result, an equal and opposite position within other payables was recognised. See note 23 for further details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

16. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
Cost			
As at 31 March 2021	1,035	6,052	7,087
Acquisition of a subsidiary (see note 4)	727	1,826	2,553
Additions in year	889	519	1,408
Disposals in year	–	(3)	(3)
Foreign exchange differences	13	22	35
As at 31 March 2022	**2,664**	**8,416**	**11,080**
Depreciation			
As at 31 March 2021	(691)	(3,714)	(4,405)
Charge for year	(389)	(778)	(1,167)
Disposals in year	–	3	3
Foreign exchange differences	(8)	(11)	(19)
As at 31 March 2022	**(1,088)**	**(4,500)**	**(5,588)**
Net book value as at 31 March 2022	**1,576**	**3,916**	**5,492**
Cost			
As at 31 March 2020	716	5,394	6,110
Additions in year	319	658	977
Disposals in year	–	–	–
As at 31 March 2021	1,035	6,052	7,087
Depreciation			
As at 31 March 2020	(615)	(3,121)	(3,736)
Charge for year	(76)	(593)	(669)
Disposals in year	–	–	–
As at 31 March 2021	(691)	(3,714)	(4,405)
Net book value as at 31 March 2021	344	2,338	2,682

17. Intangible assets

	Software and licences with definite useful life €000	Goodwill €000	Total €000
Cost			
As at 31 March 2021	7,848	3,738	11,586
Acquisition of a subsidiary (see note 4)	480	37,168	37,648
Additions in year	2,132	–	2,132
Disposals in year	–	–	–
Foreign exchange differences	5	–	5
As at 31 March 2022	**10,465**	**40,906**	**51,371**
Amortisation			
As at 31 March 2021	(5,018)	–	(5,018)
Charge for year	(1,164)	–	(1,164)
Disposals in year	–	–	–
Impairment	–	(40,906)	(40,906)
Foreign exchange differences	–	–	–
As at 31 March 2022	**(6,182)**	**(40,906)**	**(47,088)**
Net book value as at 31 March 2022*	**4,283**	**–**	**4,283**
Cost			
As at 31 March 2020	6,107	3,738	9,845
Additions in year	1,741	–	1,741
Disposals in year	–	–	–
As at 31 March 2021	7,848	3,738	11,586
Amortisation			
As at 31 March 2020	(4,121)	–	(4,121)
Charge for year	(897)	–	(897)
Disposals in year	–	–	–
As at 31 March 2021	(5,018)	–	(5,018)
Net book value as at 31 March 2021*	2,830	3,738	6,568

* Included in the net book value is an amount of €2,393,000 relating to intangible assets under development not yet amortised (2021: €1,600,000). All these development projects are expected to finalise in the next financial year.

Internalisation of Asset Management Agreement

On 30 January 2012, a transaction was completed to internalize the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3,738,000 was recognized. The goodwill is allocated to the cash-generating units comprising the Germany segment.

As explained in note 3, in the year ended 31 March 2022 indicators of impairment relating to the goodwill balance were noted as the Group has determined that the identified cash flows could no longer be distinguished from those included in other assets held by the cash generating units in the Germany segment. This resulted in the entirety of the balance being impaired and a consequent impairment loss of €3,738,000 being recognized. Goodwill which has been impaired may not be reversed in future periods.

Helix Investment Limited

On 15 November 2021, the business combination described in note 4 resulted in the recognition of goodwill due to the consideration given exceeding the net assets required by €37,168,000. The goodwill balance was allocated to the cash-generating units comprising the UK segment and an impairment test was performed at 31 March 2022 to determine whether the recoverable amount of the cash-generating units exceed the carrying value. The key assumptions regarding value in use were three-year cash flow forecasts as prepared by management of the group of cash-generating units and the discount rate applied. Cash flows beyond three years are extrapolated using an inflation figure of 2%. The discount rate used is a pre-tax rate and reflects the risks specific to the real estate industry in the UK. A discount rate of 7.13% and terminal value of 5.13% were applied in the impairment review.

In the period since acquisition, the properties held by BizSpace and the rent roll of the UK segment have increased in value significantly. The Group has considered these factors along with the value in use calculation in assessing whether the goodwill is recoverable and has concluded that it is not. Whilst the Group's longer term plans for the business and the potential synergies with the broader Group are at an early stage, based on the impairment review conducted the Group has concluded that there is not sufficient evidence to support the goodwill balance over and above the cash flows already included in the assessment of the fair value of investment properties and other assets held by the Group. As a result, an impairment loss of €37,168,000 was recognized for the year ended 31 March 2022. Goodwill which has been impaired may not be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

18. Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets (excluding those disclosed under investment properties) recognised and the movements during the year:

	Office €000	Total €000
As at 31 March 2020	2,440	2,440
Additions	–	–
Depreciation expense	(521)	(521)
As at 31 March 2021	1,919	1,919
Additions	15,047	15,047
Depreciation expense	(843)	(843)
Lease modifications*	(1,127)	(1,127)
As at 31 March 2022	**14,996**	**14,996**

* Lease modifications relate to the early termination of the head office lease.

In addition to office spaces the Group is also counterparty to long-term leasehold agreements and head leases relating to commercial property. Right of use assets amounting to €25,078,000 (2021: €15,025,000) are classified as investment properties, of which €3,979,000 (2021: €9,355,000) relate to commercial property.

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

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	**(14,987)**	(19,150)
Acquisition of a subsidiary (see note 4)	**(12,182)**	–
Accretion of interest	**(479)**	(349)
Additions	**(18,413)**	(1,518)
Lease modifications	**1,127**	–
Payments	**6,350**	6,030
Foreign exchange differences	**(77)**	–
Balance as at year end	**(38,661)**	(14,987)
Current lease liabilities as at year end	**(1,090)**	(5,857)
Non-current lease liabilities as at year end	**(37,571)**	(9,130)

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

31 March 2022	**Within 1 year €000**	**1–5 years €000**	**5+ years €000**	**Total €000**
Commercial property*	**(667)**	**(945)**	**(528)**	**(2,140)**
Long-term leasehold*	**(239)**	**(1,013)**	**(19,848)**	**(21,100)**
Office space	**(184)**	**(6,197)**	**(9,040)**	**(15,421)**
Total	**(1,090)**	**(8,155)**	**(29,416)**	**(38,661)**

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

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

Maturity analysis of lease liabilities using contractual undiscounted payments is disclosed in note 25.

The overall weighted average discount rate used for the year is 2.3% (2021: 1.9%).

During the year expenses paid for leases of low-value assets and short-term leases which are recognised straight line over the lease term (included in the administrative expenses) amounted to €494,000 (2021: €379,000).

In addition to leases of low-value assets and payments resulting from short-term leases that are included in the cash flow from operating activities, interest payments and repayments of lease liabilities totalling €6,350,000 (2021: €6,030,000) were incurred for the year and are included in the cash flow from financing activities.

19. Other non-current financial assets

	31 March 2022 €000	31 March 2021 €000
Guarantees and deposits	4,052	1,806
Loans to associates	44,278	43,154
Balance as at year end	48,330	44,960

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2026, are fully subordinated and are charged at a fixed interest rate. The ECL has been considered based on multiple factors such as history of repayments, forward looking budgets and forecasts. Based on the assessment the ECL was immaterial.

20. Investment in associates

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

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

	31 March 2022 €000	31 March 2021 €000
Current assets	20,031	31,183
Non-current assets	349,796	244,289
Current liabilities	(10,406)	(10,224)
Non-current liabilities	(294,121)	(221,756)
Equity	65,300	43,492
Unrecognised accumulated losses	3,679	5,657
Subtotal	68,979	49,149
Group's share in equity – 35%	24,142	17,202

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Net operating income	19,872	14,063
Gain on revaluation of investment properties	18,856	12,693
Administrative expense	(3,001)	(1,976)
Operating profit	35,727	24,780
Net finance costs	(9,753)	(9,078)
Profit before tax	25,974	15,702
Taxation	(4,166)	(2,590)
Unrecognised (profit)/losses	(1,978)	1,109
Total comprehensive income for the year after tax	19,830	14,221
Group's share of profit for the year – 35%	6,940	4,977

Included within the non-current liabilities are shareholder loans amounting to €126,509,000 (2021: €123,296,000). As at year end no contingent liabilities existed (2021: none). The associates had contracted capital expenditure for development and enhancements of €2,010,000 as at year end (2021: €296,000).

The following table illustrates the movement in investment in associates:

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	17,202	12,306
Dividend received	—	(81)
Share of profit	6,940	4,977
Balance as at year end	24,142	17,202

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

21. Trade and other receivables

	31 March 2022 €000	31 March 2021 €000
Gross trade receivables	18,791	11,758
Expected credit loss provision (refer to note 25)	(7,722)	(5,431)
Net trade receivables	11,069	6,327
Other receivables	8,865	11,334
Prepayments	4,637	1,070
Balance as at year end	**24,571**	18,731

Other receivables include lease incentives of €4,036,000 (2021: €3,603,000).

Prepayments include costs totalling €1,860,000 (31 March 2021: €nil) relating to the acquisition of a new site in Düsseldorf that was notarised before 31 March 2022 and is expected to complete in the first half of the next financial year (see note 31).

22. Cash and cash equivalents

	31 March 2022 €000	31 March 2021 €000
Cash at bank	127,285	49,305
Restricted cash	23,681	16,369
Balance as at year end	**150,966**	65,674

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at year end is €150,966,000 (2021: €65,674,000). Cash is held by reputable banks and the Group assessed the ECL to be immaterial.

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

	31 March 2022 €000	31 March 2021 €000
Deposits received from tenants	22,210	12,736
Office rent deposits	131	131
Cash reserved for future bank loan interest and amortisation payments of the Group's banking facilities	—	2,192
Deposit for bank guarantees	1,340	1,310
Total	**23,681**	16,369

The majority of the restricted cash is in relation to tenant deposits. Tenants' deposits are legal securities of tenants retained by the Group without the right to use these cash deposits for purposes other than strictly tenant related transactions (e.g. move-out costs, costs due to non-compliance with certain terms of the lease agreement or late rent/service charge payments).

23. Trade and other payables

	31 March 2022 €000	31 March 2021 €000
Trade payables	6,488	7,107
Accrued expenses	25,093	19,034
Interest and amortisation payable	5,625	489
Tenant deposits	22,210	12,736
Unearned revenue	7,913	4,642
Other payables	22,006	6,519
Balance as at year end	**89,335**	50,527

Accrued expenses include costs totalling €10,279,000 (2021: €9,465,000) relating to service charge costs that have not been invoiced to the Group.

Included within other payables are mainly credit balances due to tenants in relation to over collections of service charge in amount of €2,624,000 (2021: €3,830,000). As at 31 March 2022, other payables included €13,750,000 of proceeds relating to the sale of the Magdeburg asset that is categorised as an asset held for sale at 31 March 2022 in advance of the completion date of 1 April 2022. See note 15 for details of assets held for sale.

Unearned revenue includes service charge amounts of €1,164,000 (2021: €1,068,000). Service charge income is only recognised as income when the performance obligations are met. All unearned revenue of the prior year was recognised as revenue in the current year.

24. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	31 March 2022 €000	31 March 2021 €000
Current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	–	1,180
– hedged floating rate facility	Hedged(4)	30 October 2024	–	459
– capped floating rate facility	Capped(3)	25 March 2025	–	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	–	2,968
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**1,909**	1,881
– fixed rate facility	0.90	31 October 2023	**1,480**	1,467
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**771**	760
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(1)	31 December 2023	**1,111**	1,110
– floating rate facility	Floating(2)	31 December 2023	**140**	140
Schuldschein				
– floating rate facility	Floating(2)	5 December 2022	**5,000**	–
– floating rate facility	Floating(2)	6 January 2023	**10,000**	–
Capitalised finance charges on all loans			**(781)**	(1,611)
			19,630	9,114
Non-current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	–	51,330
– hedged floating rate facility	Hedged(4)	30 October 2024	–	21,325
– floating rate facility	Floating(4)	30 October 2024	–	2,000
– capped floating rate facility	Capped(3)	25 March 2025	–	34,960
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	–	56,135
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**58,228**	60,137
– fixed rate facility	0.90	31 October 2023	**110,363**	111,843
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**14,258**	15,030
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(1)	31 December 2023	**51,056**	52,166
– floating rate facility	Floating(1)	31 December 2023	**6,241**	6,381
Schuldschein				
– floating rate facility	Floating(2)	5 December 2022	–	5,000
– floating rate facility	Floating(2)	6 January 2023	–	10,000
– floating rate facility	Floating(2)	6 January 2025	**5,000**	5,000
– fixed rate facility	1.70	3 March 2025	**10,000**	10,000
– fixed rate facility	1.60	3 July 2023	**20,000**	20,000
Corporate bond I				
– fixed rate	1.125	22 June 2026	**400,000**	–
Corporate bond II				
– fixed rate	1.75	24 November 2028	**300,000**	–
Capitalised finance charges on all loans			**(13,283)**	(2,367)
			961,863	458,940
Total			**981,493**	468,054

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

(2) This unsecured facility has a floating rate of 1.50% over six month EURIBOR (not less than 0%) for the first two tranches and a floating rate of 1.70% over six month EURIBOR (not less than 0%) for tranche 3.

(3) This facility was hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan.

(4) Tranche 1 of this facility was fully hedged with a swap charged at a rate of 2.58%; tranche 2 of this facility was fully hedged with a swap charged at a rate of 2.56%. The capex facility was charged with a floating rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

24. Interest-bearing loans and borrowings continued

The borrowings (excluding capitalised loan issue cost) are repayable as follows:

	31 March 2022 €000	31 March 2021 €000
On demand or within one year	**20,411**	10,724
In the second year	**246,671**	75,977
In the third to tenth years inclusive	**728,475**	385,331
Total	**995,557**	472,032

The Group has pledged 15 (2021: 42) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 15 (2021: 42) properties had a combined valuation of €504,709,000 as at year end (2021: €1,101,689,000).

SEB AG

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

On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for €22.9 million. Tranche 1, totalling €20.0 million, was hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, was hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan was scheduled to terminate on 30 October 2024. Amortisation was 2.0% per annum across the full facility with the remainder scheduled to be due in one instalment on the final maturity date. The facility was secured over three property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility was not subject to amortisation and was charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. The capex facility is no longer available following the repayment of the SEB AG debt facilities during the year.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan was scheduled to terminate on 25 March 2025. Amortisation was 2% per annum with the remainder scheduled to be due in one instalment on the final maturity date. The loan facility was charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. In accordance with the requirements of the loan facility the Group hedged its exposure to floating interest rates by purchasing a cap in June 2018 which limited the Group's interest rate exposure on the facility to 2.33%. The facility was secured over six property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility was not subject to amortisation and was charged at an interest rate of 1.58%. The capex facility was undrawn and is no longer available following the repayment of the SEB AG debt facilities during the twelve month period ended 31 March 2022.

Berlin Hyp AG/Deutsche Pfandbriefbank AG

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

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

On 1 August 2019, the Group repaid a total of €16.8 million including €10.1 million recorded within liabilities directly associated with assets held for sale as at 31 March 2019, following the disposal of two assets that acted as security for the loan into the Titanium venture with AXA Investment Managers – Real Assets.

The facility was repaid in full during the twelve month period ended 31 March 2022.

Berlin Hyp AG

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

On 13 September 2019, the Group agreed to a facility agreement with Berlin Hyp AG for €115.4 million. The loan terminates on 31 October 2023. Amortisation is 1.25% per annum with the remainder due in the fourth year. The loan facility is charged at a fixed interest rate of 0.90%. This facility is secured over nine property assets. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

24. Interest-bearing loans and borrowings continued

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Deutsche Pfandbriefbank AG

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0 million. Tranche 1, totalling €21.6 million, has been hedged at a rate of 1.40% until 31 December 2023 by way of an interest rate swap. A first drawdown of tranche 3 totalling €0.5 million was charged at a fixed interest rate of 1.20%. On 3 April 2019, tranche 2 was drawn down, totalling €14.8 million, and has been hedged at a rate of 1.25% until 31 December 2023 by way of an interest rate swap. On 28 June 2019, tranche 3 has been drawn down, totalling €19.1 million. Tranche 3 has been hedged at a rate of 0.91% until 31 December 2023 by way of an interest rate swap. The facility is secured over five property assets and is subject to various covenants with which the Group has complied.

On 19 February 2020, the Group agreed to extend tranche 3 of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan has been treated as a new loan and is charged with a floating interest rate of 1.20% plus three month EURIBOR (not less than 0%). Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0 million. On 25 February 2020, the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0 million. In total the unsecured facility amounts to €50.0 million spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 2.6 years with no amortisation. The Schuldschein is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Corporate bond I

On 22 June 2021, the Group raised its inaugural corporate bond for €400.0 million. The bond has a term of five years and an interest rate of 1.125% due annually on its anniversary date, with the principal balance coming due on 22 June 2026. The funds from the bond have been partially utilised to repay the SEB AG and Berlin Hyp AG/Deutsche Pfandbriefbank AG loans and fund acquisitions. The corporate bond is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred since the date of issuance.

Corporate bond II

On 24 November 2021, the Group issued its second corporate bond for €300.0 million. The bond has a term of seven years and an interest rate of 1.750% due annually on its anniversary date, with the principal balance coming due on 24 November 2028. The funds from the bond have been utilised to fund the BizSpace Group acquisition and fund repayment of external loans held by BizSpace Group amounting to €214.5 million at acquisition date. The corporate bond is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred since the date of issuance.

HSBC revolving credit facility

On 4 November 2021 the Company agreed a €75.0 million bi-lateral revolving credit facility with HSBC Trinkaus & Burkhardt. The loan facility is charged with a variable interest rate tied to the Company's Fitch credit rating as follows: (a) BBB+ (1.2%), (b) BBB (1.2%) and (c) BBB- or lower (1.5%) with a 0% EURIBOR floor. In addition, the facility's loan covenants are consistent with the corporate bond covenants. The loan facility is comprised of a (i) €25.0 million bilateral credit facility which has a two year term and which may be extended twice for an additional year per extension and (ii) a €50 million bilateral top-up credit facility which is repayable in full six months after draw down. The Company €50 million top-up credit facility was drawn down and subsequently repaid in full during the period.

Group debt covenants

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

	31 March 2022 €000	31 March 2021 €000
Carrying amount of interest-bearing loans and borrowings (note 24)	**981,493**	468,054
Unamortised borrowing costs	**14,064**	3,978
Book value of owned investment properties*	**2,088,665**	1,347,167
Gross loan to value ratio	**47.7%**	35.0%

* Includes assets held for sale.

Banking covenants vary according to each loan agreement and typically include loan to value and income related covenants.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

24. Interest-bearing loans and borrowings continued

Group debt covenants continued

During the year, the Group did not breach any of its loan covenants, nor did it default on any of its obligations under its loan agreements.

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2021 €000	Cash flows €000	New leases €000	Acquisition of a subsidiary €000	Changes in fair values €000	Other* €000	**31 March 2022 €000**
Interest-bearing loans and borrowings	468,054	523,524	–	–	–	(10,085)	**981,493**
Lease liabilities	14,987	(6,350)	18,413	12,182		(571)	**38,661**
Derivative financial instruments	1,211	(544)			(996)		**(329)**
Total	484,252	516,630	18,413	12,182	(996)	(10,656)	**1,019,825**

	31 March 2020 €000	Cash flows €000	New leases €000	Non-cash settlement €000	Changes in fair values €000	Other* €000	31 March 2021 €000
Interest-bearing loans and borrowings	480,228	(13,887)	–	–	–	1,713	468,054
Lease liabilities	19,150	(5,681)	1,518	–	–	–	14,987
Derivative financial instruments	1,368	–	–	–	(157)	–	1,211
Total	500,746	(19,568)	1,518	–	(157)	1,713	484,252

* Changes in the capitalised finance charges on all loans, foreign exchange differences and accretion of interest on lease liabilities.

25. 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, currency 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 credit risk on tenants is also addressed through the performance of credit checks, collection of deposits and regular communication with the tenants.

Included in loans to associates are loans provided to associate entities from Group entities. During the year the Group assessed credit risk relating to loans to associates by reviewing business plans and monitoring cash collection rates and the operational performance of each associate in order to anticipate and minimise the impact of any impairment.

Included in other receivables are lease incentives. During the year the Group monitored tenants in order to anticipate and minimise the impact of defaults and move-outs from tenants which received lease incentives.

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

	31 March 2022 €000	31 March 2021 €000
Trade receivables	**11,069**	6,327
Other receivables	**8,764**	9,537
Loans to associates	**44,278**	43,154
Derivative financial instruments	**329**	70
Cash and cash equivalents	**150,966**	65,674
Total	**215,406**	124,762

Included in other receivables are guarantees and deposits in amount of €4,052,000 (2021: €1,806,000).

25. Financial risk management objectives and policies continued

Credit risk continued

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

	Year ended 31 March 2022 Gross €000	Year ended 31 March 2022 Impairment €000	Year ended 31 March 2021 Gross €000	Year ended 31 March 2021 Impairment €000
0–30 days	**12,117**	**(2,704)**	6,287	(1,936)
31–120 days (past due)	**1,296**	**(406)**	1,206	(585)
More than 120 days	**5,378**	**(4,612)**	4,265	(2,910)
Total	**18,791**	**(7,722)**	11,758	(5,431)

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

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	**(5,431)**	(3,640)
Expected credit loss recognised	**(2,291)**	(1,791)
Balance as at year end	**(7,722)**	(5,431)

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 €11,069,000 (2021: €6,327,000) that are past due at the reporting date for which the Group has not provided significant impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable.

No significant impairment has been recognised relating to non-current receivables in the period due to unchanged 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 management of liquidity risk.

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

31 March 2022	Bank loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	**(9,520)**	**(119)**	**(56,329)**	**(1,311)**	**(67,279)**
6 months–1 year	**(24,486)**	**(118)**	**–**	**(789)**	**(25,393)**
1–2 years	**(258,758)**	**(232)**	**–**	**(2,910)**	**(261,900)**
2–5 years	**(454,658)**	**(58)**	**–**	**(9,001)**	**(463,717)**
5–10+ years	**(308,688)**	**–**	**–**	**(92,307)**	**(400,995)**
	(1,056,110)	**(527)**	**(56,329)**	**(106,318)**	**(1,219,284)**
Interest	**60,553**	**527**	**–**	**67,657**	**128,737**
	(995,557)	**–**	**(56,329)**	**(38,661)**	**(1,090,547)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

25. Financial risk management objectives and policies continued

Liquidity risk continued

31 March 2021	Bank loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	(8,755)	(220)	(26,851)	(3,047)	(38,873)
6 months–1 year	(8,588)	(216)	–	(3,048)	(11,852)
1–2 years	(81,895)	(426)	–	(1,492)	(83,813)
2–5 years	(389,971)	(435)	–	(2,428)	(392,834)
5–10+ years	–	–	–	(7,223)	(7,223)
	(489,209)	(1,297)	(26,851)	(17,238)	(534,595)
Interest	17,177	1,297	–	2,251	20,725
	(472,032)	–	(26,851)	(14,987)	(513,870)

Currency risk

The Group's exposure to currency risk relates primarily to the Group's exposure to the British pound and to a lesser extent the South African rand. This exposure is driven primarily by the acquisition of the BizSpace Group as detailed in Note 4. In addition thereto, the Group has dividend obligations in both the British Pound and South African rand. The foreign currency risk in relation to the British pound is mitigated as a result of the BizSpace Group generating British pound denominated income in order to fund its obligations when they come due and, in addition, the Group's British pound dividend obligations. The Group holds small deposits in South African rand for the purposes of working capital and dividend obligations.

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 loans fixed by a swap. An increase of 100 bps in interest rate would result in a decreased post tax profit in the consolidated income statement of €275,000 (2021: €562,000) (excluding the movement on derivative financial instruments) and a decrease of 100 bps in interest rate would result in an increased post tax profit in the consolidated income statement of €275,000 (2021: €562,000) (excluding the movement on derivative financial instruments).

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

31 March 2022	**Within 1 year €000**	**1–2 years €000**	**2–3 years €000**	**3–4 years €000**	**4+ years €000**	**Total €000**
Deutsche Pfandbriefbank AG	**(140)**	**(6,241)**	**–**	**–**	**–**	**(6,381)**
Schuldschein	**(15,000)**	**–**	**(5,000)**	**–**	**–**	**(20,000)**

31 March 2021	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4+ years €000	Total €000
SEB AG – capped	(760)	(760)	(760)	(33,440)	–	(35,720)
SEB AG – floating	–	–	–	(2,000)	–	(2,000)
Deutsche Pfandbriefbank AG	(140)	(140)	(6,241)	–	–	(6,521)
Schuldschein	–	(15,000)	–	(5,000)	–	(20,000)

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.

Market risk

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

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

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

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

25. Financial risk management objectives and policies continued

Capital management

For the purpose of the Group's capital management, capital includes all equity reserves attributable to the equity holders of the parent. 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 in doing so takes into consideration the impact of changes in economic conditions. The Group assesses its capital management through the total accounting shareholder return which was 20.0% as at 31 March 2022 (31 March 2021: 19.5%) and the net loan to value which was 41.6% as at 31 March 2022 (31 March 2021: 31.4%).

To maintain or adjust the capital structure, the Group may undertake a number of actions including but not limited to share issuances and changes to its distribution policy to shareholders. The transfer of amounts recorded in share capital to other distributable reserves is made in accordance with The Companies (Guernsey) Law, 2008. The Group's distribution policy takes into account the concept of solvency under The Companies (Guernsey) Law, 2008. The Group is not subject to externally imposed capital requirements other than those related to the covenants of the bank loan facilities. There have been no breaches of the financial covenants of any interest bearing loans and borrowings in the current period.

26. Financial instruments

Fair values

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

		31 March 2022		31 March 2021	
	Fair value hierarchy level	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Financial assets					
Cash and cash equivalents		**150,966**	**150,966**	65,674	65,674
Trade and other receivables		**19,833**	**19,833**	15,864	15,864
Loans to associates	2	**44,278**	**44,278**	43,154	43,154
Derivative financial instruments	2	**329**	**329**	70	70
Financial liabilities					
Trade and other payables		**56,329**	**56,329**	26,851	26,851
Derivative financial instruments	2	**—**	**—**	1,211	1,211
Interest-bearing loans and borrowings(1)					
Floating rate borrowings	2	**26,381**	**26,381**	28,521	28,521
Floating rate borrowings – hedged(2)	2	**52,167**	**52,167**	75,060	75,060
Floating rate borrowings – capped	2	**—**	**—**	35,720	35,720
Fixed rate borrowings	2	**917,009**	**939,238**	332,731	336,216

All amounts in the table above are carried at amortised cost except for derivative financial instruments which are held at fair value.

(1) Excludes loan issue costs.

(2) The Group holds interest rate swap contracts designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Deutsche Pfandbriefbank AG. Please refer to note 24 for details of swap contracts.

Fair value hierarchy

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

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

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

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

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

The Group holds interest rate swap contracts which are reset on a quarterly 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

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

27. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	–
As at 31 March 2022 and 31 March 2021	**Unlimited**	**–**

Issued and fully paid	Number of shares	Share capital €
As at 31 March 2020	1,036,257,101	–
Issued ordinary shares	14,447,046	13,169,000
Transfer of share capital to other distributable reserves	–	(13,169,000)
Shares issued to Employee Benefit Trust	(1,883,980)	–
Shares allocated by the Employee Benefit Trust	312,092	–
As at 31 March 2021	1,049,132,259	–
Issued ordinary shares	119,344,125	167,380,000
Transfer of share capital to other distributable reserves	–	(167,380,000)
Shares issued to Employee Benefit Trust	(3,557,745)	–
Shares allocated by the Employee Benefit Trust	1,962,045	–
As at 31 March 2022	**1,166,880,684**	**–**

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

Pursuant to a scrip dividend offering on 14 June 2021, the Company issued 8,101,162 ordinary shares at an issue price of £1.00432 resulting in the Company's overall issued share capital being 1,064,184,239 ordinary shares.

Pursuant to an equity raise of €159.9 million on 12 November 2021, the Company issued 105,281,686 ordinary shares at an issue price of £1.30, resulting in the Company's overall issued share capital being 1,169,465,925 ordinary shares. Costs associated with the equity raise amounted to €6,219,000.

Pursuant to a scrip dividend offering on 29 November 2021, the Company issued 2,695,067 ordinary shares at an issue price of £1.37726 resulting in the Company's overall issued share capital being 1,172,160,992 ordinary shares.

In addition, during the year the Company issued 3,266,210 shares in relation to the exercise of the LTIP 2019 (January 2019 grant) as per note 9.

Treasury shares held by the Employee Benefit Trust are disclosed as own shares held. During the year 3,557,745 shares were acquired and 1,962,045 were allocated by the Employee Benefit Trust. A total of 5,280,308 own shares purchased at an average share price of €1.1882 are held by the Employee Benefit Trust (2021: 3,684,608 own shares purchased at an average share price of €0.7878). The total number of shares with voting rights was 1,172,160,992 (2021: 1,052,816,867). No votes are cast in respect of the shares held in the Employee Benefit Trust in connection with the Company's share plans and dividends paid and payable are subject to a standing waiver.

All shares issued in the year were issued under general authority. No shares were bought back in the year (2021: none) and there are no Treasury Shares held directly by the parent company at the year end (2021: none).

28. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends and the transfer of share capital in regard to scrip dividends, share-based payment transactions and the buyback of shares and is €570,369,000 in total at year end (2021: €449,051,000).

29. Dividends

On 1 June 2020, the Company announced a dividend of 1.80c per share, with a record date of 10 July 2020 for UK and South African shareholders and payable on 20 August 2020. On the record date, 1,038,369,821 shares were in issue with none held in treasury and 1,038,369,821 (including shares held by the EBT) were entitled to participate in the dividend. Holders of 335,705,489 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €6,043,000 (€5,830,000 as at settlement date), while holders of 700,213,704 shares opted for a cash dividend with a value of €12,603,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €12,595,000 (€12,595,000 as at settlement date). The total dividend was €18,646,000.

On 30 November 2020, the Company announced a dividend of 1.82c per share, with a record date of 18 December 2020 for UK and South African shareholders and payable on 21 January 2021. On the record date, 1,045,351,272 shares were in issue. Since there were no shares held in treasury, 1,045,351,272 (including shares held by the EBT) shares were entitled to participate in the dividend. Holders of 403,075,659 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €7,336,000 (€7,339,000 as at settlement date) while holders of 638,591,005 shares opted for a cash dividend with a value of €11,622,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,555,000 (€11,653,000 as at settlement date). The total dividend was €18,958,000.

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

On 8 November 2021, the Company announced a dividend of 2.04c per share, with a record date of 17 December 2021 for UK and South African shareholders and payable on 20 January 2022. On the record date, 1,169,465,925 shares were in issue. Since there were no shares held in treasury, 1,169,465,925 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 216,062,440 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €4,408,000 (€4,478,000 as at settlement date) while holders of 953,403,485 shares opted for a cash dividend with a value of €19,449,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €19,373,000 (€19,434,000 as at settlement date). The total dividend was €23,781,000 (€23,912,000 as at settlement date).

The Group's profit attributable to the equity holders of the Company for the year was €147.9 million (2021: €147.5 million). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share representing 65% of FFO, an increase of 19.7% on the equivalent dividend last year, which represented 65% of FFO(1). The total dividend for the year is 4.41c, an increase of 16.1% on the 3.80c total dividend for the year ended 31 March 2021.

It is expected that, for the dividend authorised relating to the six month period ended 31 March 2022, the ex-dividend date will be 6 July 2022 for shareholders on the South African register and 7 July 2022 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 8 July 2022 and the dividend will be paid on 18 August 2022. A detailed dividend announcement was made on 20 June 2022, including details of a scrip dividend alternative.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

29. Dividends continued

The dividend per share was calculated as follows:

	Year ended 31 March 2022 €m	Year ended 31 March 2021 €m
Reported profit before tax	**168.9**	163.7
Adjustments for:		
Gain on revaluation of investment properties	**(140.9)**	(99.6)
Deficit on revaluation expense relating to leased investment properties	**(5.6)**	(4.3)
Loss/(gain) of disposals of properties	**0.6**	(0.1)
Recoveries from prior disposals of subsidiaries	**(0.1)**	(0.1)
Deduct revaluation gain on investment property from associates and related tax	**(4.8)**	(3.3)
Other adjusting items(1)	**19.1**	4.1
Goodwill impairment	**40.9**	–
Change in fair value of financial derivatives	**(1.0)**	(0.1)
Adjusted profit before tax	**77.1**	60.3
Adjustments for:		
Foreign exchange effects(2)	**(1.9)**	–
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	**2.3**	1.6
Amortisation of financing fees	**2.6**	1.7
Adjustment in respect of IFRS 16	**0.6**	(0.9)
Current taxes incurred (see note 11)	**(6.1)**	(1.9)
Add back current tax relating to disposals	**–**	0.1
Funds from operations, year ended 31 March	**74.6**	60.9
Funds from operations, 6 months ended 30 September	**33.0**	29.1
Funds from operations, 6 months ended 31 March	**41.6**	31.8
Dividend pool, 6 months ended 30 September	**21.6**	19.0
Dividend pool, 6 months ended 31 March(3)	**27.6**	20.7
Dividend per share, 6 months ended 30 September	**2.04c**	1.82c
Dividend per share, 6 months ended 31 March	**2.37c**	1.98c

(1) Includes the effect of exceptional items, refinancing activity, share awards and expected selling costs relating to assets held for sale. See note 12 for details.

(2) Management decided to exclude foreign exchange effects from the funds from operations calculation (2021: €nil).

(3) Calculated as 65% of FFO of 3.64c per share (2021: 3.04c per share using 65% of FFO) based on average number of shares outstanding of 1,141,807,790 (2021: 1,044,538,046).

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

Calculations contained in this table are subject to rounding differences.

30. Related parties

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

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Directors' fees	**530**	437
Salary and employee benefits	**4,294**	3,531
Share-based payments	**2,643**	2,623
Total	**7,467**	6,591

The share-based payments relating to key management personnel for the year include an expense of €2,643,000 (2021: €2,623,000) for the granting of shares under the LTIP (see note 8). Included within salary and employee benefits are pension contributions amounting to €180,000 (2021: €146,000).

Information on Directors' emoluments is given in the Remuneration report on pages 91 to 112. Related parties are defined as those persons and companies that control the Group, or that are controlled, jointly managed or subject to significant influence by the Group.

30. Related parties continued

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

Consolidated statement of financial position	31 March 2022 €000	31 March 2021 €000
Loans to associates	**44,278**	43,154
Trade and other receivables	**2,527**	3,371
Total	**46,805**	46,525

Trade and other receivables relate to amounts owed from the services supplied to the associates and are due to be settled in the normal course of business.

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

Consolidated income statement	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Services supplied	**13,153**	7,338
Interest income	**2,891**	2,674
Total	**16,044**	10,012

Services provided to related parties primarily relate to the provision of property and asset management services. A performance fee arrangement is in place between the associates and the Group. The performance fee was €nil during the year (2021: €nil).

31. Capital and other commitments

As at year end, the Group had contracted capital expenditure for development and enhancements on existing properties of €7,846,000 (2021: €8,666,000) and capital commitments in relation to the notarised asset in Düsseldorf of €35,300,000.

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

32. 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:

	31 March 2022 €000	31 March 2021 €000
Less than 1 year	**118,118**	84,417
1–2 years	**96,086**	61,549
2–3 years	**75,726**	41,491
3–4 years	**57,676**	33,044
4–5 years	**35,616**	18,792
More than 5 years	**68,566**	35,211
Total	**451,788**	274,504

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

33. List of subsidiary undertakings

The Group consists of 122 subsidiary companies (2021: 94 subsidiary companies). All subsidiaries are consolidated in full in accordance with IFRS. The principal activity of the subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and UK. The acquired subsidiaries in the UK have aligned their reporting period to the Group's reporting period.

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
BizSpace Acquisitions Ltd	Jersey	**100.00**	n/a
BizSpace Developments Ltd	UK	**100.00**	n/a
BizSpace Green Holdings Ltd	UK	**100.00**	n/a
BizSpace Green Operations Ltd	UK	**100.00**	n/a
BizSpace Holdings Ltd	UK	**100.00**	n/a
BizSpace II Ltd	UK	**100.00**	n/a
BizSpace Ltd	UK	**100.00**	n/a
BizSpace Property 100 Ltd	Jersey	**100.00**	n/a
BizSpace Property I Ltd	UK	**100.00**	n/a
BizSpace Property SSP Ltd	UK	**100.00**	n/a
Curris Facilities & Utilities Management GmbH	Germany	**100.00**	100.00
DDS Aspen B.V.	Netherlands	**100.00**	100.00
DDS Bagnut B.V.	Netherlands	**100.00**	100.00
DDS Business Centres B.V.	Netherlands	**100.00**	100.00
DDS Coconut B.V.	Netherlands	**100.00**	100.00
DDS Conferencing & Catering GmbH	Germany	**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 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
Helix FinCo Ltd	Jersey	**100.00**	n/a
Helix Investments Ltd*	Jersey	**100.00**	n/a
Helix Property Ltd	Jersey	**100.00**	n/a
LB^2 Catering and Services GmbH	Germany	**100.00**	100.00
M25 Business Centres Ltd	UK	**100.00**	n/a
Marba Apple B.V.	Netherlands	**100.00**	100.00
Marba Bamboo B.V.	Netherlands	**100.00**	100.00
Marba Cherry B.V.	Netherlands	**100.00**	100.00
Marba Daffodil B.V.	Netherlands	**100.00**	100.00
Marba Holland B.V.*	Netherlands	**100.00**	100.00
Marba Lavender B.V.	Netherlands	**100.00**	100.00
Marba Mango B.V.	Netherlands	**100.00**	100.00
Marba Olive B.V.	Netherlands	**100.00**	100.00
Marba Sunflower B.V.	Netherlands	**100.00**	100.00
Marba Violin 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 Aloe GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Ash B.V.	Netherlands	**100.00**	100.00
Sirius Aster GmbH & Co. KG	Germany	**100.00**	100.00

33. List of subsidiary undertakings continued

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
Sirius Beech B.V.	Netherlands	**100.00**	100.00
Sirius Birch GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Coöperatief B.A.*	Netherlands	**100.00**	100.00
Sirius Dahlia GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Facilities (UK) Ltd*	UK	**100.00**	100.00
Sirius Facilities GmbH	Germany	**100.00**	100.00
Sirius Finance (Cyprus) Ltd.*	Cyprus	**100.00**	100.00
Sirius Four B.V.	Netherlands	**100.00**	100.00
Sirius Frankfurt Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Frankfurt Zweite GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Gum B.V.	Netherlands	**100.00**	100.00
Sirius Ivy B.V.	Netherlands	**100.00**	100.00
Sirius Jasmine GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Juniper B.V.	Netherlands	**100.00**	100.00
Sirius Kale GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Krefeld Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Lily B.V.	Netherlands	**100.00**	100.00
Sirius Lotus GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Management One GmbH	Germany	**100.00**	100.00
Sirius Management Two GmbH	Germany	**100.00**	100.00
Sirius Management Three GmbH	Germany	**100.00**	100.00
Sirius Management Four GmbH	Germany	**100.00**	100.00
Sirius Management Five GmbH	Germany	**100.00**	100.00
Sirius Management Six GmbH	Germany	**100.00**	100.00
Sirius Management Seven GmbH	Germany	**100.00**	100.00
Sirius Management Eight GmbH	Germany	**100.00**	100.00
Sirius Management Nine GmbH	Germany	**100.00**	100.00
Sirius Management Ten GmbH	Germany	**100.00**	100.00
Sirius Mannheim B.V.	Netherlands	**100.00**	100.00
Sirius Narcissus GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Oak B.V.	Netherlands	**100.00**	100.00
Sirius One B.V.	Netherlands	**100.00**	100.00
Sirius Orange B.V.	Netherlands	**100.00**	100.00
Sirius Palm B.V.	Netherlands	**100.00**	n/a
Sirius Pear B.V.	Netherlands	**100.00**	100.00
Sirius Pepper GmbH & Co. KG	Germany	**100.00**	n/a
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 Thyme B.V.	Netherlands	**100.00**	n/a
Sirius Tulip B.V.	Netherlands	**100.00**	100.00
Sirius Two B.V.	Netherlands	**100.00**	100.00
Sirius UK1 Ltd*	UK	**100.00**	n/a
Sirius UK2 Ltd*	UK	**100.00**	n/a
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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

33. List of subsidiary undertakings continued

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
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 Acerola GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Almond GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Bluebell GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Cypress GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Grape GmbH & Co. KG	Germany	**99.73**	100.00
Sirius Hibiscus GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Indigo GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Mayflower GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Oyster GmbH & Co. KG	Germany	**99.73**	n/a
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

* Subsidiary company directly held by the parent entity, Sirius Real Estate Limited.

Investment in associates which are accounted for with the equity method:

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
DDS Daisy B.V.	Netherlands	**35.00**	35.00
DDS Edelweiss B.V.	Netherlands	**35.00**	35.00
DDS Lime B.V.	Netherlands	**35.00**	35.00
DDS Maple B.V.	Netherlands	**35.00**	35.00
Sirius Boxwood B.V.	Netherlands	**35.00**	35.00
Sirius Laburnum B.V.	Netherlands	**35.00**	35.00
Sirius Orchid B.V.	Netherlands	**35.00**	35.00

34. Post balance sheet events

The Group converted the UK business into a REIT with effect from 1 April 2022, resulting in the BizSpace Group no longer being subject to UK corporation tax on income from its property rental business, as well as on profits on disposals of assets.

On 29 October 2021, the Company notarised for the disposal of an asset in Magdeburg for a sale price of €13.8 million. The transaction completed on 1 April 2022.

On 1 May 2022, the Group completed the acquisition of an office building adjacent to and integrated into its existing business park in Potsdam. Total acquisition costs are expected to be €0.8 million. The property is 100% vacant and has a gross lettable area of 239 sqm.

On 16 May 2022 the Group notarised the sale of an asset in Camberwell, London, for £16.0 million (€18.9 million). The multi-tenanted business park, which comprises approx. 34,700 sq ft (3,224 sqm) of industrial and office space, is 91% occupied. The sale is expected to complete in July 2022.

BUSINESS ANALYSIS (UNAUDITED INFORMATION)

Non-IFRS measures

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Total profit for the year attributable to the owners of the Company	**147,873**	147,451
Gain on revaluation of investment properties	**(140,884)**	(99,585)
Loss on disposal of properties (net of related tax)	**623**	33
Recoveries from prior disposals of subsidiaries (net of related tax)	**(94)**	(65)
Add finance restructuring costs	**7,821**	–
Goodwill impairment	**40,906**	–
Acquisition costs in relation to business combinations	**5,299**	–
Change in fair value of derivative financial instruments	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments	**14,827**	14,180
NCI in respect of the above	**85**	82
Deduct revaluation surplus relating to investment in associates	**(6,021)**	(4,199)
Tax in relation to the above	**1,256**	872
EPRA earnings	**70,695**	58,633
(Deduct)/add change in deferred tax relating to derivative financial instruments	**(203)**	79
Add change in fair value of derivative financial instruments	**996**	136
Deduct finance restructuring costs	**(7,821)**	–
Deduct acquisition costs in relation to business combinations	**(5,299)**	–
NCI in respect of the above	**–**	–
Headline earnings after tax	**58,368**	58,848
Deduct change in fair value of derivative financial instruments (net of related tax)	**(793)**	(215)
Deduct revaluation expense relating to leased investment properties	**(5,572)**	(4,325)
Add adjusting items[1] (net of related tax)	**19,122**	4,092
Adjusted earnings after tax	**71,125**	58,400

(1) See note 12 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
EPRA earnings	**70,695**	58,633
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
EPRA earnings per share (cents)	**6.44**	5.63
Headline earnings after tax	**58,368**	58,848
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
Headline earnings per share (cents)	**5.32**	5.65
Adjusted earnings after tax	**71,125**	58,400
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
Adjusted earnings per share (cents)	**6.48**	5.61

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Geographical property analysis – owned investment properties

Germany

March 2022	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €	Annualised rent roll €m	% of portfolio by annualised rent roll	Value €m(2)	Gross yield	Net yield	WALE rent	WALE sqm
Frankfurt	16	371	88.5%	6.72	26.5	23%	361.5	7.3%	6.7%	2.6	2.6
Berlin	4	103	97.6%	7.82	9.5	8%	162.4	5.8%	5.7%	2.4	2.4
Stuttgart	9	331	87.3%	4.91	17.0	15%	241.2	7.1%	6.3%	3.5	3.8
Cologne	7	129	87.5%	8.01	10.8	10%	155.4	7.0%	6.5%	3.0	2.9
Munich	3	124	83.6%	8.17	10.2	9%	197.8	5.1%	5.0%	2.2	2.5
Düsseldorf	15	352	78.1%	5.59	18.4	16%	248.9	7.4%	6.2%	3.0	3.3
Hamburg	4	91	82.1%	5.13	4.6	4%	61.8	7.5%	6.4%	2.3	2.2
Other	11	284	76.9%	6.37	16.7	15%	207.9	8.0%	7.0%	3.3	3.2
Total Germany	**69**	**1,785**	**84.2%**	**6.31**	**113.7**	**100%**	**1,636.9**	**6.9%**	**6.2%**	**2.9**	**3.0**

UK

March 2022	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €(1)	Annualised rent roll €m(1)	% of portfolio by annualised rent roll	Value €m(2)	Net yield	WALE rent	WALE sqm
Midlands	11	63	88.7%	11.81	7.8	15%	63.6	9.1%	0.6	1.3
North	12	77	93.7%	8.14	7.1	13%	67.1	8.0%	1.1	1.4
North East	9	59	90.4%	6.11	3.9	7%	35.5	6.4%	0.9	1.1
North West	12	85	92.2%	10.16	9.5	18%	77.5	9.2%	0.9	1.6
South	11	39	90.2%	27.24	11.5	22%	101.5	8.3%	0.9	1.8
South East	8	32	66.4%	19.37	5.0	9%	46.4	6.5%	0.8	1.6
South West	9	48	87.6%	16.39	8.5	16%	60.2	6.7%	1.1	1.7
Total UK	**72**	**403**	**88.9%**	**12.39**	**53.3**	**100%**	**451.8**	**8.0%**	**0.8**	**1.3**

(1) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.

(2) Book value of owned investment properties including assets held for sale.

Usage analysis

Germany

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m	% of annualised rent roll	Vacant sqm	Rate psqm €
Office	601,332	33.7%	478,571	31.8%	44.5	39.2%	122,761	7.76
Storage	578,521	32.4%	482,271	32.1%	26.4	23.2%	96,250	4.57
Production	372,855	20.9%	353,131	23.5%	20.0	17.6%	19,724	4.72
Smartspace	101,915	5.7%	75,461	5.0%	7.9	6.9%	26,454	8.71
Other(1)	130,653	7.3%	113,663	7.6%	14.9	13.1%	16,990	10.90
Total Germany	**1,785,276**	**100.0%**	**1,503,097**	**100.0%**	**113.7**	**100.0%**	**282,179**	**6.31**

UK

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m(3)	% of annualised rent roll	Vacant sqm	Rate psqm €(3)
Office	125,390	31.6%	104,470	29.1%	31.5	59.1%	20,920	25.17
Workshop	261,090	65.9%	246,216	68.7%	20.3	38.0%	14,874	6.85
Storage	2,082	0.5%	1,481	0.4%	0.3	0.6%	601	16.82
Other(2)	7,753	2.0%	6,418	1.8%	1.2	2.3%	1,335	15.86
Total UK	**396,315**	**100.0%**	**358,585**	**100.0%**	**53.3**	**100.0%**	**37,730**	**12.39**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.

Lease expiry profile of future minimum lease payments receivable under non-cancellable leases

Germany by income

	Office €000	Production €000	Storage €000	Smartspace €000	Other[1] €000	Adjustments in relation to lease incentives €000	Total €000
Less than 1 year	39,894	19,207	23,930	3,654	12,631	(1,057)	98,259
Between 1 and 5 years	97,553	55,687	60,588	2,364	32,465	(484)	248,173
More than 5 years	21,593	15,922	13,764	71	10,696	(5)	62,041
Total	**159,040**	**90,816**	**98,282**	**6,089**	**55,792**	**(1,546)**	**408,473**

Germany by sqm

	Office €000	Production €000	Storage €000	Smartspace €000	Other[1] €000	Total sqm
Less than 1 year	133,037	74,472	136,439	63,694	19,436	427,078
Between 1 and 5 years	280,668	213,157	281,559	11,518	70,914	857,816
More than 5 years	64,866	65,502	64,273	249	23,313	218,203
Total	**478,571**	**353,131**	**482,271**	**75,461**	**113,663**	**1,503,097**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

UK by income

	Office €000	Workshop €000	Storage €000	Other[2] €000	Adjustments in relation to lease incentives €000	Total €000
Less than 1 year	7,500	4,442	69	379	–	12,390
Between 1 and 5 years	10,490	8,709	–	9	–	19,208
More than 5 years	6,469	5,010	–	1,378	–	12,857
Total	**24,459**	**18,161**	**69**	**1,766**	**–**	**44,455**

UK by sqm

	Office €000	Workshop €000	Storage €000	Other[2] €000	Total sqm
Less than 1 year	81,962	172,694	1,481	6,416	262,553
Between 1 and 5 years	16,184	58,852	–	–	75,036
More than 5 years	6,324	14,670	–	2	20,996
Total	**104,470**	**246,216**	**1,481**	**6,418**	**358,585**

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

The Group's UK business provides flexible leases that represent approximately 75% of annualised rent roll and conventional leases that represent 25% of annualised rent roll.

Escalation profile per usage

Germany

The Group's German business' primary source of revenue relates to leasing contracts with tenants. The Group's German business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Approximately 33.4% of contracts in place at 31 March 2022 are subject to contractual uplifts. The average contractual uplift over the coming twelve months split by usage is detailed as follows:

Usage	Increase in %
Office	3.30%
Storage	2.99%
Production	3.20%
Smartspace	2.18%
Other[1]	10.42%
Total	**3.27%**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Escalation profile per usage continued

UK

The Group's UK business' primary source of revenue relates to leasing contracts and licence fee agreements with tenants. The Group's UK business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Of the lease contracts in place at 31 March 2022, approximately 12.8% are subject to contractual uplifts. The average contractual lease contract uplifts over the coming twelve months split by usage is detailed twelve follows:

Usage	Increase in %
Office	9.80%
Workshop	10.86%
Total	**10.04%**

Property profile March 2022*

Germany

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Rostock	18,632	8,228	1,569	6,606	2,229	6.13
Hanover	22,850	8,850	3,923	6,431	3,646	6.28
Mahlsdorf	29,333	11,592	10,796	1,963	4,982	7.79
Mahlsdorf II	12,736	5,765	1,262	1,906	3,803	7.55
Magdeburg	29,993	10,704	9,779	4,210	5,300	5.19
Gartenfeld	25,396	5,107	11,029	3,297	5,963	8.52
Neuruppin	22,959	1,403	7,629	13,133	794	5.10
Potsdam	35,864	12,372	12,555	4,956	5,981	7.47
Schenefeld	40,252	10,265	26,522	1,961	1,504	4.60
Erfurt	23,238	7,586	11,980	–	3,672	3.45
Dresden	57,643	26,191	17,388	10,931	3,133	7.72
Hamburg Lademannbogen	10,277	7,829	1,048	–	1,400	9.84
Buxtehude	28,216	1,120	10,819	13,420	2,857	4.11
Norderstedt	12,627	3,052	7,507	173	1,895	5.32
Neuss	17,589	13,397	1,283	153	2,756	11.99
Bonn	10,586	4,531	2,412	477	3,166	7.88
Bonn – Dransdorf	19,062	5,367	6,882	1,665	5,148	7.19
Aachen I	24,443	12,622	2,324	5,510	3,987	8.75
Aachen II	9,750	1,452	6,600	1,505	193	5.78
Cologne	30,263	2,672	12,578	2,709	12,304	4.93
Wuppertal	14,600	855	5,589	3,613	4,543	4.76
Solingen	13,333	2,475	4,409	4,924	1,525	2.67
Düsseldorf – Sud	21,416	2,814	12,910	1,970	3,722	6.08
Cölln Parc	13,480	6,509	3,371	2,867	733	10.68
Krefeld III	9,668	4,916	3,344	924	484	8.05
Düsseldorf II	9,839	4,433	4,949	–	457	7.66
Oberhausen	82,837	48,064	27,903	1,739	5,131	5.23
Heiligenhaus	44,485	21,999	7,453	12,467	2,566	3.81
Essen II	11,899	8,616	1,829	627	827	7.77
Krefeld II	6,101	2,893	325	2,171	712	7.45
Krefeld	11,322	7,453	2,545	592	732	8.49
Cologne Porz	21,087	15,083	2,416	279	3,309	11.39
Bochum	55,793	12,762	35,970	3,965	3,096	4.54
Bochum II	4,318	3,502	479	12	325	8.70
Neuss II	33,357	8,498	17,210	6,058	1,591	4.50

Property profile March 2022* continued

Germany continued

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Essen	15,259	6,040	6,241	2,367	611	6.03
Mannheim II	14,551	6,555	4,122	586	3,288	6.01
Mannheim III	3,035	2,278	740	–	17	6.65
Neu-Isenburg	8,250	5,752	1,244	–	1,254	9.78
Mannheim	68,695	13,102	22,215	27,139	6,239	5.16
Maintal	36,999	7,231	14,718	8,289	6,761	6.44
Maintal Mitte	11,023	462	4,523	5,685	353	4.11
Offenbach I	15,044	3,641	2,414	2,351	6,638	6.31
Pfungstadt	32,662	6,707	12,300	9,786	3,869	5.37
Kassel	8,142	3,312	683	3,875	272	5.55
Offenbach Carl Legien-Strasse	45,175	9,761	9,307	17,649	8,458	5.60
Frankfurt Röntgenstraße	5,496	3,957	444	36	1,059	11.62
Saarbrücken	46,827	30,116	10,012	820	5,879	8.42
Alzenau	66,511	27,681	7,450	24,087	7,293	6.55
Frankfurt III	10,320	7,849	1,391	–	1,080	13.06
Friedrichsdorf	17,536	6,793	5,250	2,763	2,730	6.98
Dreieich	12,886	7,404	2,929	–	2,553	7.84
Frankfurt	4,260	2,260	484	68	1,448	10.72
Wiesbaden	18,364	14,334	1,369	–	2,661	14.04
Ludwigsburg	28,233	7,522	9,788	3,837	7,086	6.25
Nuremberg	14,101	2,323	3,241	7,532	1,005	6.90
Heidenheim	46,877	8,240	15,458	13,981	9,198	4.24
Stuttgart – Kirchheim	57,863	20,109	12,957	18,737	6,060	5.91
Munich – Neuaubing	91,234	15,990	31,880	29,645	13,719	7.49
Nabern II	5,578	1,620	491	2,376	1,091	8.54
Markgröningen	57,673	4,532	30,794	20,341	2,006	3.44
Fellbach	27,055	2,493	16,207	340	8,015	5.33
Fellbach II	9,717	4,724	205	–	4,788	5.78
Öhringen	18,650	1,859	7,425	8,784	582	4.76
Frickenhausen	27,876	6,515	6,534	12,680	2,147	5.50
Freiburg Teningen	20,797	7,151	6,046	5,578	2,022	5.06
Rastatt	19,143	6,565	6,099	6,222	257	n/a
Neckartenzlingen	51,577	15,755	18,842	14,087	2,893	4.39
Grasbrunn	14,274	7,269	4,743	–	2,262	11.42
Hallbergmoos	18,349	12,453	3,388	–	2,508	9.86
Total	**1,785,276**	**601,332**	**578,521**	**372,855**	**232,568**	**6.31**

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Property profile March 2022* continued

UK

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Rate psqm €[3]
Albion Mills Business Centre	15,136	5,537	5,936	840	2,823	8.59
Altrincham	4,498	1,353	3,058	–	87	18.86
Ashford	1,823	1,823	–	–	–	39.04
Barnsley	6,637	545	5,930	–	162	7.72
Basingstoke	11,086	10,957	26	–	103	24.22
Birmingham – Tyseley	12,643	924	10,124	1,242	353	8.50
Bradford – Dudley Hill	10,998	810	10,170	–	18	7.34
Bristol – Equinox	1,304	1,303	–	–	1	41.68
Bury	3,911	3,911	–	–	–	14.31
Camberwell – Lilford	3,224	1,361	1,788	–	75	15.37
Camberwell – Lomond	2,004	1,224	757	–	23	32.71
Cardiff	4,110	4,110	–	–	–	29.67
Cheadle	1,666	1,637	–	–	29	36.73
Christchurch	2,663	2,058	605	–	–	28.37
Consett	3,094	–	3,094	–	–	4.69
Coventry	1,622	1,622	–	–	–	17.51
Design Works	4,921	3,521	1,325	–	75	15.03
Didcot	1,021	510	510	–	1	29.96
Dinnington	3,647	999	2,648	–	–	9.81
Doncaster	3,106	3,052	12	–	42	22.20
Dorking	2,148	1,406	715	–	27	40.79
Egham	996	926	69	–	1	31.11
Fareham	1,758	1,758	–	–	–	45.08
Gateshead	13,160	–	11,965	–	1,195	3.32
Gloucester	21,411	3,143	18,149	–	119	5.49
Gloucester – Barnwood	3,402	3,378	24	–	–	35.08
Hartlepool – Oakesway	2,585	–	2,585	–	–	2.57
Hebburn	5,463	–	5,462	–	1	7.00
Hemel Hempstead	4,381	4,380	–	–	1	28.69
Hooton	1,383	1,230	152	–	1	23.63
Hove	2,963	2,194	732	–	37	29.51
Huddersfield – Linthwaite	2,365	–	2,364	–	1	7.00
Ipswich	7,155	7,155	–	–	–	–
Leeds – Brooklands	2,133	2,042	32	–	59	20.61
Leeds – Wortley	3,734	–	3,733	–	1	6.65
Letchworth	3,090	2,427	661	–	2	14.55
Littlehampton	1,998	1,998	–	–	–	37.13
London – Colney	1,804	1,767	36	–	1	28.13
M25 Business Centre	3,285	2,154	1,084	–	47	35.87
Maidstone	1,644	1,643	–	–	1	37.45
Manchester – Trafford Park	8,695	–	8,694	–	1	8.33
Manchester – Newton Heath	5,884	2,348	3,393	–	143	14.49
Manchester – Old Trafford	4,577	1,344	3,091	–	142	22.79
Milton Keynes	3,654	3,592	14	–	48	27.39

Property profile March 2022* continued

UK continued

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Rate psqm €[3]
New Addington – Croydon	6,540	381	6,158	–	1	13.28
Newcastle – Amber Court	4,297	4,297	–	–	–	20.19
Northampton – K2	4,706	74	4,631	–	1	11.71
Northampton – KG	12,911	910	11,952	–	49	8.86
Nottingham – Arnold	5,444	1,373	4,057	–	14	8.68
Nottingham – Park Row	4,459	4,409	–	–	50	23.60
Nottingham – Roden	5,291	9	5,252	–	30	7.01
Oldham – Hollinwood	5,525	5,447	49	–	29	20.72
Perivale	2,132	526	1,605	–	1	27.91
Peterlee	18,603	–	18,602	–	1	3.93
Poole	6,735	6,586	–	–	149	25.22
Preston	5,340	1,855	3,484	–	1	14.82
Rochdale – Fieldhouse	22,903	483	22,418	–	2	3.69
Rochdale – Moss Mill	16,321	14	16,244	–	63	3.96
Rotherham	4,504	1,361	3,112	–	31	12.84
Sandy Business Park	9,261	108	9,152	–	1	8.08
Sheffield – Cricket	1,928	–	1,928	–	–	8.53
Shipley	2,238	2,238	–	–	–	12.95
Solihull	1,715	1,715	–	–	–	49.25
Stanley	3,776	–	3,776	–	–	5.12
Stoke	5,119	–	5,118	–	1	6.49
Sunderland – North Sands	2,819	2,818	–	–	1	16.75
Swindon	6,834	339	6,420	–	75	14.04
Theale	2,857	2,800	–	–	57	53.99
Wakefield	20,634	620	18,443	–	1,571	4.46
Warrington – Craven Court	3,830	–	3,830	–	–	9.71
Wimbledon	3,031	1,459	1,569	–	3	37.60
Wolverhampton – Willenhall	4,935	581	4,352	–	2	8.92
Total	**403,470**	**132,545**	**261,090**	**2,082**	**7,753**	**12.39**

* Excluding commercial leased investment properties.

(1) Other includes: Smartspace, catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.

ANNEX 1– NON-IFRS MEASURES

Basis of preparation

The Directors of Sirius Real Estate Limited ("Sirius") have chosen to disclose additional non-IFRS measures; these include EPRA earnings, adjusted net asset value, EPRA net reinstatement value, EPRA net tangible assets, EPRA net disposal value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

The Directors have chosen to disclose:

» EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (including tax), recoveries from prior disposals of subsidiaries refinancing costs, goodwill impairment, acquisition costs in relation to business combinations, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties (including tax), revaluation gain on investment property relating to associates and the related tax thereon. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in table A below.

» Adjusted net asset value in order to assist in comparisons with similar businesses. Adjusted net asset value represents net asset value after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements, derivative financial instruments and LTIP valuation. The reconciliation for adjusted net asset value is detailed in table B below.

» EPRA net reinstatement value ("EPRA NRV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NRV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NRV represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NRV is detailed in table C below.

» EPRA net tangible assets ("EPRA NTA") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NTA is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NTA represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (excluding that relating to assets held for sale) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NTA is detailed in table C below.

» EPRA net disposal value ("EPRA NDV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NDV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NDV represents net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NDV is detailed in table C below.

» Adjusted profit before tax in order to provide an alternative indication of Sirius Real Estate Limited and its subsidiaries' (the "Group") underlying business performance. Accordingly, it excludes the effect of the gain on revaluation of investment properties, goodwill impairment, other adjusting items, gains/losses on sale of properties, change in fair value of financial derivatives, recoveries from prior disposals of subsidiaries revaluation gain on investment property relating to associates and related tax and includes the deficit on revaluation relating to leased investment properties. The reconciliation for adjusted profit before tax is detailed in table D below.

» Funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from funds from operations. Accordingly, funds from operations excludes depreciation and amortisation (excluding depreciation relating to IFRS 16), net foreign exchange differences, amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding tax on disposals. The reconciliation for funds from operations is detailed in table D below.

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

Ernst & Young Inc have issued a reporting accountant report on the Non-IFRS Financial Information for the year ended 31 March 2022 which is available for inspection at the Group's registered office. The starting point for all the Non-IFRS Financial Information has been extracted from the Group's consolidated financial statements for the year ended 31 March 2022 (the "consolidated financial statements").

Basis of preparation continued

Table A – EPRA earnings

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Basic and diluted earnings attributable to owners of the Company(1)	**147,873**	147,451
Gain on revaluation of investment properties(2)	**(140,884)**	(99,585)
Add loss on disposal of properties (including tax)(3)	**623**	33
Deduct recoveries from prior disposals of subsidiaries(4)	**(94)**	(65)
Refinancing costs, exit fees and prepayment penalties(5)	**7,821**	–
Goodwill impairment(6)	**40,906**	–
Acquisition costs in relation to business combinations(7)	**5,299**	–
Change in fair value of derivative financial instruments(8)	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments(9)	**14,827**	14,180
NCI in respect of the above(10)	**85**	82
Deduct revaluation gain on investment property relating to associates(11)	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates(12)	**1,256**	872
EPRA earnings(13)	**70,695**	58,633

Notes:

(1) Presents the profit attributable to owners of the Company which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the gain or loss on disposal of properties (including tax) which has been extracted from note 11 within the consolidated financial statements.

(4) Presents the recoveries from prior disposals of subsidiaries which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents the refinancing costs, exit fees and prepayment penalties which have been extracted from note 10 within the consolidated financial statements.

(6) Presents the goodwill impairment which has been extracted from the consolidated income statement within the consolidated financial statements (2021: €nil).

(7) Presents the acquisition costs in relation to business combinations which have been extracted from note 4 within the consolidated financial statements (2021: €nil).

(8) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(9) Presents deferred tax relating to origination and reversal of temporary differences of the EPRA earnings adjustments which has been extracted from note 11 within the consolidated financial statements.

(10) Presents the non-controlling interest relating to gain on revaluation and gain or loss on disposal of properties (including tax) which has been extracted from note 12 within the consolidated financial statements.

(11) Presents the revaluation gain on investment property relating to associates which has been extracted from note 12 within the consolidated financial statements.

(12) Presents tax in relation to the revaluation gain on investment property relating to associates which has been extracted from note 12 within the consolidated financial statements.

(13) Presents the EPRA earnings for the year.

Table B – Adjusted net asset value

	31 March 2022 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)(1)	**1,190,652**	926,533
Deferred tax liabilities/(assets) (see note 11)(2)	**75,893**	56,331
Derivative financial instruments at fair value(3)	**(329)**	1,141
Adjusted net asset value attributable to owners of the Company(4)	**1,266,216**	984,005

Notes:

(1) Presents the net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents deferred tax liabilities which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

ANNEX 1– NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table B – Adjusted net asset value continued

Notes continued

(3) Presents current derivative financial instrument assets of €329,000 (2021: €70,000) less current derivative financial instrument liabilities of €nil (2021: €414,000) less non-current derivative financial instrument liabilities of €nil (2021: €797,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(4) Presents the adjusted net asset value attributable to the owners of the Company as at year end.

Table C – EPRA net asset measures

31 March 2022	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)(1)	**1,190,652**	**1,190,652**	**1,190,652**
Diluted EPRA net asset value at fair value	**1,190,652**	**1,190,652**	**1,190,652**
Group			
Derivative financial instruments at fair value(2)	**(329)**	**(329)**	**n/a**
Deferred tax in respect of EPRA earnings adjustments(3)	**75,893**	**75,566***	**n/a**
Goodwill as per note 17(4)	**n/a**	**—**	**—**
Intangibles as per note 17(5)	**n/a**	**(4,283)**	**n/a**
Fair value of fixed interest rate debt(6)	**n/a**	**n/a**	**(22,229)**
Real estate transfer tax(7)	**160,692**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments(3)	**6,563**	**6,563***	**n/a**
Fair value of fixed interest rate debt(6)	**n/a**	**n/a**	**2,196**
Real estate transfer tax(7)	**9,147**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV(8)	**1,442,618**	**1,268,169**	**1,170,619**

31 March 2021	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)(1)	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value(2)	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments(3)	56,331	56,331*	n/a
Goodwill as per note 17(4)	n/a	(3,738)	(3,738)
Intangibles as per note 17(5)	n/a	(2,830)	n/a
Fair value of fixed interest rate debt(6)	n/a	n/a	(3,556)
Real estate transfer tax(7)	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments(3)	5,212	5,212*	n/a
Fair value of fixed interest rate debt(6)	n/a	n/a	(1,772)
Real estate transfer tax(7)	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV(8)	1,102,263	982,649	917,467

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end except for deferred tax in relation to assets held for sale.

Notes:

(1) Presents the net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents current derivative financial instrument assets of €329,000 (2021: €70,000) less current derivative financial instrument liabilities of €nil (2021: €414,000) less non-current derivative financial instrument liabilities of €nil (2021: €797,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(3) Presents for the Group the deferred tax liabilities which have been extracted from note 11 within the consolidated financial statements and for EPRA NTA only the additional credit adjustment for the deferred tax expense relating to assets held for sale of €327,000 (2021: €nil). For investment in associates the deferred tax expense arising on revaluation gains amounted to €6,563,000 (2021: €5,212,000).

(4) Presents the net book value of goodwill which has been extracted from note 17 within the consolidated financial statements.

(5) Presents the net book value of software and licences with definite useful life which has been extracted from note 17 within the consolidated financial statements.

Basis of preparation continued

Table C – EPRA net asset measures continued

Notes continued

(6) Presents the fair value of financial liabilities and assets on the statement of financial position, net of any related deferred tax.

(7) Presents the add-back of purchasers' costs in order to reflect the value prior to any deduction of purchasers' costs, as shown in the Valuation Certificate of Cushman & Wakefield LLP.

(8) Presents the EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at year end.

Table D – Adjusted profit before tax and funds from operations

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Reported profit before tax[(1)]	**168.9**	163.7
Adjustments for:		
Gain on revaluation of investment properties[(2)]	**(140.9)**	(99.6)
Deficit on revaluation relating to leased investment properties[(3)]	**(5.6)**	(4.3)
Loss/(gain) on disposals of properties[(4)]	**0.6**	(0.1)
Recoveries from prior disposals of subsidiaries[(5)]	**(0.1)**	(0.1)
Deduct revaluation gain on investment property from associates and related tax[(6)]	**(4.8)**	(3.3)
Other adjusting items[(7)]	**19.1**	4.1
Goodwill impairment[(8)]	**40.9**	–
Change in fair value of financial derivatives[(9)]	**(1.0)**	(0.1)
Adjusted profit before tax[(10)]	**77.1**	60.3
Adjustments for:		
Foreign exchange effects[(11)]	**(1.9)**	–
Depreciation and amortisation (excluding depreciation relating to IFRS 16)[(12)]	**2.3**	1.6
Amortisation of financing fees[(13)]	**2.6**	1.7
Adjustment in respect of IFRS 16[(14)]	**0.6**	(0.9)
Current taxes incurred (see note 11)[(15)]	**(6.1)**	(1.9)
Add back current tax relating to disposals[(16)]	**–**	0.1
Funds from operations[(17)]	**74.6**	60.9

Notes:

(1) Presents profit before tax which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 14 within the consolidated financial statements.

(4) Presents the gain or loss on disposal of properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents the recoveries from prior disposals of subsidiaries which has been extracted from the consolidated income statement within the consolidated financial statements.

(6) Presents the revaluation gain on investment property relating to associates and related tax which has been extracted from note 12 within the consolidated financial statements.

(7) Presents the total adjusting items which has been extracted from note 12 within the consolidated financial statements.

(8) Presents the goodwill impairment which has been extracted from the consolidated income statement within the consolidated financial statements.

(9) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(10) Presents the adjusted profit before tax for the year.

(11) Presents the net foreign exchange gains as included in other administration costs in note 7 within the consolidated financial statements (2021: €nil).

(12) Presents depreciation of plant and equipment and amortisation of intangible assets which have been extracted from note 7 within the consolidated financial statements.

(13) Presents amortisation of capitalised finance costs which has been extracted from note 10 within the consolidated financial statements.

(14) Presents the differential between the expense recorded in the consolidated income statement for the year relating to head leases in accordance with IFRS 16 amounting to €6.9 million (2021: €5.1 million) and the actual cash expense recorded in the consolidated statement of cash flows for the year amounting to €6.3 million (2021: €6.0 million).

(15) Presents the total current income tax which has been extracted from note 11 within the consolidated financial statements.

(16) Presents the current income tax charge relating to disposals of investment properties which has been extracted from note 11 within the consolidated financial statements.

(17) Presents the funds from operations for the year.

GLOSSARY OF TERMS

Adjusted earnings	is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, recoveries from prior disposals of subsidiaries net of related tax, finance restructuring costs net of related tax and adjustment on revaluation expense relating to leased investment properties
Adjusted net asset value	is the assets attributable to the equity owners of the Company adjusted for derivative financial instruments at fair value and deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation
Adjusted profit before tax	is the reported profit before tax adjusted for gain on revaluation of investment properties, gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, goodwill impairment, recoveries from prior disposals of subsidiaries revaluation gain on investment property relating to associates and related tax
Annualised acquisition net operating income	is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised acquisition rent roll	is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised rent roll	is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 31 March 2022. Annualised rent roll should not be interpreted nor used as a forecast or estimate. Annualised rent roll differs from rental income described in note 5 of the Annual Report and reported within revenue in the consolidated income statement for reasons including: » annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms; » rental income as reported within revenue represents rental income recognised in the period under review; and » rental income as reported within revenue includes accounting adjustments including those relating to lease incentives
Capital value	is the market value of a property divided by the total sqm of a property
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA earnings	is earnings after adjusting the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, goodwill impairment, acquisition costs in relation to business combinations, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates
EPRA net tangible assets	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (just for the part of the portfolio that the Company intends to hold should be excluded) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position, including the amounts of the above related to the investment in associates
EPRA net disposal value	is the net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt, including the amounts of the above related to the investment in associates
EPRA net initial yield	is the annualised rent roll based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs
EPRA net yield	is the net operating income generated by a property expressed as a percentage of its value plus purchase costs

ERV	is the estimated rental value which is the annualised rental income at 100% occupancy
Funds from operations	is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, net foreign exchange gains, adjustment in respect of IFRS 16 and current tax excluding tax on disposals
Geared IRR	is an estimate of the rate of return taking into consideration debt
Gross loan to value ratio	is the ratio of principal value of total debt to the aggregated value of investment property
Like for like	refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are made in relation to annualised rent roll, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period
Net loan to value ratio	is the ratio of principal value of total debt less cash, excluding that which is restricted, to the aggregate value of investment property
Net operating income	is the rental and other income from investment properties generated by a property less directly attributable costs
Net yield	is the net operating income generated by a property expressed as a percentage of its value
Occupancy	is the percentage of total lettable space occupied as at reporting date
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
Operating profit	is the net operating income adjusted for gain on revaluation of investment properties, loss on disposal of properties, recoveries from prior disposals of subsidiaries, administrative expenses, goodwill impairment and share of profit of associates
Rate	for the German portfolio is rental income per sqm expressed on a monthly basis as at a specific reporting date for the UK portfolio is rental income (includes estimated service charge element) per sqm expressed on a monthly basis as at a specific reporting date in Euro for the UK portfolio is rental income (includes estimated service charge element) per sq ft expressed on an annual basis as at a specific reporting date in GBP
Senior Management Team	as set out on page 70 of the Group's Annual Report and Accounts 2022
Total debt	is the aggregate amount of the Company's interest-bearing loans and borrowings
Total shareholder accounting return	is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share and dividends paid
Total return	is the return for a set period of time combining valuation movement and income generated
Ungeared IRR	is an estimate of the rate of return
Weighted average cost of debt	is the weighted effective rate of interest of loan facilities expressed as a percentage
Weighted average debt expiry	is the weighted average time to repayment of loan facilities expressed in years

CORPORATE DIRECTORY

SIRIUS REAL ESTATE LIMITED

(Incorporated in Guernsey)
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JSE Share Code: SRE
LSE (GBP) Share Code: SRE
LEI: 213800NURUF5W8QSK566
ISIN Code: GG00B1W3VF54

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