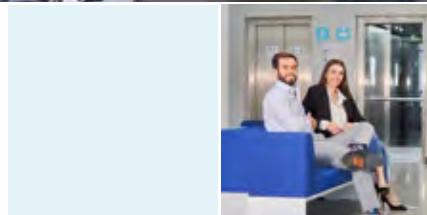
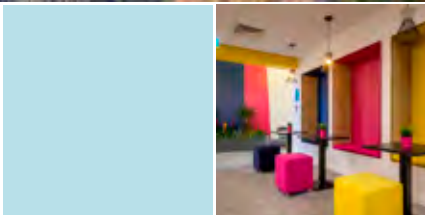


Shaping the future

Sirius Real Estate Limited
Annual Report and Accounts 2023



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.



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www.sirius-real-estate.com

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OUR PURPOSE

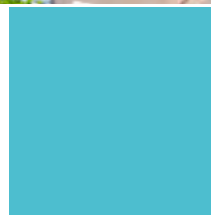
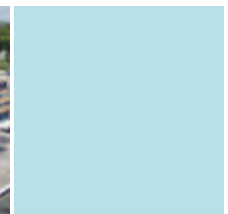
Empowering business, unlocking potential

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.

Strategic report

Governance

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FINANCIAL HIGHLIGHTS

FFO growth exceeds €100 million ambition

Highest ever like-for-like rental income growth supports substantial dividend growth

€102.1m

↑ 36.9%

Funds from operations⁽¹⁾ at
31 March 2023

2023	102.1
2022	74.6

€87.0m

↓ 48.5%

Profit before tax at
31 March 2023

2023	87.0
2022	168.9

€2,107.3m

↑ 0.9%

Portfolio book value⁽²⁾ – owned
investment properties

2023	2,107.3
2022	2,088.7

5.68c

↑ 28.8%

Total dividend for the year

2023	5.68
2022	4.41

102.46c

↑ 0.4%

NAV per share

2023	102.46
2022	102.04

41.6%

Net loan to value ratio

2023	41.6
2022	41.6

108.11c

↑ 0.8%

European Public Real Estate
Association ("EPRA") NTA per share

2023	108.11
2022	107.28

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 growth supports €100 million FFO milestone achievement

Despite a challenging economic backdrop in the year, the Company achieved its €100 million funds from operations⁽¹⁾ ("FFO") ambition which was set in FY18/19 when its FFO was below €50 million.

The €102.1 million FFO reported is a 36.9% increase on the prior year and has been driven by the 8.1%⁽³⁾ increase in overall rent roll (7.7%⁽³⁾ on a like-for-like basis) which reflects the Company's ability to continue to grow its rental income regardless of the market conditions. The Company also continued its asset recycling programme, completing over €90 million in deals in the period which was driven by €45.8 million of disposals at a 25% premium over book value, despite yields expanding. The performance in the period has resulted in dividends declared in the year totalling 5.68c per share, an increase of 28.8% on the prior year based on a 65% of funds from operations pay-out ratio in both years.

1. Organic rental growth across both German and UK platforms

The Company delivered its ninth consecutive year of like-for-like annualised rent roll growth in excess of 5.0% across the Group with this year's result of 7.7%⁽³⁾ being the highest the Company has ever achieved. Sirius has achieved this impressive result despite the challenging markets which are continuing to be affected by instability from the Ukraine conflict and the cost of living crisis in both Germany and the UK. The main driver of the rental growth has been the ability of Sirius to capture inflationary increases in its contracted rental contracts as well as uplift tenants who are paying below market rates upon renewal. There has been some take-up of the refurbished space coming from the Group's capex programmes but a lot of this was offset by some large expected move-outs in the period. With occupancy levels remaining stable, the Company has been able to grow substantially whilst preserving the opportunity that remains within its vacancy.

2. €100 million FFO milestone drives dividend

The Company stated an ambition to achieve an FFO run-rate of more than €100 million per year in FY 2018/19 when it reported an FFO of €48.4 million. The Company's reported €102.1 million FFO this year means that it has achieved this target in its fourth year of trading after making this statement. Whilst a reasonable portion of this growth over the last four years has come from acquisitive growth, including the BizSpace acquisition, Sirius has reported continued like-for-like rental growth in excess of 5% over this period. During this time Sirius has only raised €159.9 million of new equity (to fund the BizSpace acquisition) meaning that its FFO per share has increased from 4.80c for the year ended 31 March 2019 to 8.74c for the year ended 31 March 2023. This has resulted in Sirius' dividend increasing from 3.36c per share in the year ended 31 March 2019 (based on 70% of FFO pay-out ratio) to 5.68c per share for the year ended 31 March 2023 (based on a 65% pay-out ratio).

3. Strong balance sheet

The Company maintains a strong and robust balance sheet with almost €1.2 billion of net assets and an adjusted NAV per share of 109.21c (31 March 2022: 108.51c). The total Group debt of €975.1 million is made up of 75% unsecured debt and 25% secured debt and only €49.3 million, or 5%, of total debt, expires within the next three years. In addition to the new €170.0 million Berlin Hyp facility which was financed early by seven years to 31 October 2030, the Company further financed a new €58.3 million Deutsche Pfandbriefbank ("PBB") facility on 26 May 2023, extending its maturity by seven years to 31 December 2030 in advance of its maturity date of 31 December 2023. The financing of these two new secured facilities well in advance of their maturity is indicative of the strong relationships that Sirius has with its financiers. These facilities total €228.3 million and were finalised with interest rates higher than those currently in place. When these new interest rates commence at the end of 2023, it will take the Group's cost of debt from 1.4% to 2.1%, the average debt expiry will increase to 5.0 years from 3.3 years and Sirius will still maintain significant headroom on interest cover ratios. In addition to this, the Group maintains €99.2 million of cash at the bank net of tenant deposits and bank guarantees on the balance sheet as well as 125 unencumbered assets with a book value of €1.6 billion.

(1) Refer to glossary of terms in the Annual Report and Accounts 2023.

(2) Including assets held for sale.

(3) The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1374, being the closing exchange rate as at 31 March 2023.

AT A GLANCE

We are an owner and operator of branded business parks, industrial complexes and out of town offices in Germany and the UK.

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.

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. 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. While the stability of anchor tenants is important for income security, our 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.





Our workspace



Offices

Across Sirius' portfolio, our office space 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, we offer a wide range of conventional and flexible office solutions on either long or short-term leases, offering flexibility for our range of tenants. Some business centres offer service packages such as furniture, IT and conferencing as well as co-working areas and virtual offices.



Storage

For businesses and private households, our sites across Germany and the UK offer a wide range of storage space options including warehouses, storerooms and self-storage products.



Production, warehouses and workshops

Large production areas form the base of many of Sirius' business parks. These spaces are complemented by smaller workshop areas, which give tenants flexibility throughout the development of their businesses and as their requirements evolve. Beyond this, Sirius' modern business parks often have large warehouse spaces which can be used for a wide range of purposes such as large-scale production.

AT A GLANCE CONTINUED

Focus on Germany

As at 31 March 2023 the Group owned 70 business parks in Germany, comprising 1.8 million sqm of lettable space generating €123.1 million of annualised rent roll. All our sites here operate under the Sirius brand. In addition, the Group managed one property, and held a 35% interest in seven additional properties, through its Titanium venture with AXA IM Alts. The value of owned property in Germany including assets held for sale as at 31 March 2023 was €1.7 billion.

Our sites in Germany



Traditional business parks

Our traditional business parks typically feature multiple mixed-use buildings and over 30,000 sqm of workspace. The majority of these sites were originally constructed by owner occupiers generally for manufacturing and industrial usage but have since undergone significant investment by Sirius to be reconfigured for multi-tenant use and to meet the needs of modern businesses. Today, these sites offer a range of different workspace options, ranging from conventional large-scale office, storage and industrial spaces, to smaller-sized and flexible self-storage, office and conference room options. As such, traditional business parks are frequently home to large blue-chip tenants, alongside a significant number of SME and individual tenants.

- » Multi-tenanted
- » Large multinational companies
- » Long-term leases
- » Production, storage and office space
- » 56.2% of annualised rent roll



Modern business parks

Our modern business parks often comprise expansive sites of over 20,000 sqm, featuring a blend of warehouses and office buildings. These parks are known for their superior quality and are easier to manage than traditional business parks due to a higher proportion of office space. Tenants are typically SMEs and individual customers.

- » Multi-tenanted
- » SMEs and individual customers
- » Long and short-term leases
- » Warehouse, storage and office space
- » 26.9% of annualised rent roll

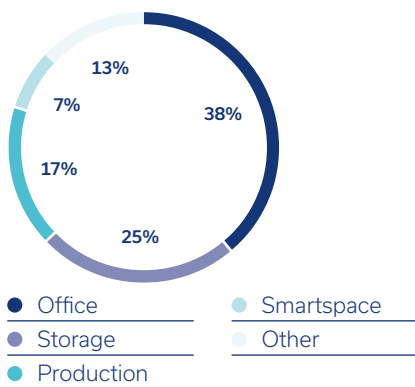


Office buildings

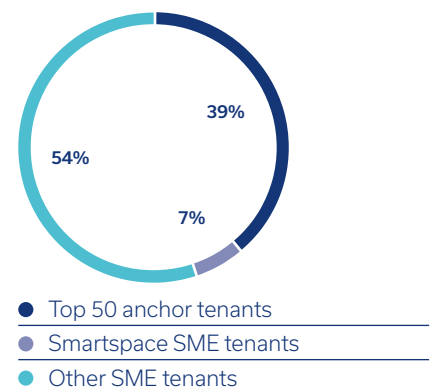
Our office buildings are typically well located on the periphery of major economic centres and offer both conventional and flexible office space to SMEs and larger corporates seeking a cost-effective alternative to city centre locations. Our office buildings provide high-quality space that can be quickly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

- » Single and multi-tenanted
- » SMEs
- » Long and short-term leases
- » Office space
- » 16.9% of annualised rent roll

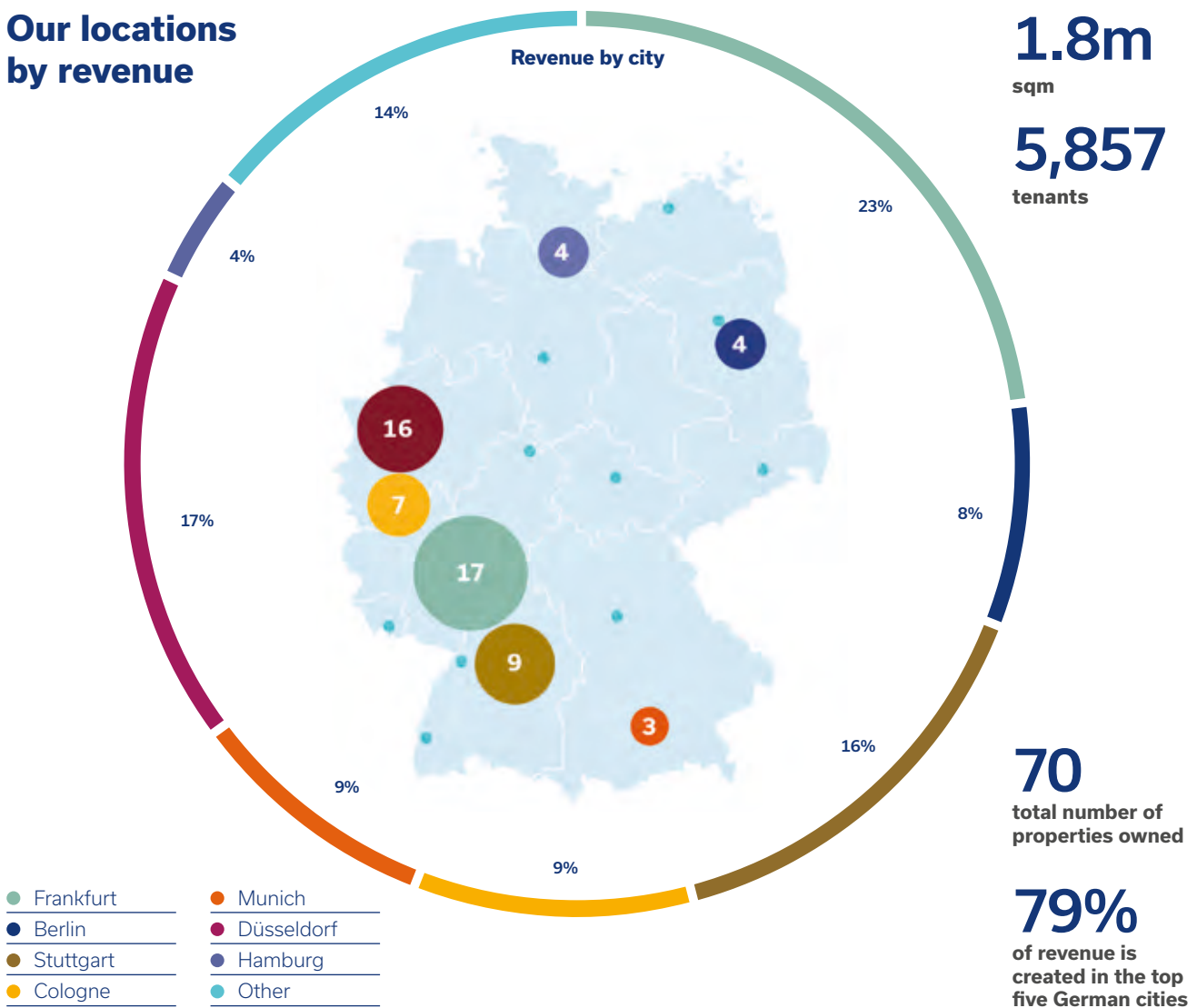
Total portfolio split by revenue



Total tenant split by revenue



Our locations by revenue



Some of our tenants



AT A GLANCE CONTINUED

Focus on the UK

As at 31 March 2023 the Group operates 70 sites throughout the UK, comprising 4.2 million sq ft (0.4 million sqm) of lettable space, generating £48.5 million (€55.2 million) of annualised rent roll. All our UK sites operate under the BizSpace brand and were acquired in November 2021. BizSpace offers 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.

Our sites in the UK



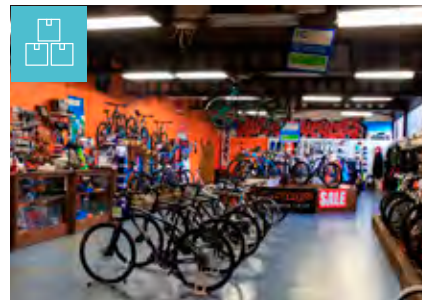
Industrial

BizSpace provides a range of workshops and small industrial units for businesses needing space for light industrial work like manufacturing, repairing and packing, or warehouse space to store stock. Our industrial spaces range from private, self-contained workshops to managed workshop units where tenants have access to shared amenities. All units are unfurnished and sold on a sq ft basis.



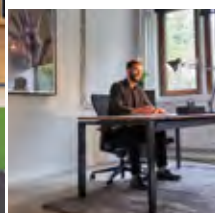
Office buildings

BizSpace caters to the office needs of small and growing SMEs, ranging from small units of 80–120 sq ft which are ideal for two to three people, to larger units of over 800–9,000 sq ft for companies with 20–200 people. The majority of our office units are sold unfurnished and on a square foot basis, but a number of our sites also contain fully furnished serviced offices where tenants are charged an all-inclusive monthly bill which includes Wi-Fi, utilities, cleaning and reception staff. We also have a number of co-working spaces where entrepreneurs, start-ups and self-employed individuals work alongside one another in a single shared space.



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. All units are sold unfurnished on a sq ft basis with the customer having the flexibility to choose between a lease or a licence.



0.4
million sqm

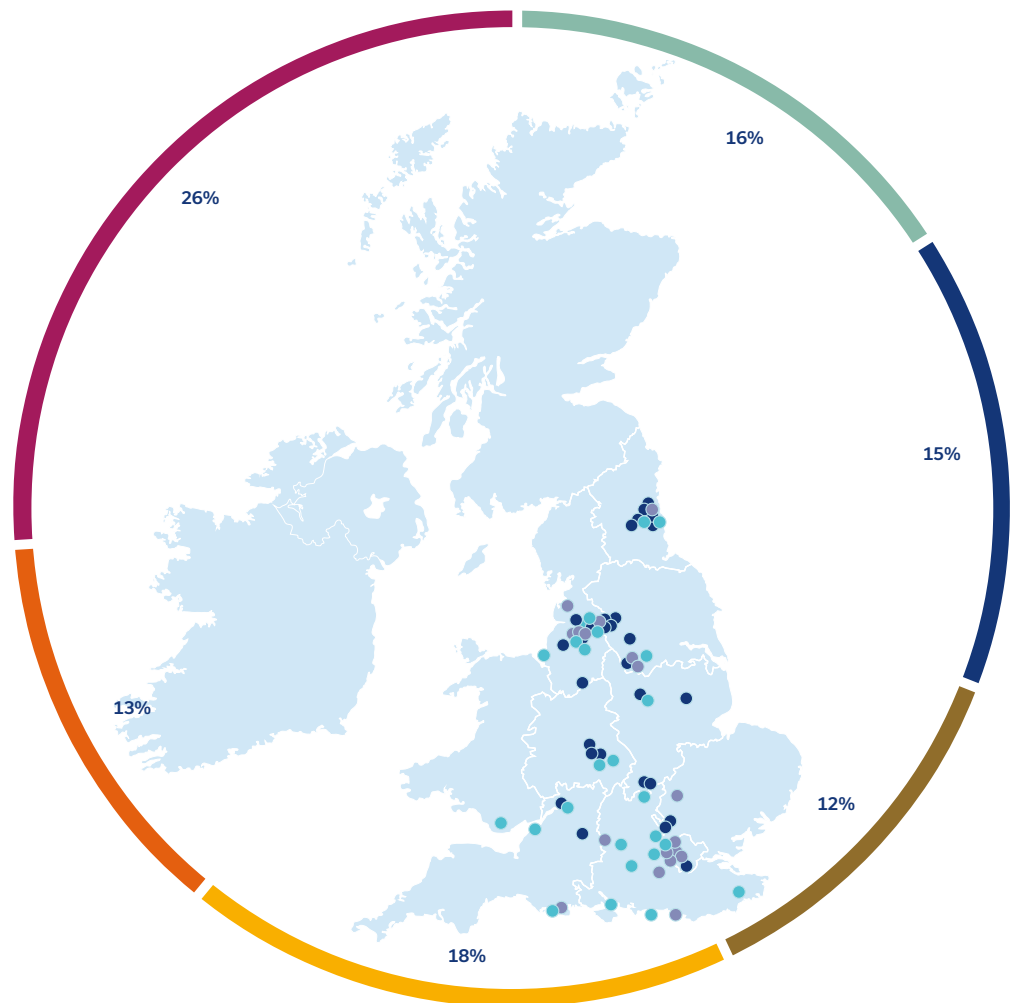
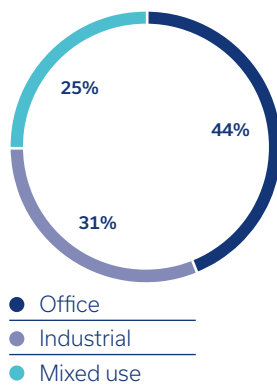
3,344
tenants

70
total number of properties owned

Our locations by revenue



Total portfolio split by annualised rent roll



INVESTMENT REVIEW

Asset recycling continues despite challenging market

Acquired in the period – Germany

Potsdam

May 2022



Total acquisition cost
€868,000

Tenants
0

Lettable space
239 sqm

Occupancy
0%

Annualised rent roll
€0

Vacant space
239 sqm

Rate per sqm
€0

Düsseldorf

October 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

Dreieich

October 2022



Total acquisition cost
€3,936,000

Tenants
8

Lettable space
5,648 sqm

Occupancy
54%

Annualised rent roll
€161,000

Vacant space
2,601 sqm

Rate per sqm
€4.40

The Company did not acquire any assets in the UK in the period.



Disposals



Germany

The disposal of the property in Magdeburg completed in April 2022 for €13.8 million. This asset comprised 32,070 sqm of mixed-use industrial, storage and office space which was let to several tenants. Whilst occupancy was only at 69% and generating approximately €1.0 million of annual net operating income, it was not economically viable to make the substantial investment and take on the risk to let up most of the vacancy. Hence it was decided to recycle the equity in this asset into new acquisitions where the returns on investment would be much higher.

In December 2022, the Company notarised for disposal a business park in Wuppertal for proceeds amounting to €8.8 million. This business park in North Rhine Westphalia comprised 15,006 sqm of industrial, storage and office space with a 79% occupancy, generating approximately €0.7 million of annual net operating income. Once again, due to the property's size and location, this asset was considered non-core and the returns expected on this asset going forward were well below those expected from the acquisition pipeline. The asset was classified as held for sale as at 31 March 2023 and completed on 1 April 2023.

The Company further disposed of two non-income producing land plots in Heiligenhaus and Dresden. The 3,200 sqm land plot in Heiligenhaus had a book value of €0.3 million and was sold for €1.0 million, whilst the 413 sqm plot in Dresden, which completed in April 2023, was sold for €29,000 to the local authority.



UK

In July 2022 the Group sold one of its assets in Camberwell, London, for £16.0 million (€18.8 million). The multi-tenanted business park, which comprises approx. 34,700 sq ft (3,224 sqm) of industrial and office space, was 91% occupied and generating £0.3 million of net operating income. The asset was sold as part of the Company's asset recycling strategy to crystallise value on a mature assets where there was limited upside potential, and the offer received was significantly above the book value. The sale completed in July 2022.

In addition, a vacant property in Ipswich was sold for £3.0 million (€3.4 million). The property comprised 77,012 sq ft (7,155 sqm) of office space which was not suitable for development. The sale completed in December 2022.



CHAIRMAN'S STATEMENT

Delivering on our ambition



Overview

I am pleased to be writing this as part of my fifth Annual Report as Chairman, and doubly pleased to be able to share another year of strong financial and operational performance despite a backdrop of continuing macroeconomic and geopolitical volatility.

Sirius has continued to execute on its strategy, which remains focused on the acquisition and management of business parks in Germany and the UK that have attractive yields, value-add potential or both. We use our operating platform to transform these parks into higher quality assets through investment and intensive asset management, an approach which has paid dividends as it has enabled us to work with customers through this present inflationary environment.

The Group continues to deliver on its ambition by capturing rent roll growth in both Germany and the United Kingdom whilst maintaining a robust balance sheet. The Board has authorised a dividend of 2.98c per share for the second half of the financial year, representing 65% of FFO, and a 25.7% increase on the 2.37c per share dividend for the equivalent period in the prior year. This brings the total dividend for the year to 5.68c, an increase of 28.8% on the 4.41c dividend for the year ended 31 March 2022.

Our sustainability agenda

We are proud of the progress we are making on our work to build a sustainable future, and we recognise the significant challenges that our sector and portfolio face in the coming years. These challenges remain a key focus in Board discussions and in recognition of the importance of this work, our Chief Executive Officer, Andrew Coombs, continues to chair the Sirius Real Estate Sustainability and Ethics Committee.

Chief Marketing and Impact Officer Kremena Wissel, a long-standing member of the Sirius leadership team, has overall responsibility for leading our sustainability initiatives as well as the broader ESG agenda within the operating companies. This year we are establishing a dedicated internal ESG team, reporting to Kremena, and we look forward to welcoming new colleagues who will further strengthen and accelerate our progress in this space.

Board changes

In March, we announced the appointment of Chris Bowman as Chief Financial Officer and we look forward to welcoming him to both the business and the Board of Sirius Real Estate in August 2023. Chris brings nearly 25 years' accounting, finance and capital markets experience, and he is extremely well qualified to oversee the continued financial management of the Group.

Chris' arrival allows Alistair Marks, our interim Chief Financial Officer, to resume his focus on his role as Chief Investment Officer, which he has held since January 2021. Alistair will step down from the Sirius Board at this year's AGM in July and I'd like to thank him for returning to his former Chief Financial Officer role allowing us to undertake a thorough search for the best permanent candidate, and for his continued valuable contribution to the Group.

Our leadership team

A key strength of the business continues to be the long-term commitment of our senior leadership team. Chief Executive Officer Andrew Coombs has been with the business for more than ten years and has recently restated his commitment to see through a number of our sustainability and growth ambitions to 2030. Additionally, a significant number of the executive leadership team have accompanied Andrew on this journey, from rescuing and turning Sirius around in 2010 to the successful multi-geography business it is today. Andrew is supported by a core group of long-standing and committed leaders throughout the business, including Kremena Wissel, Rüdiger Swoboda, Alistair Marks and Craig Hoskins, all of whom have been with Sirius for more than a decade as well as Tariq Khader, Mo Jiwaji, Anthony Payne and Vince Scammell in the UK, all of whom remain dedicated to driving future growth.

Of course, these individuals are complemented by experienced experts who are more recent joiners to the business – adding capabilities in areas ranging from asset management to ESG and more, including our BizSpace leadership team in the UK.

Looking ahead

There are a number of headwinds on the horizon that will challenge the Sirius business model in the coming years, most notably the higher interest rate environment, broader geopolitical uncertainty, and cost-of-living challenges in both the UK and Germany. We remain alert in assessing these risks, and the impact they will have on our business, and take confidence from our strong track record of adapting and thriving in the face of other significant external challenges in recent years.

Overall, we are confident that the strength of our balance sheet, our experienced management team and our long-term strategic view will enable our business to continue its growth journey in the years ahead. Sirius is well run and adaptive and continues to be a highly investible proposition.

Thank you

On behalf of the Board, I would like to express my gratitude to everyone across Sirius for their contributions to our successes in this financial year. I look forward to the coming financial year with confidence in our team, our business model and our ambition as we build on our strong foundations.



Daniel Kitchen
Chairman

2 June 2023

“The team are building on long-standing foundations and asset management expertise to continue to deliver growth in challenging markets.”



CEO'S Q&A

A milestone year



"The team are delivering on our ambition through strong operational performance enabling us to deliver on our €100 million FFO ambition."



Q Looking back across the past financial year, what stood out as a key highlight?

This financial year has been a milestone period for Sirius, and it's due in no small part to the continuing ambition and dedication of our talented team in Germany and the UK – so I would like to begin as always by thanking them all for their efforts and achievements throughout the year.

A key milestone for Sirius has been the achievement of our €100 million FFO ambition, which we set out at our Capital Markets Day in London in 2018.

Back then, we had a run rate of less than €50 million FFO per year and stated our ambition to reach €100 million within five years. We're very pleased to have achieved this within this timeframe, despite the headwinds faced during that time – including Brexit, the Covid-19 pandemic and further geopolitical and economic uncertainty in 2022.

This is important because at this level of FFO we are in a position to fund our dividend, debt and capex all from our positive operating cash flows.

We don't intend to rest on our laurels, however. From here, we're setting our sights on a new ambition, to grow our FFO from €100 million to €150 million. We aim to build on our momentum, to challenge our business model and management team to accelerate the growth of our business.

Over the past five years, Sirius achieved exactly what it set out to do. We're looking to take that ambition and approach into the future.

Q What are the key opportunities for Sirius in the year ahead?

We're now operating in an inflationary environment unlike any experienced in recent years. Of course, this presents our tenants, our business and the broader economy with a significant number of challenges and we're mindful of these. For Sirius, we also see opportunity in this environment.

Prior to this current inflationary environment, we had always been able to capture above inflation rent increases, and it remains our ambition to continue to achieve this in the present circumstances. In turn, this helps increase the values of our properties.

Moreover, where we differ from other landlords is our shorter leases and flexible platform. This means we're able to capture inflationary growth more quickly within our annual rent roll.

Our approach as a service provider for our tenants, as well as an owner of properties, means when we go to have conversations about renewal with our tenants, we're rarely only discussing rent

increases alone – it's just as much about the menu of services we can offer our tenants, and matching their requirements with our flexible platform and extensive range of spaces including conventional storage, manufacturing and office, as well as our Smartspace options.

This therefore means we're presented with two opportunities, the inflation opportunity and the sales opportunity. In this current inflationary environment, tenants are expecting to spend more than previously, so we have more of an opportunity to sell to our customers.

Ultimately, we want to increase our total top-line income, not just our rental roll, and the inflationary environment should help us achieve this.

Q With this in mind, how can Sirius and its tenants manage inflationary impacts?

As I write this, we are seeing key inflationary pressures ease in Germany, particularly in terms of energy and the cost of building development. In the UK, inflation has proven more persistent, but we are seeing signs that it is peaking, especially in energy.

Nevertheless, areas of inflationary pressure remain and we are taking a range of approaches to help manage this. Externally, we are engaging with our suppliers to enable them to offer Sirius' stable pricing, including national framework agreements and payment plans to assure suppliers of prompt payment in return for more favourable pricing. Sirius is a national player in two different markets, which means we have some key advantages in terms of bulk purchasing power.

As mentioned above, our flexible model and shorter lease terms also allow us to move more quickly to drive rental roll growth in line with inflation.

Looking towards how our tenants are able to manage inflation, 39% of our revenues are accounted for by our largest tenants, which have strong balance sheets and tend to take long-term views.

For our diverse range of smaller and medium-sized tenants, our focus remains on ensuring that occupying a Sirius space is a very affordable and good value proposition compared with alternative providers, and compared with the other costs these businesses incur. Moreover, our flexible approach and range of services mean we're able to help our tenants find the right solutions in terms of space and service.

Q What market dynamics have been key for Sirius across Germany and the UK?

In Germany, the story has been one of abundant supply of out-of-town industrial real estate, with demand matching this supply growth as a result of an ongoing trend towards nearshoring and reshoring supply chains closer to end markets.

In the UK, meanwhile, the market has seen increasing demand for commercial real estate and diminishing supply. As such, it's crucial that pricing is addressed in the right way in the UK, so that our contracts over the next two to three years are reflective of market rental values for the different types of property we offer.

For Sirius, this means we need to remain nimble in addressing customer demand and staying close to our tenants to help them manage their requirements for different types of space and service.

What's common across both markets is that we have the ability to act quickly in the face of shifting trends and dynamics, with our sales force of more than 150 people across the two countries.

Q How has Sirius continued to embed sustainability in its business model?

A major highlight of our sustainability progress in the past year was the publication of Shaping Our Future, our first ESG Report, in December 2022. As part of this report we published our first ESG roadmap, which takes the insights from our materiality assessment conducted in FY2020/21 and informs the direction of our activities across key environmental, social and governance issues. This represents another milestone for Sirius on its ESG journey, and means we have a clear trajectory on ESG issues and can focus our efforts on the areas of greatest impact and relevance to Sirius and the places in which we operate.

This year we moved our head office in Berlin, to a building that helps us provide a more modern and productive working environment for our staff and helps us enhance wellbeing. This building is also DGNB gold certified for sustainability, which has helped us achieve net zero on Scope 1 and 2 carbon emissions.

In terms of our social impact, something I'm personally proud of is project PRISMA, our recently launched programme in which we are seeking to hire refugees who have settled in Germany into positions within the Company, beginning with our head office in Berlin before being rolled out across further locations in Germany.


Looking ahead, as of the beginning of the new financial year, we have established a full-time, dedicated ESG department to help us drive our sustainability ambitions in both Germany and the UK. We also intend to carry out our next full materiality assessment in FY2023/24.

Q In the next financial year, what can we expect from Sirius?

For us looking forward, the key word is growth. In the next financial year we anticipate that we will still be facing significant headwinds from inflation and interest rates, but we will continue to grow and critically set ourselves up for sustainable, accelerated growth in the years to follow.

This growth will be driven organically, as we capture the inflationary opportunity and add additional revenue streams.

Ultimately, it's the entrepreneurial abilities of Sirius that will help us generate additional revenue to grow our bottom line and together with the rest of the management team I am looking forward to driving this growth in the years to come.



Andrew Coombs
Chief Executive Officer
2 June 2023

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

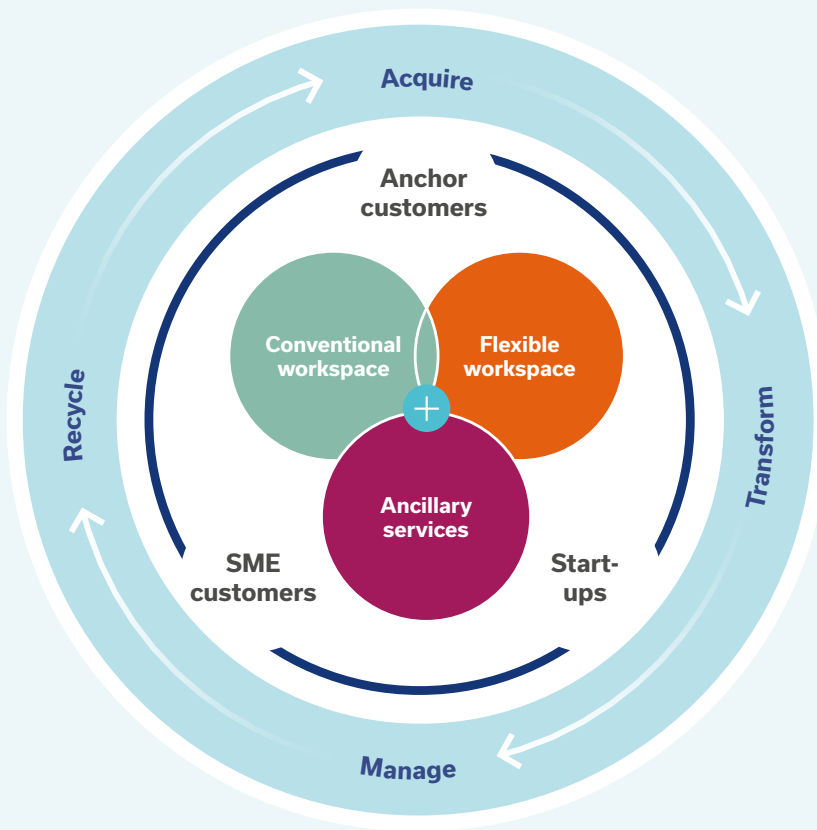
Sirius has a highly experienced Senior Management Team with a strong track record in the German and UK property markets, through both good and difficult economic conditions. The team is able to leverage its strong market connectivity and track record of acquiring assets to access a large number of potential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

OUR MARKETS

Resilient demand and structural tailwinds underpin investment into light industrial assets

Overview

Sirius continues to operate primarily in Germany but also in the UK – two of the top five economies in the world – 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.

The integration of BizSpace, a leading provider of regional flexible workspace across the UK acquired by the Company in 2021, continued apace this year, driving meaningful operational and financial synergies 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 1.8 million sqm of manufacturing, storage and office space across Germany. 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 4.2 million sq ft across 70 sites. BizSpace is equipped with a high-quality portfolio in a supply constrained market that offers significant organic growth potential in rental pricing.

BizSpace's UK tenant base is similarly diverse to that which the Company serves in Germany, 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 USA, China and Japan. It has maintained its reputation as an industrial powerhouse with a strong export-focused economy characterised by low unemployment.

At the time of writing, the European Commission predicted 0.2% GDP growth in Germany in 2023 and a further 1.3% in 2024, with inflation falling throughout 2023 to a predicted 2.5% in 2024.⁽¹⁾ Germany responded strongly to events in Ukraine and as of January 2023 had eliminated its reliance on Russian energy.⁽²⁾

The German Bundesbank expects a gradual economic recovery in the second half of 2023, underpinned by growth in export demand and commodity price pressures diminishing, as well as real wages growing as inflation falls.⁽³⁾

Commercial real estate investment volumes in Germany in 2022 were €54.1 billion according to BNP Paribas compared to the two-year high investment figure recorded in 2021 of €64.1 billion. Whilst this represents a 16% drop year over year, 2021 was the second highest year on record, and the current year is in line with the ten year average. Moreover, this represents the eighth consecutive year with investment volumes above €50 billion, showcasing ongoing investment resilience.

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 €28.2 billion.

Berlin led the way with €8.5 billion invested, the fourth highest total on record. Frankfurt followed with €5.1 billion recorded, closely followed by Hamburg at €4.9 billion.

Munich followed in fourth place with just under €4.3 billion, with Düsseldorf on €2.9 billion, Stuttgart on €1.4 billion and Cologne on €1.1 billion.

Looking at the various real estate sectors, investment in offices declined to approximately €22.3 billion of investments, representing a drop in the share of overall investment by 7% to 41% year on year. Taking up some of this share was logistics and light industrial assets, which increased by 3.3% to €10.1 billion, accounting for almost 19% of overall investment and building on a previous all-time high set in 2021 – representing two consecutive record years of investment in the asset class.



Foreign investors were responsible for around 44.5% of total investment levels, growing by almost 6% year on year.⁽⁴⁾

Taking a closer look at Germany's so called "Unternehmensimmobilien" – a distinct asset class of German multi-use and multi-let commercial properties, which is home to the heart of the Germany economy and covers the bulk of Sirius's properties – we can see that the asset class outperformed other asset classes in terms of investment in the first half of 2022.

Compared with H1 2021, transaction volume in the asset class increased by 6.9% to €1.6 billion, underpinned by increased investor interest in business parks and light manufacturing assets in particular.

The Unternehmensimmobilien has been resilient as an asset class during past major economic events, including the pandemic, and this has continued throughout market disruptions caused by events in Ukraine.

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.⁽⁵⁾

Commercial real estate transaction volumes in Germany in 2022

€54.1bn

Seven major cities attracted the majority of capital with around

52%

of transaction volumes



(1) https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en

(2) <https://www.bbc.co.uk/news/business-64312400>

(3) <https://www.bundesbank.de/resource/blob/901990/90afad2737f689d42ac53510149cc0de/mL/2022-12-prognose-data.pdf>

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

(5) https://initiative.bulwiengesa.de/unternehmensimmobilien/sites/default/files/2022-11/IUI_Marktbericht17.pdf



OUR MARKETS CONTINUED

The UK market

The UK market

The OECD forecasts a return to growth for the UK economy in 2024, following a contraction of 0.4% in 2023, as well as forecasting inflation to decline to 2.7% in 2024.⁽⁶⁾ The latest data on inward investment in the UK, from 2021, showed an increase of £83.1 billion to just over £2 trillion.⁽⁷⁾

Commercial real estate investment in the UK in 2022 was £56 billion, representing a 5% increase on the ten year average.⁽⁸⁾

Looking back over 2022, supply of spaces increased by 14%, but remained 27% below the five year annual average, which, combined with strong demand, saw average rents rise by 10%. This was an increase from 2021 which saw annual growth of 9%.

Despite a slowdown in investment in Q4 of 2022, annual investment activity in industrial property for the year as a whole amounted to £13.8 billion, making 2022 the second largest year for industrial real estate investment in the UK on record after 2021.⁽⁹⁾

Looking ahead to 2023, CBRE expects pricing to stabilise in 2023 across asset classes. In particular, the logistics and light industrial market will experience continued strong demand driven by increased requirements for supply chain flexibility combined with vacancies in these spaces at all-time lows. In addition, demand for edge of town locations is forecast to increase.⁽¹⁰⁾

(6) <https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

(7) <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/foreigndirectinvestmentinvolvingukcompanies/2021>

(8) <https://www.costar.com/article/568037063/uk-commercial-property-investment-topped-%C2%A356-billion-in-2022-but-volumes-plummeted-as-year-unfolded>

(9) <https://www.colliers.com/en-gb/research/industrial-logistics-uk-market-pulse-report-2023>

(10) <https://www.cbre.co.uk/insights/books/uk-real-estate-market-outlook-2023/logistics>





ASSET MANAGEMENT STRATEGY

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



1

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 75 to 81

1 5 6 8 9 10 11



2

Transformation and conversion of vacant space

The Group's extensive capex investment programmes in Germany 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 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 are outlined in more detail in the asset management review of Germany on pages 28 to 36.

Link to risks
see pages 77 to 81

5 11



3

Occupancy and rental growth

The internal asset management platforms remain a key differentiator for Sirius over its competitors and play an integral role in driving occupancy and rental growth. In Germany, the internal marketing team has developed and continues to evolve its significant web presence to drive leads and enquiries on a consistent basis, which are turned into viewings through a dedicated call centre team, which are in turn followed up by an on-site sales team. The on-site sales teams follow a structured sales process and are incentivised through the setting of asset-specific lettings targets. This approach reduces the reliance on third party brokers and provides real time market data, allowing the Company to realise the full potential of its transformed vacant space which has been created through its capex investment programmes.

Through the integration work conducted with BizSpace, the key learnings which have been acquired in Germany over the last 15 years are transferred where applicable, allowing the UK platform to benefit significantly from the successful methods deployed in Germany.

Link to risks
see pages 78 to 80

6 9 10



4

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. In Germany, the Company has an established and seasoned in-house team that is focused on increasing service charge recovery levels and working closely with the operations and other departments to optimise service levels and costs. These optimisations include the following:

- » developing smart utilities metering thereby reducing leakage from consumptions in vacant areas;
- » 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 down to granularity of room level;
- » working with tenants to manage service charge prepayments to reduce risk exposure to delinquent 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.

In the UK, service charge is predominantly charged on a lump sum basis to tenants.

Link to risks
see pages 77 to 80

5 6 8 10



5

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.

Link to risks
see pages 75 to 81

1 2 3 4 7 10 12

OUR PORTFOLIO

Strategy in action



Modern business park Dresden – acquired September 2016

Strategy in action

- » The business park in Dresden, acquired in September 2016, provides 58,000 sqm of office and warehouse space spread across 19 buildings, with land available for further development
- » As at 31 March 2023 occupancy had increased to 82% with annualised rent roll increasing to €4.7 million from €2.8 million at acquisition
- » Reduction in service charge cost leakage through implementation of advanced measurement and allocation techniques
- » Actual 7.5 year geared IRR of 27% surpassing the expected business plan

	Acquisition €m	As at 31 March 2023 €m	Total improvement €m
Total acquisition cost/ valuation	28.6	51.0	22.4
Invested equity	12.6	20.8	8.2
Annualised rent roll	2.8	4.7	1.9
Annualised net operating income	2.4	4.3	1.9
Occupancy	66%	82%	16%
EPRA net yield ⁽¹⁾	8.3%	8.1%	(0.2%)

	Total return to 31 March 2023 €m
Retained profit ⁽²⁾	18.3
Valuation increase	22.4
Capex	(11.8)
Cumulative total return	28.9

(1) Includes purchaser acquisition costs.

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

Actual returns

Geared annualised IRR	27%
Ungeared annualised IRR	13%



Traditional business park Fellbach – acquired August 2018

Strategy in action

- » Excellently located site in a well-established industrial area near Stuttgart
- » Over 5,000 sqm of vacancy acquired with value-add potential through the capex investment programme
- » As at 31 March 2023, occupancy had increased to 90% with annualised rent roll of €1.7 million representing a €0.7 million increase versus acquisition and a €1.73 increase in the average rate per sqm
- » Total actual return of €9.8 million equating to a geared IRR of 27%

	Acquisition €m	As at 31 March 2023 €m	Total improvement €m
Total acquisition cost/valuation	12.1	19.1	7.0
Invested equity	5.5	13.1	7.6
Annualised rent roll	1.0	1.7	0.7
Annualised net operating income	0.9	1.3	0.4
Occupancy	79%	90%	11%
EPRA net yield ⁽¹⁾	7.3%	7.3%	—

	Total return to 31 March 2023 €m
Retained profit ⁽²⁾	4.9
Valuation increase	7.0
Capex	(2.1)
Cumulative total return	9.8

(1) Includes purchaser acquisition costs.

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

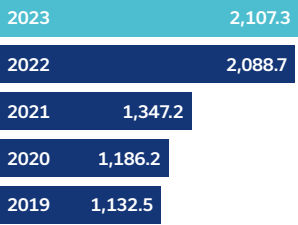
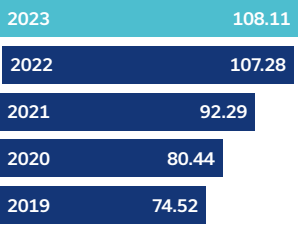

Actual returns

Geared annualised IRR	27%
Ungeared annualised IRR	16%

KEY PERFORMANCE INDICATORS

Strong balance sheet and organic growth supporting dividend

KPI	KPI measure	Commentary	FY2023/24 ambition	Link to strategy
Adjusted profit before tax (€m)	<div>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.</div>	<div>Adjusted profit before tax for the year ended 31 March 2023 was €96.0 million, representing an increase of 24.5% on the same period the previous year. The increase in earnings is attributable to stable occupancy and managing rate increases effectively.</div>	<div>To increase adjusted profit before tax as a result of a continued price driven strategy to continue to capture rental growth and the contribution to earnings of recently acquired assets.</div>	<div>12345</div>
EPRA earnings per share (c)	<div>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.</div>	<div>EPRA earnings per share for the year ended 31 March 2023 was 7.55c, representing an increase of 17.2% on the previous year. The development in EPRA earnings is attributable to stable occupancy and managing rate increases effectively.</div>	<div>To increase EPRA earnings per share result of a continued price driven strategy to continue to capture rental growth and the contribution to earnings of recently acquired assets.</div>	<div>12345</div>
Dividend per share (c)	<div>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 2023. 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.</div>	<div>The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2023 of 2.98c per share, representing 65% of FFO, an increase of 25.7% on the equivalent dividend last year, which also represented 65% of FFO. The total dividend for the year is 5.68c, an increase of 28.8% on the 4.41c total dividend for the year ended 31 March 2022.</div>	<div>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.</div>	<div>12345</div>

KPI	KPI measure	Commentary	FY2023/24 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 31 March 2023 including that categorised as held for sale as derived from an independent valuation performed by Cushman & Wakefield LLP.	€2,107.3m ↑ 0.9% 	The book value of the Group's owned investment property including assets held for sale remained stable by increasing by 0.9%, primarily driven by strong like-for-like income of its underlying assets despite the market facing yield expansion.	TTo 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 at fair value and deferred tax relating to valuation movements excluding that relating to assets held for sale, 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.	108.11c ↑ 0.8% 	EPRA NTA per share increased in the period by 0.8% to 108.11c (31 March 2022: 107.28c). 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
EPRA LTV (c) EPRA LTV is the ratio of net debt to total property value as defined in note 24. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value and net debt is included at nominal value.	41.5c → 	EPRA LTV maintained stable in the period at 41.5% (31 March 2022: 41.5%). The stability is due to valuations remaining stable as the Company's debt profile and related assets also remained consistent year over year.	To maintain a healthy level of EPRA LTV through the continued execution of the Group's asset management initiatives relating to organic growth and asset recycling as well as maintaining an appropriate level of debt.	1 5

Strategic priorities

Read more about our strategy
see pages 22 to 23

- [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

ASSET MANAGEMENT REVIEW – GROUP HIGHLIGHTS

Key highlights:

Metric	31 March 2023	31 March 2022	Variance €	Variance %
Total annualised rent roll* (€ million)	178.3	165.0	13.3	8.1
Like-for-like annualised rent roll* (€ million)	175.9	163.3	12.6	7.7
Average rate (€) per sqm*	8.11	7.39	0.72	9.7
Average rate (€) per sqm like for like*	8.10	7.40	0.70	9.5
Total occupancy (%)	83.9	85.3	—	(1.6)
Like for like occupancy (%)	84.5	85.6	—	(1.3)
Cash in bank (€ million)	99.2	127.3	(28.1)	(22.1)
Cash collection (%)	98.6	98.4	—	0.2

* The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1374, being the closing exchange rate as at 31 March 2023.

Introduction

The last financial year has been one of a changing environment and uncertainty around the European commercial real estate market, which is why the Company has decided to concentrate on what it has rather than continue to grow acquisitively as it has over the last years. Sirius' management has always indicated that the Company's business model works well in both good and bad times and now is the opportunity to show that. Its ability to provide a mix of conventional and flexible space allows it to adapt to a changing environment and continue to grow organically when others in the market face difficulty.

The focus over the last twelve months has been to continue the Group's capex investment into its vacant space with the aim of continuing to increase occupancy and rate achieved per lettable sqm as well as to replenish this opportunity within its portfolio through selective asset recycling. Success has been achieved on all fronts with substantial like-for-like rental income increases in both the UK and Germany along with some excellent recycling of equity from mature or non-core assets with limited growth opportunity into assets with substantial value-add and income growth opportunity which can be realised over the next few years. As such, the Company has seen record like-for-like rental growth but the total shareholder returns, including NAV growth, seen in the last financial year have not reached similar heights. Nevertheless, the Company has a solid foundation to continue to provide excellent risk-adjusted returns for its stakeholders over the next few potentially turbulent years.

Operational platform continues to capture rental growth

Despite the current economic environment, the Company continues to see strong demand for the range of conventional and flexible spaces it offers both in the UK and in Germany. Across both Germany and the UK, the Company was able to sign 2,737 new deals, occupying 203,263 sqm and providing new annual contractual revenue of €28.0* million.

As such, like-for-like annualised rent roll increased by 7.3% in Germany and 8.7% in the UK, which blends to 7.7*% at Group level. This represents the ninth consecutive year of like-for-like rent roll growth in excess of 5%. These improvements were driven by an 8.1% and 14.8% increase in the like-for-like average rental rate in Germany and the UK respectively. However, the Group's total occupancy was lower at 83.9% (31 March 2022: 85.3%), reflecting a slight drop in like-for-like occupancy due to the focus on price in both Germany and the UK as well as some recycling of mature assets into value-add assets with more vacancy and hence opportunity. The strong demand that Sirius is able to generate for its offerings allows the Company to focus on capturing inflationary increases as well as reversion within its existing tenant base. Achieving the largest like-for-like rental growth in the Company's history whilst also increasing the opportunity within its vacancy puts Sirius in an excellent position to continue this growth over the next few years without the need for substantial acquisitive growth.

€178.3m*
total annualised rent roll

€8.11* per sqm
average rate

98.6%
cash collection rate

ASSET MANAGEMENT REVIEW – GERMANY

Key highlights:

Metric	31 March 2023	31 March 2022	Variance	Variance %
Total annualised rent roll (€ million)	123.1	113.7	9.4	8.3
Like-for-like annualised rent roll (€ million)	120.7	112.5	8.2	7.3
Average rate (€) per sqm	6.86	6.31	0.55	8.7
Average rate (€) per sqm like for like	6.83	6.32	0.51	8.1
Total occupancy (%)	83.4	84.2	—	(1.0)
Like for like occupancy (%)	84.0	84.5	—	(0.6)
Cash collection (%)	98.4	98.4	—	—

German market overview

As the German economy recovered from the effects of the Covid-19 pandemic, market uncertainty increased due to the escalation of the Ukraine war and the resulting energy and cost of living crisis. The impacts of these were softened by initiatives of the German Government such as the "Energiepreisbremse" where the consumers were sheltered from increasing costs up to 80% of the previous year's consumption as well as other initiatives such as not being required to pay for energy consumption for the month of December. These savings, which are to be passed onto the consumer, dampened some of the negative impact of the inflationary pressures faced by companies operating within the German economy. Nevertheless, this has resulted in a slow-down in the German economy where only 1.8% GDP growth was recorded in 2022 compared to 2.7% in 2021. The increase in prices, coupled with dampening foreign demand and supply chain bottlenecks, has created uncertainty, which when combined with higher costs of borrowing has resulted in decisions for take-up of larger industrial, logistics and in particular office spaces being delayed. Conversely the demand for flexible and smaller spaces has been increasing which is an area in which Sirius can take advantage.

Despite these challenges and in light of the supply chain bottlenecks, the Company has still managed to let some larger storage spaces in the year. Overall, however the occupier market has been more challenging over the last year than it was prior to the Covid-19 pandemic.

The Company has been able to reduce the impact of higher energy prices on its tenants through some fixed-price contracts it put in place before the large increases came into force. This, coupled with the competitive rental rates that Sirius offers its tenants, positions the Company well to continue to support its tenant base and grow its rental income for many years to come. The Company continued to adopt a highly dynamic and flexible approach to its marketing activities with several initiatives launched based on data generated from detailed analysis of online search patterns and take advantage of the increase in demand for storage and flexible office space. Flexibility and competitive pricing continued to be key factors in decision making. 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.

€123.1m

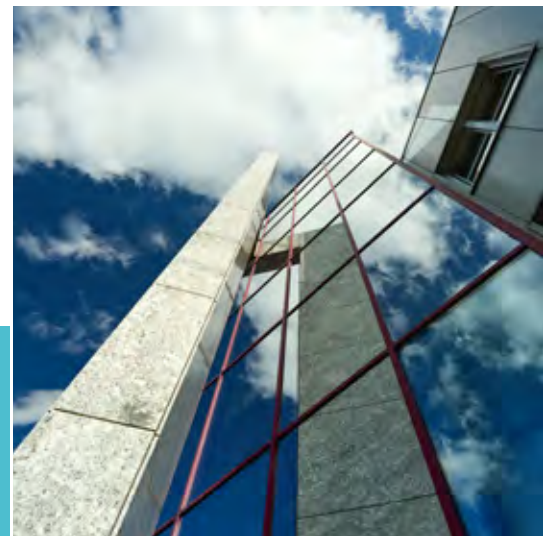
total annualised rent roll

€6.86 per sqm

average rate

98.4%

cash collection rate



ASSET MANAGEMENT REVIEW – GERMANY CONTINUED

Lettings and rental growth

The German portfolio recorded a like-for-like increase in its annualised rent roll of 7.3% to €120.7 million (31 March 2022: €112.5 million) whilst the total annualised rent roll increased in the year end by €9.4 million to €123.1 million (31 March 2022: €113.7 million). Of this growth €8.2 million related to organic growth, €1.2 million was lost from disposals and €2.4 million represented the impact from acquisitions.

The €8.2 million organic growth was made up of €6.3 million coming from uplifts from existing tenants, either through contractual lease indexation or increases upon renewal, as well as €1.9 million from the net of move-ins over move-outs. The latter can be further broken down into move-outs of 164,562 sqm that were generating €14.7 million of annualised rent roll at an average rate of €7.47 per sqm being offset by move-ins of 154,110 sqm generating €16.6 million of annualised rent roll at an average rate of €8.98 per sqm. The combination of the above has resulted in like-for-like rate per sqm increasing by 8.1% to €6.83 (31 March 2022: €6.32) demonstrating the ability of the Company to realise the benefits of the investments into its portfolio, even in challenging markets.

Like-for-like occupancy in Germany has decreased by 0.5% to 84.0% (31 March 2022: 84.5%) due to some large known move-outs in the first half of the financial year. The Company has nevertheless made further progress in investing in its sub-optimal vacant space through its capex investment programme, so the space available to let has increased significantly throughout the year. Additionally, the acquisitions made during the year resulted in a further 18,277 sqm of vacant space, with upgrade potential, being added to this opportunity. Consequently, Sirius has been able to grow like-for-like annualised rent roll by 7.3% in the year whilst further increasing the opportunity to add value and grow income from its vacancy, especially through Sirius' well documented capex investment programme which is described in more detail later in this section.

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

	€m
Annualised rent roll 31 March 2022	113.7
Move-outs	(14.7)
Move-ins	16.6
Contracted uplifts	6.3
Disposals	(1.2)
Acquisitions	2.4
Annualised rent roll 31 March 2023	123.1

The key to another excellent year of organic rental growth, despite a more challenging market, is the Company's ability to generate so many enquiries for its vacant space. This is because most of the enquiries Sirius receives are generated through the Company's in-house marketing platform which is able to adapt to changing markets and always attract a substantial amount of the demand towards Sirius' offerings. Total enquiries for the year were 15,412 compared to 16,180 enquiries generated in the period ended 31 March 2022, which, considering the market conditions, was another strong performance. However, whilst generating leads is important, the ability to convert these into new lettings is paramount. The Sirius operating platform was able to convert these enquiries at a rate of 12% (31 March 2022: 13%) which is indicative of the quality of lead Sirius is able to generate as well as the procedures it has in place to make the sale. As such, a total of 164,184 sqm of space was let (31 March 2022: 162,102 sqm) contributing €17.1 million (31 March 2022: €15.0 million) to the annual rent roll at an average rate of €8.68 per sqm (31 March 2022: €7.72 per sqm). This strong lettings performance has more than offset the large move-outs mentioned above and, when coupled with the Company's ability to be able to take advantage of the high inflationary environment and the improvements it is making to its properties, means that Sirius has had another strong year of organic growth and is well positioned to take advantage of further growth over the near term.

Despite those large move-outs, overall tenant retention in the period was encouraging with a 75% renewal rate by sqm in the period being successfully extended (31 March 2022: 75%). 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, which included the Covid-19 pandemic, the war in Ukraine, the energy crisis in Germany and resulting inflationary pressures.



Cash collection

The Company continued its trend of strong cash collection performance in the period. Sirius is very focused on cash collection and the advantage of its substantial operating platform is very evident here. The experienced cash collection team, combined with the on-site staff who have established strong relationships with our top tenants, has been key to keeping cash collection rates steady at 98.4% (31 March 2022: 98.4%), even though total billings (net of VAT) increased by 12.0% to €182.6 million from €163.0 million in 31 March 2022. This demonstrates the resilience of Sirius' tenant base and strength of the Company's cash collection initiatives.

As at year end uncollected debt amounted to €2.9 million (31 March 2022: 2.6 million) which mainly related to recently billed service charge and repair and maintenance balancing for prior years. The outstanding rent and service charge prepayments were €5.1 million and €1.3 million respectively. The Group has issued 48 deferred payment plans (31 March 2022: 10 deferred payment plans) amounting to €0.3 million (31 March 2022: €0.6 million) and immaterial write offs in the period (31 March 2022: €0.01 million). Whilst the number of deferred payment plans has increased, the overall value has decreased. The Company expects to collect most of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

Asset recycling

Given the uncertainty around property values and occupier demand on the back of interest rate increases, changes in office working patterns and ESG, the Company has decided to hold back on substantial acquisitive growth and focus on selective asset recycling whilst retaining strong cash reserves to allow the Company to strike when new opportunities arise. Additionally asset recycling remains an important factor in proving values and replenishing the opportunity from vacancy which is realised through the Group's capex investment programme. The Company was able to complete over €90 million in deals in the period.

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

Acquisitions

	Date	Total investment €m	Total acquired sqm	Annualised rental income €m	Annualised NOI €m	Occupancy	Gross yield*
Düsseldorf	Oct-22	39.8	34,310	2.1	1.6	55%	5.3%
Dreieich II	Oct-22	3.9	5,648	0.2	—	54%	5.1%
Potsdam Villa	May-22	0.9	239	—	—	0%	0%
Total		44.6	40,197	2.3	1.6	54%	5.2%

* Includes purchaser costs.

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

- » The Düsseldorf asset was purchased for total acquisition costs of €39.8 million. The multi-tenanted site is located in close proximity to 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 and valuation growth opportunity as well as sufficient day-one net income to replace most of the income lost from disposals. The Company has a number of assets in the Düsseldorf area and Sirius expects to benefit from meaningful operational synergies by adding another.
- » Dreieich comprises a warehouse asset located in a well-developed commercial area in Dreieich, Germany, that is strategically adjacent to an existing property owned by Sirius. With total acquisition costs of €3.9 million, the asset consists of 5,200 sqm of industrial space and 439 sqm of residential space which will initially generate around €50,000 of annualised net operating income at 54% occupancy. There are plenty of value-add opportunities within this asset, which includes potentially converting the property into a self-storage facility. If progressed, this would add to the Company's existing Smartspace self-storage brand and take advantage of the high demand for self-storage in the area which Sirius has established through operating in the area for the last five years. Sirius currently owns and operates at 32 self-storage locations across Germany and this would be one of the largest and most significant.
- » The final completed purchase was of a 239 sqm office building in Potsdam, Germany, which strategically gives Sirius ownership of an asset located at an entrance to one of the Company's existing business parks. With total acquisition costs of €0.9 million the building was purchased fully vacant and gives the Company control of all buildings on a site which is located next to the world famous Babelsberg Film Studios.

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 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.

ASSET MANAGEMENT REVIEW – GERMANY CONTINUED

Asset recycling continued

Disposals

	Date	Total sales price €m	Total disposal sqm	Annualised rental income €m	Annualised NOI €m	Occupancy	Gross yield*
Magdeburg	Apr-22	13.8	32,070	1.3	1.0	69%	9.4%
Heiligenhaus Land (3,200 sqm)	Sep-22	1.0	—	—	—	—	—
Camberwell (UK)	Jul-22	18.8	3,224	0.4	0.3	91%	2.1%
Ipswich (UK)	Dec-22	3.4	7,616	—	(0.2)	—	—
Wuppertal**	Apr-23	8.8	15,006	0.7	0.7	79%	8.0%
Dresden Land (413 sqm)**	Apr-23	—	—	—	—	—	—
Total		45.8	57,916	2.4	1.8	64%	5.2%

* Calculated on net purchase price.

** Asset held for sale, completed 1 April 2022.

Over the last twelve months, the Group sold six assets (including the sale of two non-income producing land parcels in Germany) for a total sales price of €45.8 million compared with a book value of €36.7 million, representing a 25% aggregate premium to the last book value prior to each sale. These disposals of mature and non-core assets at or above book value demonstrate the Company's ability to recycle its assets even in uncertain market conditions.

Capex investment programmes

The Group's capex investment programme on the German assets has historically been focused on the transformation of the poor-quality vacant space that is typically acquired at very low cost due to it being considered as structural vacancy by former owners. The transformation and take up of this space has not only resulted in significant income and valuation improvements for the Company but has also yielded significant improvements in service charge cost recovery and therefore further increased net operating income. The programme started in 2015 and to date 428,037 sqm of space has been fully transformed for an investment of €64.1 million. As at 31 March 2023, this space was generating €27.1 million in annualised rent roll (at 73% occupancy) plus the substantial improvement in the recovery of service charge costs. This transformed space has also been the major contributor towards the large valuation increases seen on the portfolio over the last eight years.

In addition to the space that has been completed and let or is currently being marketed, a total of approximately 40,920 sqm of space is either in progress of being transformed or is awaiting approval to commence transformation. A further €10.54 million is expected to be invested into this space on top of the €1.8 million already spent, and, based on achieving budgeted occupancy, is expected to generate incremental annualised rent roll in the region of €3.8 million.

The details of the capex investment programme on this low-quality vacant space is detailed below:

Combined capex programmes	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	Annualised rent roll* increase achieved to March 2023 €m	Occupancy budgeted %	Occupancy achieved to March 2023 %	Rate per sqm budgeted €	Rate per sqm achieved to March 2023 €
Completed	428,037	69.5	64.1	26.9	27.1	82%	73%	6.38	7.25
In progress	9,292	2.3	1.8	1.0	—	90%	—	10.23	—
To commence in next financial year	31,628	10.0	—	2.8	—	84%	73%	8.90	—
Total	468,957	81.8	65.9	30.7	27.1	82%	73%	6.62	—

* See the Glossary section of the Annual Report and Accounts 2023.

In addition to the capex investment programme on acquired "structural" vacant space, Sirius continually identifies and looks for opportunities to upgrade the space that is vacated each year as a result of move-outs. Within the existing vacancy at 31 March 2023, the Company has identified approximately 47,000 sqm of recently vacated space that has potential to be significantly upgraded before it is re-let. This space will require an investment of approximately €6.8 million and, at current rates, is expected to generate around €3.9 million in annualised rent roll when re-let. Upgrading this vacated space allows the Company to enhance the reversionary potential of the portfolio whilst significantly improving the quality, desirability and hence value of not only the space that is invested into but the whole site.

The analysis below details the sub-optimal space and vacancy at 31 March 2023 and highlights the opportunity from developing this space.

Vacancy analysis – March 2023

Total space (sqm)			1,792,670	
Occupied space (sqm)			1,494,727	
Vacant space (sqm)			297,943	
Occupancy			83%	
	% of total space	Sqm	Capex investment €m (post investment)	ERV*
Structural vacancy	2%	40,024	—	—
Capex investment programme	2%	38,891	(10.5)	3.8
Recently vacated space	3%	47,155	(6.8)	3.9
Total space subject to investment	5%	86,046	(17.3)	7.7
Lettable vacancy:				
Smartspace vacancy	2%	38,635	—	4.4
Other vacancy	7%	133,238	(2.1)	9.4
Total lettable space	9%	171,873	(2.1)	13.8
Total vacancy	17%	297,943	(19.4)	21.5

* See the Glossary section of the Annual Report and Accounts 2023.

The German portfolio's headline 83% occupancy rate means that in total 297,943 sqm of space is vacant as at 31 March 2023. When excluding the vacancy which is subject to investment (5% of total space), and the structural vacancy which is not economically viable to develop (2% of total space), the Company's occupancy rate based on space that is readily lettable is approximately 90%.

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 (especially whilst inflation is high), uplifts on renewals and the re-letting of space at higher rates are also expected to contribute to the Company's annualised rent roll growth going forward.

Whilst the Company will continue to look to asset recycling to replenish the vacancy which is let up after transformation, 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, be it geopolitical conflict or a high inflationary environment, the importance of a well-diversified tenant base and wide range of products is evident. Sirius' portfolio includes production, storage and out of town office space that caters to multiple uses 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 2.1% of total annualised rent roll whilst 7.9% 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.

ASSET MANAGEMENT REVIEW – GERMANY CONTINUED

Well-diversified income and tenant base continued

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 2023	Occupied sqm	% of occupied sqm	Annualised rent roll* €m	% of total annualised rent roll* %	Rate per sqm €
Top 50 anchor tenants ⁽¹⁾	50	668,734	45%	47.4	38%	5.91
Smartspace SME tenants ⁽²⁾	2,868	70,113	5%	8.3	7%	9.92
Other SME tenants ⁽³⁾	2,939	755,880	50%	67.3	55%	7.42
Total	5,857	1,494,727	100%	123.1	100%	6.86

(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 2023.

Smartspace and First Choice

Sirius' Smartspace products are designed with flexibility in mind, allowing tenants to benefit from a fixed cost which continues to be desirable even in challenging 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. The Company was able to add 11,006 sqm of Smartspace offering from 96,390 sqm in the prior year to 107,396 sqm which is an increase of more than 11%. Whilst this has reduced total Smartspace occupancy to 65% (31 March 2022: 73%), the Company has been able to capture rate increases across all of its product lines which has more than offset this lower occupancy.

The most significant growth occurred in the Smartspace storage product. The Company's market research through its marketing and sales platforms indicated strong demand in this sector and Sirius was able to act accordingly to capture some of this. The addition of 6,569 sqm of Smartspace storage helped grow this product line's rental income contribution by €0.4 million.

Additionally a further 2,374 sqm of First Choice Office space and 4,661 sqm of Smartspace Office space were created in the period which contributed to rental growth of €0.1 million and €0.3 million respectively.

The total amount of Smartspace in the portfolio at the year end was 107,396 sqm (31 March 2022: 96,390 sqm), generating €8.4 million (31 March 2022: €7.7 million) of annualised rent roll which equates to 6.8% of the Company's total annualised rent roll. Average rate per sqm continued to increase by 7.5% year on year, highlighting the premium pricing opportunity associated with flexibility.

The table below illustrates the contribution of each of the Smartspace products:

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €m	% of total Smartspace annualised rent roll* %	Rate* per sqm (excl. service charge) €
First Choice office	7,491	3,231	43%	0.9	11%	22.31
SMSP office	36,692	24,265	66%	3.0	36%	10.28
SMSP workbook	5,972	5,510	92%	0.5	6%	7.02
SMSP storage	54,386	35,942	66%	3.6	43%	8.35
SMSP container	—	—	—	0.3	3%	n/a
SMSP subtotal	104,541	68,948	66%	8.3	99%	9.93
SMSP FlexiLager	2,855	1,166	41%	0.1	1%	9.21
SMSP total	107,396	70,114	65%	8.4	100%	9.92

* See the Glossary section of the Annual Report and Accounts 2023.

ASSET MANAGEMENT REVIEW – UK

Key highlights:

Metric	31 March 2023	31 March 2022	Variance	Variance %
Total annualised rent roll (£ million)	48.5	45.1	3.4	7.0
Like-for-like annualised rent roll (£ million)	48.5	44.7	3.8	8.5
Average rate (£) per sq ft	13.39	11.69	1.70	14.5
Average rate (£) per sq ft like for like	13.39	11.67	1.72	14.7
Total occupancy (%)	86.5%	90.5%	—	(4.6)
Like-for-like occupancy (%)	86.5%	90.5%	—	(4.6)
Cash collection (%)	99.3%	99.6%	—	(0.3)

Lettings and rental growth

The UK recorded a like-for-like increase in its annualised rent roll of 8.5% to £48.5 million (31 March 2022: £44.7 million) equating to a 4.5% increase in euro terms to €55.2 million (31 March 2022: €52.8 million) due to a weakening British pound compared to the euro. The total annualised rent roll increase in the year was £3.4 million (€3.9 million), with £3.9 million (€4.4 million) organic growth offset by asset disposals totalling £0.5 million (€0.6 million).

Encouragingly, like-for-like average rate per sq ft increased by 14.7% to £13.39 (31 March 2022: £11.67), equating to a 10.4% increase in euro terms to €13.66 (31 March 2022: €12.37), reflecting management's ability to capture rental growth in the current inflationary environment. In order to capture rate increases in excess of inflation, we have been comfortable ceding a small amount of occupancy in return for these higher rates and we believe this positions us well as the economy begins to recover. Like-for-like occupancy decreased to 86.5% from 90.5% as a result of the price led strategy as well as a small number of known large leavers.

The increase in annualised rent roll over the period can be broken down into move-outs of 1,084,070 sq ft (100,713 sqm) generating £17.7 million (€20.4 million) of annualised rent roll at an average rate of £16.29 per sq ft (€16.92 per sqm) being offset by move-ins of 880,861 sq ft that were generating £17.6 million (€20.3 million) of annualised rent roll at an average rate of £19.94 per sq ft (€20.70 per sqm). Additionally, rental uplifts on existing tenants added a further £4.0 million to the annualised rent roll during the period. As mentioned above two assets were disposed of during the period which accounted for a £0.6 million (€0.7 million) reduction in annualised rent roll.

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

	£m
Annualised rent roll 31 March 2022	45.1
Disposals	(0.5)
Move-ins	17.6
Move-outs	(17.7)
Uplifts on existing tenants	4.0
Annualised rent roll 31 March 2023	48.5

Despite a challenging market, driven by market uncertainty over inflation, the UK operating platform generated a healthy number of enquiries for the year, totalling 15,511 for the period ended 31 March 2023 (4.5 months to 31 March 2022: 6,647). In the period 963 deals were secured totalling 420,647 sq ft (39,079 sqm) with an average deal per sqm of 437 sq ft (40 sqm). During the second half of the year the Company averaged 97 deals per month compared to an average of 63 deals per month in the first six months. The annual sales conversion rate of 6.2% was an improvement on the 5.6% for the 4.5 months to 15 November 2021 reflecting the management's focus on improving the sales and marketing functions within BizSpace.

Cash collection

Through a combination of its experienced cash collection team and the team's active management of its tenant base, the cash collection rates remained steady at 99.3% (4.5 months to 31 March 2022: 99.6%). The 99.3% cash collection rate can be analysed as total net of VAT billing amounting to £48.3 million, total uncollected debt at year end amounting to £0.3 million (€0.4 million) and £29,859 (€34,562) written off during the period. There are no deferred payment plans in place and the Company expects to collect the majority of the outstanding debt at year end through its regular debt collection activities.

£48.5m
total annualised rent roll

£13.39 per sq. ft
average rate

99.3%
cash collection rate

ASSET MANAGEMENT REVIEW – UK CONTINUED

Site investment

BizSpace has historically invested in its sites in order to maintain and upgrade its spaces which allows it to adapt to changes in tenant demand. In the period under review the Company invested a total of £4.8 (£5.6) million into its sites focused primarily on improving the condition of spaces to drive occupancy and price. The Company expects to identify further opportunities to invest into its assets in the new financial year whilst continuing 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, 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 24% of the annualised rent roll with the next 900 tenants accounting for 46% of annualised rent roll. The remaining 30% of annualised rent roll relates to over 2,000 SME and micro-SME tenants which occupy 28% of the overall estate.

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 sq ft	% of occupied sq ft	Annualised rent roll £m	% of total annualised rent roll	Rate per sq ft £
Top 100 tenants	100	0.9	25%	11.6	24%	12.90
Next 900	900	1.7	47%	22.2	46%	12.54
Remaining SME	2,344	1.0	28%	14.7	30%	15.43
Total	3,344	3.6	100%	48.5	100%	13.39

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

Shaping our future

Our commitment to building a sustainable future has continued throughout the year, evidenced by the progress we have made with our environmental, social and governance ("ESG") ambitions, and how these are being embedded across the business.

The decisions made related to our ESG plans and actions continue to be based on sound economic principles and the commercial viability of our business, taking into account all of our stakeholders.

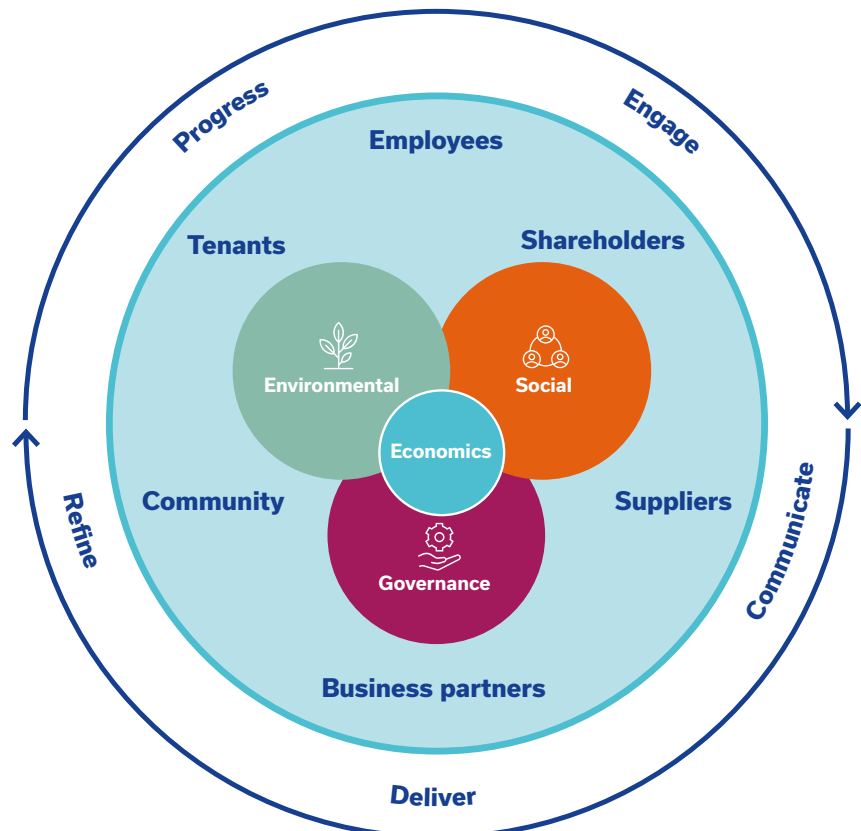
In 2020, we started to formalise our ESG plans and to establish clear priorities and ways forward to ensure that sustainability was considered across all aspects of our Company. This work was brought together in the creation of our ESG framework and the publication of our first ESG Report published in December 2022, titled "Shaping Our Future". Within this report, we set out in more detail our ambitions and targets in order for our stakeholders to better understand and engage in our plans. We are also working to align our ESG actions with the United Nations Sustainable Development Goals and as part of our framework identified four goals which we are integrating into our programme.

As we develop and formalise our ESG programme and acknowledge the progress we have made, we also recognise that we are on a journey and that there is much more for us to achieve. We will be transparent with our wider stakeholders as we work towards our defined goals and targets. This includes BizSpace, which we have successfully integrated into our wider ESG programme during its first full year of ownership, ensuring our actions are aligned across the Group to meet the ambitious goals we have set for ourselves, and demonstrating accountability for all our activities.

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



- 7 AFFORDABLE AND CLEAN ENERGY**
 Ensure access to affordable, reliable, sustainable and modern energy for all
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- 11 SUSTAINABLE CITIES AND COMMUNITIES**
 Make cities and human settlements inclusive, safe, resilient and sustainable
- 13 CLIMATE ACTION**
 Take urgent action to combat climate change and its impacts



The Sirius ESG roadmap

We believe that driving positive change must be commercially practical, financially viable, and based on sound management assessment and decision making which considers the resources available to us.

Any actions we make public going forward will be integrated into our management and financial planning. This may take us longer, but we believe that proper planning and assessment are important to all our stakeholders. As communicated in our ESG Report in December 2022, the materiality assessment conducted at the end of 2020 and into 2021 informed the direction of our ESG roadmap. By combining this with our own insight and experience, we have been able to identify the key

environmental, social and governance issues which we believe could have the greatest impact on Sirius, from both risk and opportunity perspectives, and we are evolving our management practices accordingly.

The materiality exercise identified three overarching strategic goals supported by fourteen objectives on which we are focusing our investment, time and efforts. These are summarised as follows:

Our strategic goals and objectives



Environmental

Strategic goal

Reduce our carbon footprint, achieve net zero emissions, and have a positive environmental impact across our platform, portfolio and value chain

Objectives

- » Create a GHG emissions reduction plan leading to net zero emissions across the business
- » Embed environmental and social considerations into our modernisation, refurbishment and acquisition processes
- » Protect, support and expand biodiversity across our portfolio
- » Ensure the management and efficient reduction of water usage and waste



Social

Strategic goal

Encourage and invest in the training, development, and wellbeing of our people, and enhance our positive impact on our local communities

Objectives

- » Support personal and career growth through a comprehensive training and development programme
- » Integrate wellbeing considerations across our business
- » Promote our purpose, values and culture.
- » Cultivate a positive work environment and a clear diversity and inclusion programme
- » Make a positive economic and social contribution to our local communities



Governance

Strategic goal

Ensure our governance structures and policies support our strategy and enable us to identify and manage ESG risks and opportunities

Objectives

- » Encourage and support the development and management of ESG through appropriate structures and programmes
- » Put processes in place to identify and manage ESG-related risks and opportunities
- » Effectively engage with employees, shareholders, tenants, suppliers and business partners to promote our ESG objectives and ambitions
- » Ensure all our activities are in line with best practice and account for relevant UK/ German corporate regulations and codes
- » Provide clear, consistent and transparent communications and reporting

As part of prudent management practice, and in recognition of changing macro, social, environmental and regulatory trends, we continue to regularly engage with our stakeholders on ESG and other important strategic and operational matters. In line with best practice, we intend to carry out a new materiality assessment every three years, with the next one due to be

conducted in FY2023/24. This will allow us to formally engage with our stakeholders to update materiality and will be an opportunity to reflect on our priorities and to measure our progress against our goals and objectives.

In the following pages, we provide an update on our ESG progress for FY2022/23.

SUSTAINABILITY CONTINUED



Environmental

As highlighted within our ESG roadmap and framework, our overarching environmental strategic goal is to reduce our carbon footprint, achieve net zero carbon emissions by 2045 and have a positive environmental impact across our platform, portfolio, and value chain. We are working to deliver this goal, considering multiple aspects of our business operations, including carbon emissions, waste, water and energy management. Further information can also be found in our TCFD Report on pages 55 to 65.

Objective 1: Create a GHG emissions reduction plan leading to net zero emissions across the business

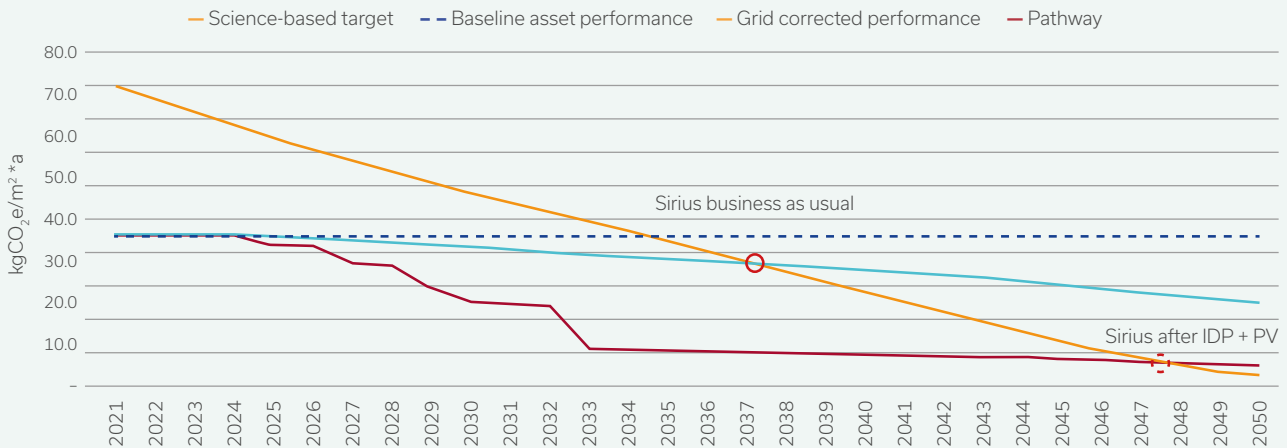
We recognise the significant representation of real estate in global emissions and take seriously our responsibility to drive down our platform and portfolio emissions as much as possible, through considered and in-depth management assessment, implementation and stakeholder engagement.

Defining a net zero pathway for Germany

We are pleased to report that our German platform has achieved net zero emissions for Scope 1 and Scope 2 emissions this year and that our emissions, including the offsets that we have acquired, are certified by Achilles, the global validation company. As a next step, we are now looking at the feasibility, both in practical and financial terms, of achieving net zero emissions in Germany by 2045 for our Scope 3 emissions. Initial results of our in-depth assessments of the Sirius portfolio show that net zero emissions, in line with the German national target, can be achieved across the Sirius German portfolio based on the Carbon Risk Real Estate Monitor ("CRREM") methodology, the leading global standard for operational decarbonisation of real estate assets, and in line with the Science Based Targets initiative ("SBTi").

At this stage, the results do not include the Titanium joint venture as we are developing a separate decarbonisation programme for these assets with our partner AXA Investment Managers – Real Assets.

We worked with EVORA Global ("EVORA"), a leading real estate sustainability advisory firm, to develop our strategic decarbonisation roadmap. During the year, we finished a portfolio-wide analysis of the carbon intensity of our German assets. EVORA conducted a net zero carbon assessment for 14 individual buildings in Germany. Based on the results of those assessments, EVORA then extrapolated the results in order to estimate carbon emissions and savings potentials for our entire German asset base.

Figure 1: Decarbonisation pathway – IDP + PV**Explanation:**

The graph shows the reduction of CO₂ output from the Sirius portfolio after the implementation of the Initial Decarbonisation Pathway, including PV insulations.

Source: EVORA Global

The graph shows the CRREM analysis with a simulation of a range of decarbonisation actions that will enable us to have the potential to achieve emissions in line with the science-based target for 2045. EVORA has modelled various building improvement measures, identified as the Initial Decarbonisation Pathway ("IDP") and the development of on-site renewable energy generation, through photovoltaic ("PV") installations, to calculate the potential impact across the portfolio. Renovation measures have to be considered at site level. As a result, the implications of the findings and the potential pathway are now in the process of being analysed by our Senior Management Team on an asset-by-asset basis, considering operational, implementation and financial management requirements. This is a considerable piece of work when considering the scale and complexity of our German portfolio and will involve coordination across multiple elements of our business.

As of 1 April 2023, we formed an ESG department in Germany to lead on this work, reporting to Kremena Wissel, Chief Marketing and Impact Officer, and Rüdiger Swoboda, Chief Operating Officer. Over the year ahead they will build a plan of action and a financial model based on the IDP actions and timeline required to bring our portfolio to achievable net zero emissions. Their work will include looking at improving the data quality; rolling out LEDs; decarbonising the heat supply; the potential for on-site renewable energy generation through PV installations; and engaging with our tenants to improve operational building utilisation as well as the potential for the decarbonisation of on-site production processes. All their considerations will be based against providing a long-term sustainable return to shareholders. We intend to be in a position to define and communicate a more detailed net zero pathway for our German portfolio at the end of the current financial year.

Through the analysis, we also recognise certain restrictions within the CRREM analysis which we will continue to address going forward. Firstly, gaining complete building energy consumption data remains a challenge, especially with regard to tenant energy consumption. Our analysis has included benchmark values to fill data gaps where they exist, so we expect consumption values to change in the coming years as more reliable operational energy data becomes available to us. This analysis was also completed in calendar year 2022, using 2021 consumption values applying CRREM version 1.17/2021. CRREM is continually updating its assumptions and target pathways. We will apply new CRREM releases in our future reports, so we expect the analysis to change in line with the evolving methodology. We also note that the emission intensity analysis in this report is based on the location-based emission factor

methodology, using the location-based carbon factors provided by CRREM. It is our intention to undertake a market-based emission factor methodology during the current financial year. Finally, we have the challenge that CRREM offers different target decarbonisation pathways for different building types. However, some of our buildings in our portfolio are not an exact match with the provided CRREM building categories. For example, some of our industrial tenants' operations have quite energy intensive production processes in our buildings. As CRREM applies a whole-building-energy approach, the energy demand of industrial processes will, at least partially, be included in the analysis and will have a negative impact on the risk assessment of the building. This effect is not recognised by CRREM. Going forward, we aim to gain better datasets of building energy versus industrial process energy in order to achieve a more precise CRREM analysis.

Defining a net zero pathway for the UK

In the UK, where we operate through the BizSpace brand acquired in 2021, we aim to achieve carbon neutrality, and potentially net zero, for Scope 1 and Scope 2 emissions in FY2023/24. This year, to align with the analyses and management processes used for the German portfolio, we will commence a process to assess the potential pathway to net zero emissions for Scope 3 for the UK portfolio by 2045 or 2050 in line with CRREM and SBTi. We intend to be in a position to communicate the results of this initial assessment during FY2024/25.

As a first step on defining the long-term pathway to net zero for the UK portfolio, we completed an EPC review of all our UK properties. The assessment was designed to understand the actions needed to invest in the portfolio to align with UK Government requirements for commercial rental properties to have an EPC "C" rating by 2027, and EPC "B" rating by 2030. As at the time of reporting, all BizSpace properties carried the necessary EPC rating to meet UK regulatory requirements.

The UK Senior Management Team is now considering the implications of the EPC improvement programme from an operational and financial management perspective and is building a detailed plan that will show potential improvements to be made on an asset-by-asset basis. We aim for this to be completed in the current year. However, from the initial assessment we are confident of meeting the EPC requirements for the portfolio in line with UK Government targets. As with Germany, we are forming an ESG department for our UK business with the responsibility to create the EPC plan and integrate our EPC actions with the evolving net zero pathway.

SUSTAINABILITY CONTINUED

Environment continued

Objective 1: Create a GHG emissions reduction plan leading to net zero emissions across the business continued**Accelerating carbon reduction**

In line with our ongoing commitments to understanding and defining our net zero pathway, we recognise that there are multiple opportunities across our business to reduce emissions. In September 2022, we moved our head office in Berlin to a leased building with gold standard DGNB certification, an internationally recognised global benchmark for sustainability. The new office is also powered by close to 100% renewable electricity, which is fully aligned with the commitment we made a number of years ago to sourcing our electricity from renewable sources. Across our portfolio in Germany, the proportion of renewable electricity against total electricity provision is forecasted to be 97.6%.

Year	2021/22	2022/23
Proportion of renewable electricity	94.6%	97.6%

As we acquire new sites, we work to transfer them onto our renewable energy platform when existing energy contract renewal opportunities allow. This means that we will sometimes see a fluctuation in the renewable electricity proportion.

In the UK, BizSpace has been providing renewable electricity for a number of years and as the portfolio has been more static than in Germany, it has achieved close to 100% consistently for the last three years.

Year	2021/22	2022/23
Proportion of renewable electricity	100%	100%

As part of the programme to identify emissions reductions opportunities, we have, in the period, commenced an opportunity and feasibility study for on-site renewable energy generation for the German portfolio. An initial assessment of the potential for PV installations at a selection of our German business parks, through roof-mounted solar panels, is due to be completed by the end of calendar year 2023. Senior management will then take time to consider the implications of this review and how it could be expanded, from both an operational and financial standpoint, across relevant sites, and how this could feed into our overall energy profile. As part of this assessment, it is our intention to develop two sites with PV installations as test cases to have a full understanding of the operational challenges and financial implications. This work will be managed through the German ESG department.

Providing regular improvements to our portfolio is a vital part of delivering on our service proposition to our tenants, suppliers and colleagues who work across the portfolio sites, and in supporting our wider carbon reduction and energy efficiency aims. Our roll-out of smart energy meters across our German sites is on track to be completed by 2027, with six additional sites equipped in this period.

Our progress on smart meters in Germany is summarised below:

Smart energy meters	March 2022	March 2023
Total number of sites	77	79
Total number equipped	12	18
Proportion of sites equipped	15.6%	22.8%

We continue to convert old inefficient lighting to LED as part of a continual roll-out and maintenance programme across all our properties, with a total of 52 lighting optimisation projects across 33 sites being identified. Ten have been completed since FY2021/22 with 14 currently in progress, and an additional 28 identified and budgeted for completion throughout FY2023/24. We will continue to assess our properties for further lighting optimisation opportunities.

Equally, we continue to make progress on our EV charging point installations, with 20 added in the period and a further 2 already scheduled for completion by September 2023. We are also engaging with our tenants to identify and review other sites for installation of EV charging points.

EV charging	March 2022	March 2023
Total number of sites	77	79
Total number equipped	38	58
Proportion of sites equipped	49%	73.4%

We are also completing heating system checks in line with German regulations and have identified 17 heating systems that will be replaced, adjusted or more efficiently run over a ten year period. This programme of heating system replacement will continue to evolve across the portfolio, and we will update as appropriate.

In the UK, we are near completion for the roll-out of smart meters across the portfolio, with eight sites remaining to be reviewed over the next six months.

During the year we also signed a national contract with an EV charging point supplier and are starting with a pilot project. Once this has been completed and reviewed, we will consider the implications for what a further roll-out across remaining applicable sites would look like.

On the back of developing the EPC conversion programme, the UK has also started on a programme of converting old lighting systems to LED. During the year, our sites in Hooton and Cheadle have had LED installations completed. We are currently identifying those sites that will receive LED upgrades in the current year. Similarly, we are examining those sites that will have the heating systems replaced or upgraded as part of our intention to meet EPC requirements over the next four years.

Enhancing our GHG emissions reporting

This is the third year that we have been collecting and calculating our greenhouse gas emissions. We have continued to improve on our data collection and emissions analysis processes. This year, for the first time, our Greenhouse Gas (GHG) inventory has been verified for both Sirius Facilities GmbH and BizSpace Ltd in line with international best practise by Achilles, a global data validation company that provides assurance services for GHG emissions data.

The Achilles Carbon Reduction programme is an Accredited Greenhouse Gas Certification Scheme. Since 2008, Achilles has delivered the Carbon Reduce Certification Scheme (formerly known as CEMARS) under licence from Toitū Envirocare. The programme meets and exceeds best practise for GHG measurement, management, and reporting, and is aligned to the WRI GHG accounting protocol, compliant with Science Based Targets and is accredited to ISO 14065 and ISO/IEC 17065.

These changes and improvements to our measurement and verification mean that a direct comparison to our previous years' emissions reports is not particularly meaningful, however, where possible comparative data is provided. Going forward, our greenhouse gas emissions reporting will continue to improve, which will support our decarbonisation ambitions and our evolving net zero pathway.

Sirius Facilities GmbH – Germany

As we have reported in previous years, due to the 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. The data used for the basis of calculating 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 2021 to 31 March 2022. As we highlight later in the report, this period brings a further 10 business parks into our German portfolio (from 67 to 77) and this has had a marked impact on our emissions. The data attributed to Scope 1 for our Berlin office is from 1 April 2020 to 31 March 2021. We continue to work with our utility providers etc to bring our emissions data in line with our financial calendar.

Summary – Scope emissions

This is the annual GHG emissions inventory and management report for Sirius Facilities GmbH covering the reporting period 1 April 2022 to 31 March 2023.

Table 1: Inventory summary

Category (ISO 14064-1:2018)	Scopes (ISO 14064-1:2006)	2023
Category 1: Direct emissions	Scope 1	239.34
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	292.28
Category 3: Indirect emissions from transportation		373.96
Category 4: Indirect emissions from products used by organisation		6,841.76
Category 5: Indirect emissions associated with the use of products from the organisation	Scope 3	78,363.27
Category 6: Indirect emissions from other sources		0.00
Total direct emissions		239.34
Total indirect emissions*		85,871.26
Total gross emissions*		86,110.60
Category 1 direct removals		0.00
Purchased emission reductions		0.00
Total net emissions		86,110.60

* Emissions are reported using a location-based methodology.

Emissions intensity	Mandatory emissions	Total emissions
Operating revenue (gross tCO ₂ e/\$Millions)	4.30	404.66

As in previous years, due to the nature of our business model, our Scope 3 emissions account for over 99.7% of our total emissions.

Scope	2020/2021 Total Emission MTCO-e	2021/2022 Total Emission MTCO-e	2022/2023 Total Emission MTCO-e
Scope 1	247.15	84.02	239.34
Scope 2	152.49	15.46	292.28
Scope 3	37,321.67	42,820.79	85,578.98
Total	37,721.31	42,920.28	86,110.60

Our total emissions for the year come to 86,110.60 MTCO-e compared to 42,920.28 MTCO-e for the year to March 2022. As we have stated and as the table highlights, over 99% of our emissions are in Scope 3 and this is the key area of difference. The significant increase in our Scope 3 emissions year-on-year can be explained by three factors. Firstly, through the Toitū audit process we now report using a location-based methodology, as opposed to the market-based approach used in the past. Secondly, the number of sites has increased from 67 to 77. Finally, given that our Scope 3 data effectively reflects the previous year we are also seeing an increase in emissions which can be attributed to an increase in our tenants' activities as Germany came out of COVID-19. Going forward, as we continue to improve on our emissions calculations and as part of our decarbonisation plans leading to a net zero pathway, this will be a core area of concentration for us, regarding both data analysis as well as developing our plans and targets.

SUSTAINABILITY CONTINUED

Environment continued

Objective 1: Create a GHG emissions reduction plan leading to net zero emissions across the business continued**Decarbonisation commitments**

We are committed to managing and reducing our emissions in Germany and are developing our GHG emissions reduction targets and plans, which have been reviewed and are in line with Toitū Carbon Reduce programme requirements. We are in the process of identifying our Scope 1, 2 and 3 reduction targets and aim to add these into the next year's report. Looking ahead, as highlighted in this Annual Report, Sirius Facilities GmbH is currently focused on the following projects:

Objective	Project	Responsibility	Status
Reduce electricity emissions	Converting conventional lighting to LED	Operation	Ongoing
Reduce use of fossil fuels	Converting company cars to electrified ones	HR	Ongoing
Reduce waste amount	Reduce the amounts of usable waste bins to minimal needed	Operations	Ongoing
Reduce emissions from air travel	Increase the use of trains wherever sufficient	HR	Ongoing
Reduce emissions from utilities	Installation of smart water meters to have access to usage data and prevent unusual high consumption i.e. water pipe leaks	Operations	Ongoing
Reduced water and sewage water emissions	Installation of efficient water supply facilities to reduce water consumption	Operations	Ongoing
Reduce heating emissions	Optimisations or replacements of heating systems	Operations	Ongoing

In addition to the above, as we have stated earlier in our Annual Report, during September 2022, we moved our head office in Berlin to a leased building with gold standard DGNB certification. We have also acquired certified offsets through Achilles for our Scope 1 and 2 emissions and will soon receive a Carbon Reduce Certification Statement for the first time.

Scope of measured inventory**Consolidated approach.**

An operational control consolidation approach was used to account for emissions. Since the Sirius Facilities GmbH is providing services and utilities to its customers and has full control about procurement, the decision has been to use an operational control approach.

Boundaries

The boundary for Sirius Facilities GmbH only includes the German operating entities which own and or operate the sites located in Germany. Excluded emissions do not exceed 5% of the total footprint within the organisation boundary stated.

BizSpace Ltd – United Kingdom

This is our first full year of ownership of BizSpace and as part of our work to integrate its operations as much as possible with those in Germany, we have worked throughout the year to bring the same methodology to the emissions data collection process. We have no prior year comparators for BizSpace as the emissions analysis reported last year was for the period 1 December 2021 to 31 March 2022, representing the period from acquisition.

Summary – Scope emissions

This is the annual GHG emissions inventory and management report for BizSpace Ltd covering the measurement period 1 April 2022 to 31 March 2023.

Category (ISO 14064-1:2018)	Scopes (GHG Protocol)	GHG emissions (tCO ₂ e) Current Year 2022/2023
Category 1: Direct emissions	Scope 1	164.40
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	33.67
Category 3: Indirect emissions from transportation		175.28
Category 4: Indirect emissions from products used by organisation		214.73
Category 5: Indirect emissions associated with the use of products from the organisation	Scope 3	5,727.77
Category 6: Indirect emissions from other sources		0.00
Total gross emissions*		6,315.86
Category 1 direct removals		0.00
Total net emissions		6,315.86

* Emissions are reported using a location-based methodology.

Emissions intensity	Mandatory emissions	Total emissions
Operating revenue (gross tCO ₂ e / £Millions)	7.57	126.82

Decarbonisation commitments

We are also committed to managing and reducing our emissions in the UK, though these plans are at an earlier stage than in Germany due to the recent acquisition of the assets. As reported, we have undertaken an analysis of the possible actions to achieve the UK Government EPC target of "B" by 2030. This work continues and, in the future, will be linked to a decarbonisation plan to achieve net zero emissions.

Looking ahead, BizSpace is currently focused on the following projects:

Objective	Project	Responsibility	Status
Reduce electricity and gas emissions	Upgrade of all buildings to an EPC "C" rating	Mo Jiwaji, Commercial Director	Completion: 31/12/2027
Reduce electricity and gas emissions	Upgrade of all buildings to an "B" rating	Mo Jiwaji, Commercial Director	Completion: 31/12/2030
Reduce emissions from utilities	Installation of smart water meters to have access to usage data and prevent unusual high consumption i.e. water pipe leaks	Operations	Ongoing

Scope of measured inventory

Consolidated approach.

An operational control consolidation approach was used to account for emissions. Since BizSpace is providing services and utilities to its customers and has full control about procurement the decision is on an operational control approach.

Boundaries

No business units are excluded from the BizSpace organisational boundary. Excluded emissions do not exceed 5% of the total footprint within the organisation boundary stated.

SUSTAINABILITY CONTINUED

Environment continued

Objective 2: Embed environmental and social considerations into our modernisation, refurbishment and acquisition processes

We recognise that investing to extend the life and improve the energy performance of a building has significantly less impact on the environment than the construction of new properties and this has been part of our strategy for many years. Part of our commitment to environmental responsibility lies in how we consider the carbon emissions associated with the refurbishment and modernisation of our portfolio including the use of building materials.

To do this, we have created an award-winning embodied carbon project alongside our engineering partners Arcadis Germany. We were recognised by the German Sustainable Building Council ("DGNB") with the Green-BIM Award 2022, for the building information modelling ("BIM") system we devised to calculate embodied carbon associated with our refurbishment projects. By creating 3D models of spaces and extrapolating data from a representative sample of our German portfolio we were able to understand the drivers of carbon emissions in our portfolio.

Embodied carbon	FY2021/22	FY2022/23
Embodied carbon in total emissions (Germany)	6,777 MtCO ₂ e	6,815 MtCO ₂ e

The model we created can be used in future renovation projects, informing choice of materials and suppliers. Equally it provides a platform on which we can engage with our suppliers to improve our emissions performance.

Sustainability considerations are also embedded in our new build projects. BREEAM is a well-respected sustainability certification which takes a holistic approach considering elements beyond carbon and energy efficiencies, including biodiversity, wellbeing and community. Going forward, when we undertake new builds as part of our asset improvement programme, we will target BREEAM "Excellent" certification, or equivalent, where relevant and appropriate. During the year we commenced planning for our new development in Tempelhof, and with construction commencing in May 2023, we expect to achieve a BREEAM "Excellent" certification upon completion. We are considering a similar approach for other sites with new developments including Gartenfeld and will update on progress as appropriate.

In addition to considering the impacts of our modernisation and refurbishment processes, we have also worked to integrate environmental, social and governance factors such as climate and biodiversity into our pre-acquisition due diligence process. The acquisitions team applies a considered three-stage ESG analysis and implementation strategy for any new acquisition including in-depth assessments of tenants and condition of the buildings, and physical inspection of the site to identify energy efficiency and biodiversity criteria and opportunities. Upon exclusivity of an opportunity, the third stage includes in-depth assessments of emissions and technical inspection of HVAC systems and more in order to gain a better understanding of potential carbon and capex implications of modernising the sites.

Objective 3: Protect, support and expand biodiversity across our portfolio

Sirius owns more than 625,000 sqm of green space in Germany and the UK. We take seriously our role in protecting, supporting, and expanding biodiversity across our portfolio. Our biodiversity strategy is focused on three pillars: meadows, trees and bees.

Our biodiversity programme in Germany is well established and we are proud of the progress we continue to make. 37,200 sqm of green space has been converted into natural wildflower meadows across the portfolio since the biodiversity programme was implemented during FY2021/22, of which 13,377 sqm were converted in FY2022/23.

In Germany we have 9,629 trees across our portfolio which are looked after as part of our site-specific garden maintenance programmes. In addition to this, we continue to add to our corporate forest and plant one tree for every employee anniversary, conclusion of a rental agreement, completion of a tenant questionnaire and participation in a Sirius conference. Our partnership with Tree Nation funds tree planting in the Amazon, Kenya, Madagascar, Tanzania, Nepal and Spain. In line with our targets, in FY2022/23, we added 31,333 trees to our corporate forest from both German and UK activities, which accounted for 2,490 tons of carbon dioxide being absorbed from the atmosphere. These measures are in addition to our ongoing work to consider and improve our environmental impact, and do not constitute part of our carbon reduction or offsetting programme.



The third pillar of our biodiversity efforts relates to supporting and protecting bees, which we manage through our partnership with Hektar Nektar, which has, in line with our targets, enabled us to sponsor a total of 30 hives across Germany since FY2021/22, which is thought to have directly increased the bee population by almost 1.5 million bees.

In the UK, we have successfully mapped the BizSpace portfolio to identify opportunities for biodiversity improvements, which we will commence in the current year. We have over 200,000 sqm of green space, which includes approximately 86,000 sqm of grassed area, 49,000 sqm of planted area and 65,000 sqm of woodland. We are targeting the conversion of nearly 30% of the grassed area to wildflower meadows, equalling 25,000 sqm, by May 2023. We will undertake a tree count during the current year to understand our woodlands better and we are also starting to identify opportunities to support and protect bees in the UK and are working on suitable locations.

Objective 4: Ensure the management and efficient reduction of water usage and waste.

A key strand of our environmental strategy lies in the effective management and reduction of water usage and waste. As previously communicated, we have successfully centralised the collection of waste across the German portfolio, providing us with better insights into how we can continue to drive improvements in this area. In the year, 32.3% of our waste was recycled and a further 64.6% was converted from waste to energy, with only the remaining 3.1% going to landfill. We are working with our German waste providers in order to identify opportunities to improve our recycling, reuse and waste to landfill rates, and to devise a comprehensive waste management plan that incorporates reduction targets. To date we have identified 13 sites where we believe we are able to reduce the collection intervals and/or number of bins on site to better match site demand and we are in discussions with local authorities on how to achieve this. The next step is to work with our tenants to identify additional opportunities for improving waste management.

The move to our new head office in Berlin has also enabled access to a state-of-the-art disposal centre, with waste being collected, weighed and transported to sorting facilities for commercial waste, light packaging, paper, and hazardous waste, as well as biogas plants for food and kitchen waste. All waste is treated in compliance with local regulation and environmental aspects and is disposed of with the polluter-pays principle.

We are also working to improve our water management strategies and launched the “Smartvatten Project” at the end of calendar year 2022. We have set a goal to replace all our main water meters with smart meters by the end of 2023 in Germany and we are making good progress on this aim, with 54 sites completed or near completion, and the remaining 25 due to be completed by the end of calendar year 2023, of which 22 are already contracted. This initiative will help us to detect leaks and monitor excessive water usage, enabling us to take corrective action, identify opportunities for improvements and provide better measurement of water emissions. Following this, we will review our sub-metering systems to ensure effective water consumption management. Additionally, we aim to gain insights into regular water usage patterns across our portfolio, allowing us to set meaningful reduction targets.

In addition to our water smart meter roll-out, we are exploring other options to reduce water consumption and emissions. Project Flush is an initiative we launched during the year to refurbish our restroom facilities, including the installation of LED spotlights with presence detectors, water saving pearl gates and new and more water-efficient toilets and wash basins. We completed the upgrade at one property in June 2022, with promising results of reduced water consumption and CO₂ savings. We are currently identifying further properties for possible refurbishment by the end of FY2023/24.

In the UK, we have started to develop our waste and water management programmes. We are responsible for the collection of our own waste and that of our office tenants, while our industrial tenants manage their own collection and disposal. During the year zero waste went to landfill. Our management of both waste and water will be an area for improvement and focus in the current year.



SUSTAINABILITY CONTINUED



Social

We recognise the important role that we as a business play in encouraging and investing in the training, development and wellbeing of our people, and in driving positive impact in our local communities. We are actively working in a number of ways to drive improvements in our social impact and ensure that we are doing our utmost to maximise the unique dynamics of our business and our people, and to support the local communities in which we operate.

Our social programme is strongly anchored in our Company values of Humility, Integrity, Adaptability and Industriousness. Sirius is a people company at its heart, and it is our responsibility to cultivate and develop the talents of our employees and empower them to achieve great things for themselves, the Company and our shareholders.

Objective 1: Support personal and career growth through a comprehensive training and development programme

Our employees are our greatest asset, and we recognise the importance of training and development in benefiting them as individuals, but also in strengthening the organisation as a whole. Our training approach is focused on providing autonomy for employees and we are pleased that our colleagues recognise the quality of their training to be high and feel that the opportunities for advancement are aligned with their ambitions. This has been further supported by the launch of the Sirius Training Centre in October 2022, which has centralised our training and development function, including the Sirius Academy. Located in the new Berlin office, it provides both physical and online access to a wide range of learning and development resources accessible by both our German and UK teams.

The Sirius Training Centre facilitates knowledge sharing and enables our many colleagues to obtain qualifications or exchange ideas, which in turn promotes collaboration across business functions and geographies. The training caters to diverse requirements at multiple levels throughout the organisation covering mandatory ethical and operational subjects, as well as management development programmes and bespoke training.

We have continued to invest in and grow the offerings available, which has led to an increase in both the spend and the total training days achieved during the year to March 2023 for Germany.





Training and development (Sirius Germany)	FY2021/22	FY2022/23
Investment in employee training (EUR)	EUR 146,046	EUR 167,146
Total training across the Company	996 delegate days	1,197 delegate days

For BizSpace, the focus on business integration has meant that training and development activities have been primarily focused on on-the-job training versus classroom-based training. We acknowledge the need to continue to invest in our colleagues' professional development and will use the Sirius Training Centre to support focus and growth in this area going forward.

Training and development (BizSpace)	FY2021/22	FY2022/23
Investment in employee training (GBP)	GBP 35,348	GBP 12,490
Total training across the Company	156 delegate days	112 delegate days

In addition to training and development investment, we work to leverage the unique and multicultural dynamics of our business through an exchange programme, which sees a cohort of team members from our German and UK businesses spending time in each other's workspaces. A core part of this is the incorporation of peer mentoring to support the workplace training programme and to enhance outcomes for tenants and wider stakeholders.

We will continue to develop, extend and grow our programmes and will be setting targets for total training hours in Germany and the UK during FY2023/24 in order to underpin our future investment in this area.



SUSTAINABILITY CONTINUED

Social continued

Objective 2: Integrate wellbeing considerations across our business

In order for our business to be successful, we need to ensure that our colleagues feel supported and looked after, not only in terms of their career development, but also, importantly, in areas of physical and mental health.

Independent mental health support is available 24/7 for all of our employees. In Germany, this is delivered through the Fürstenberg Institut employee assistance programme ("EAP"), with BizSpace employees and their households also having access to an EAP at all times. Sirius has also invested in expanding the mental health first aider provision across the UK and Germany to encourage and support healthy mental and physical habits for our colleagues. Some of this support is part provided through the Sirius Training Centre which includes a number of wellbeing and health-related courses and training opportunities run in cooperation with the Fürstenberg Institut, covering a range of subjects such as happiness, dealing with stress, positive mindset, mindful leadership and other strategies to support the working environment.

We also offer our employees various sporting opportunities including gym, yoga, volleyball, football and running clubs, and a Company run, which we find is effective in fostering a healthy team spirit, in support of our collaborative culture. In addition to this, we run a bicycle leasing scheme to encourage more sustainable and healthy forms of transport and ran our first ever Health Day in October 2022 which provided information about nutrition, exercise and relaxation techniques.

Objective 3: Promote our purpose, values and culture

In order to successfully promote our purpose, values, and culture we need to understand our employees' views and priorities. An important way for us to measure and engage with the wellbeing of our employees, and the health of our corporate culture, is through regular engagement mechanisms. The annual employee survey, and the follow-up engagement with all our colleagues through the CEO Forums, is the cornerstone of our engagement programme. The annual employee survey was undertaken in April 2022 and included for the first time our BizSpace colleagues. We reached a total of 324 colleagues (214 for Sirius and 110 for BizSpace), achieving an 89.2% response rate for Sirius and 87.3% for BizSpace.

The alignment in culture and perception between the Sirius and BizSpace teams was encouraging, with positive feedback related to colleague and team cohesion, communication, and actions on diversity and inclusion. Of Sirius and BizSpace employees, over 74% and 77%, respectively, signalled strong approval of leadership, with nearly 74% of employees across both companies indicating that positive changes have been implemented since the last survey.

Going forward, we intend to expand the number of sustainability related activities, as we recognise that our employees play an important role in delivering on the ESG ambitions we have set for the business.

Linked to this, we have also continued to develop our engagement with our tenants. In June 2022, we completed our tenant survey which for the first time incorporated BizSpace tenants. While the survey covers a number of operational questions, we ensure that we also keep our finger on the pulse of their engagement with sustainability issues including waste management, emissions reduction and biodiversity. We were pleased to see representation from our Top 50 tenants by revenue as well as offices, industrial storage, self-storage and First Choice Business Centres ("FCBC"). As discussed previously, our tenants will play a vital role in us being able to deliver on our net zero and decarbonisation commitments, and as such we recognise that we need to expand on our engagement with our tenants in this area. In order to support this area, and to drive enhanced engagement and collaboration with our tenants, we launched a dedicated and centralised customer care department in September 2022.



Objective 4: Cultivate a positive work environment through a clear diversity and inclusion programme

Sirius is proud of the diversity which exists across our German and UK businesses, with equal gender balance across our teams. Across both geographies, 52% of employees are female and 48% are male. In addition, with 43 nationalities represented across the business, we recognise that we have broad cultural experience to draw from.

The Sirius Group embraces diversity to its fullest extent. It has prioritised gender diversity in senior leadership roles and, in this context, is focused on finding the best female candidate for new or backfilled roles in the business. Across the Sirius Group, 42.8% of senior management positions are held by a female. Promoting female leadership is a key element of our social programme, with a dedicated female mentorship and leadership programme created within the Sirius Group to be rolled out across both businesses.

Through our diversity committee and ambassadors, we work to promote diversity, create equal opportunities and maintain zero-tolerance policies for discrimination and abusive behaviours. In the past year, we have completed a review of our policies and procedures confirming that they are all compliant with our diversity and inclusion objectives. We also launched unconscious bias training within the business in October 2022, starting with the diversity group. Given its success, we will make the training compulsory for all employees and expect a large majority of our colleagues to have completed it by the end of 2023. This is in addition to the existing online equality and diversity training which all our colleagues do every two years.

We continue to support and promote LGBTQ+ groups and organisations through our membership of LGBT Great and our ongoing support 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.

Objective 5: Make a positive economic and social contribution to our local communities

With more than 9,000 commercial tenants across our business parks, and in recognition of the close to 150 communities in which we work across Germany and the UK, Sirius and BizSpace have an important role to play in driving positive social impact.

We launched PRISMA in FY2021/22, a programme aimed at recruiting refugees who have settled in Germany, providing training, development and job opportunities within Sirius in order to enable access to a wider range of specialist jobs. The programme was piloted within our head office in Berlin, and the next step is to roll out the programme across our German portfolio, and to seek opportunities to collaborate with our tenants to provide access to further job opportunities. In addition to job training, candidates also access subsidised German language lessons and mentoring from existing Sirius employees. The aim of the programme is for 5-10% of staff based at the Berlin head office to be made up of former refugees.

In addition, we are working on two additional programmes which we believe can make a difference. The first is a local internship and apprenticeship support programme in which we will provide career development opportunities to local talent. We are currently working to structure the programme and its aims and will launch the programme during FY2023/24.

We are also committed to launching a programme to support local businesses which can demonstrate a strong social purpose through the availability of favourable terms in rental agreements. We are currently exploring the rent pricing strategy and will update our stakeholders in due course. We intend to launch the programme during FY2023/24.

We actively engage in charitable initiatives, supporting colleague fundraising activities and encouraging volunteering and community work through paid time off. BizSpace employees can each take one full working day per year for community work. Noting the positive employee engagement, and seeing an opportunity to align the businesses, Sirius launched a similar scheme for employees in Germany to take half a day annually or donate this time to colleagues keen to volunteer more regularly. During FY2022/23, our German colleagues achieved 581 hours of charity work, over the 480-hour target that was set.

SUSTAINABILITY CONTINUED



Governance

Sirius continues to strengthen its governance structures and policies in support of our strategy and to enable us to identify and manage ESG risks and opportunities. In line with our overall ESG roadmap we have set out five governance objectives to support us in delivering on our overall ESG ambitions and targets. We conduct our business in an honest and ethical manner, aligned with our purpose and values, and always strive to provide high levels of transparency and accountability.

In our roadmap, we developed the following objectives to support our governance goal:

- » encourage and support the development and management of ESG through appropriate structures and programmes;
- » put processes in place to identify and manage ESG-related risks and opportunities;
- » effectively engage with employees, shareholders, tenants, suppliers and business partners to promote our ESG objectives and ambitions;
- » ensure all our activities and procedures are in line with best practice and account for relevant UK/German corporate regulations and codes; and
- » provide clear, consistent and transparent communications and reporting.

This year, we have continued to ensure robust governance processes, both of the business and the ESG programme, driven and managed with clear oversight from the Board and executive level. The Board remains responsible and accountable for managing climate-related and social risks and opportunities, ensuring ESG issues are discussed at each meeting. As the Chair of the Sustainability and Ethics Committee, the CEO regularly informs the Board about ESG matters and collaborates with executive management to develop policies and strategies that enhance the Group's environmental and social performance. Furthermore, the Board receives updates from the ESG Committees in Germany and the UK, and the TCFD

Working Group, led by Kremena Wissel, the Chief Marketing and Impact Officer.

Linking ESG to remuneration

Executive Directors and members of the Senior Management Team will continue to be set annual objectives on ESG matters which are supportive of the identified corporate ESG objectives, with new objectives expected to be formalised in May 2023. As we develop more detailed environmental and social targets, for example on our decarbonisation and net zero pathway, it is our intention that these will be considered as part of the management review and remuneration processes and disclosed accordingly for full transparency.

Risk management and governance processes

We have a transparent approach to risk, with management and reporting overseen by our Board and Audit Committee. We will ensure our risk management process and framework account for ESG-related factors and timeframes, with regular reviews.

During the year, the Board also approved updates to certain governance documents and processes to better align with the ESG framework. This included a Board paper and presentation on the initial plan for accomplishing net zero in Germany as well as how to achieve the required portfolio EPC ratings in the UK and to set biodiversity targets. The Board and senior management also received an update of the Section 172 criteria and requirement for all future Board papers (where relevant, such as recommendations for acquisitions, disposals and capex

programme) to include considered ESG impact, benefit, and opportunity assessments. The Group HR Director also presented on our people and culture, outlining where we are now and where we are aiming to be in terms of staff and achieving our ambition of being an employer of choice.

These updates also comprised changes to Committee terms of reference, for example the Sustainability and Ethics Committee's terms were changed so that the Committee Chair would be responsible for developing and leading ESG and climate change, including resilience to climate change. The Nomination Committee's terms were amended to ensure candidates have experience in and commitment to ESG matters and the new Director induction programme was updated to increase focus on the ESG journey.

Policies

In the year we have conducted a full review of our policies, managed by the Board, the Sustainability and Ethics Committee and the Asset Management Team, with updates to policies signed off at the Board meeting on 24 March 2023. All our policies are available from our Company Secretary and are published on our website.

Modern Slavery: Sirius is committed to identifying and tackling the potential exploitation of vulnerable workers within our Group and our supply chain. Our risk-based approach regularly and reliably assesses the effectiveness of our anti-modern slavery measures and ensures that we are leveraging our influence to greatest effect. Our Modern Slavery Statement was updated and republished on 24 March 2023. In the current fiscal year as well as in the past three years, we have not identified any cases of modern slavery within our Group or in our supply chain.

Anti-Bribery and Corruption: We do not tolerate any form of bribery and corruption and uphold applicable laws to prevent bribery and corruption in all jurisdictions in which we operate. We are committed to implementing appropriate and proportionate risk-based protocols to prevent anyone associated with our Company from engaging in such conduct. The Anti-Bribery and Corruption Policy and related training and procedures are firmly established in our Group and there have been no material incidents to date.



SUSTAINABILITY CONTINUED

Governance continued

Policies continued

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, and 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 the continuing development of our ESG programme.

Employee Code of Conduct: Our Employee Code of Conduct, which applies to all our colleagues globally, defines the ways of working within our organisation. It sets out what we expect from each other at work when it comes to important things like integrity, office behaviour, relationships at work, ethical standards and avoiding corruption.

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 four 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 guidance and best practices. Compliance with both EU and UK versions of GDPR is also constantly reviewed and assured. A cyber security audit of both Sirius and BizSpace was undertaken in July 2022, with a certificate of assurance awarded.

There is operational responsibility through the IT Committee, which meets regularly and reports quarterly to the Board. We have had no material instances of information security breaches during this financial year or over the last three years.



TCFD

Introduction

As a business, we fully support the aims and implementation of the Task Force on Climate-Related Financial Disclosures ("TCFD"), and we will continue to build on and improve on our actions and disclosures as we embed climate-related risks and opportunities into our business and strategy.

ESG (including climate-related considerations) is recognised as a principal risk and our focus this year has been on understanding how climate-related risks and opportunities will impact upon the Group in a changing climate, using scenario analysis to enhance our understanding and how financial impacts could change in a range of future scenarios. We have also significantly progressed our understanding of the actions that will need to be taken to decarbonise our platform and our assets, to ensure resilience against a range of transition risks.

Highlights

Physical risk scenario analysis undertaken for our assets	Transition risk scenario analysis undertaken taking into account a range of climate trajectories	Transition plan commenced for German portfolio and EPC decarbonisation trajectory developed for UK portfolio
Evolving climate-related risk identification, assessment and management approach	Reporting against CDP's climate disclosure for the first time to be completed in July 2023	Analysed the embodied carbon in our German purchased goods and services

Alignment with TCFD

Our TCFD report is consistent with the requirements of the London Stock Exchange ("LSE") Listing Rule 9.8.6 R and the majority of the eleven TCFD recommendations and recommended disclosures. However, we are aware that there is further work to fully align with the reporting requirements, particularly with regard to metrics and targets. The tables below set out our current status on reporting.

TCFD recommendation status table

We have assigned RAG ratings to assess the key areas of focus required for future reporting. This is outlined below using the following key:

Review and improve	
Expansion on reporting for future periods	
Gaps to close	

Governance

- a) Board oversight of climate-related risks and opportunities
- b) Management's role in assessing and managing climate-related risks and opportunities

Strategy

- a) Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term
- b) Describe the impact of climate-related risks and opportunities on the Company's business, strategy and financial planning
- c) Describe the resilience of the Company's strategy, taking into account consideration of different climate-related scenarios including a 2°C or lower scenario

Risk management

- a) Describe the Company's process for identifying and assessing climate-related risks
- b) Describe the Company's processes for managing climate-related risks
- c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management

Metrics and targets

- a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process
- b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
- c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets

TCFD CONTINUED

Alignment with TCFD continued

In order to provide additional transparency over our reporting status, please find below a table which sets out key highlights for 2023, our current positioning, the future workstreams we have identified during the year and where you can find more information.

TCFD pillar	2023 highlights	Current position and more information	Future actions
Governance (see Governance section below and Corporate governance section pages 84 to 138 of Annual Report)	<ul style="list-style-type: none"> » Board review of potential net zero pathway based on CRREM methodology and in line with the Science Based Targets initiative for German portfolio and EPC performance strategy for UK assets » Development of ESG Working Committees in Germany and UK comprising representatives from finance and sustainability, and divisional managing directors 	The Board and management have strong oversight of climate-related risks and opportunities and are supported by the use of specialists in sustainability, carbon performance, energy performance and climate-related scenario analysis. Details behind the governance structure can be found within the governance section below.	The Board and management will be heavily involved in the finalisation of the organisation's transition plan during 2023 and 2024 and further details will be reported in future periods.
Risk management (see Risk management pages and Principal risks pages 72 to 81)	<ul style="list-style-type: none"> » Climate-related risk assessment workshops with German and UK senior management and an advisory panel to identify, assess and prioritise climate-related risk, taking into account a range of climate futures » Assessment of principal risks to consider risk integration with wider ERM processes, and existing risk mitigations for climate-related risks 	During the period, Sirius undertook an extensive risk identification, assessment and management exercise to develop deeper understanding of climate-related risks and opportunities and to identify those that are key for our business. The outputs of this work can be found below within the Risk management and Climate-related risks and opportunities sections below.	Whilst we have identified ESG as a principal risk in the period, further work is required to better integrate our process for the identification, assessment and management of climate-related risks and opportunities and wider risk management practices and this will be a focus for the 2023/24 reporting period.
Strategy (see Sustainability strategy page 39)	<ul style="list-style-type: none"> » Description of the most significant climate-related risks and opportunities impacting upon our business, strategy and financial planning incorporated within TCFD disclosure. » Quantitative scenario analysis undertaken for physical risk to assets over a long-term time horizon to assess resilience to physical risk implications of climate change. » Qualitative scenario analysis undertaken for transition risks, to assess resilience to transition risks in a low-carbon future. » Initial assessment of transition plans for UK and German portfolio. 	During the period, Sirius worked with external TCFD specialists to develop a set of climate-related risks and opportunities, to consider their impact on business, strategy and financial planning, and to assess the resilience of the strategy using scenario analysis. The outputs of this work can be found within the Climate-related risks and opportunities section, the Climate-related scenario analysis section and the Significant insights and strategic resilience section below.	Our initial scenario analysis included qualitative discussion on the impact of various future states, and some quantitative analysis. In future reporting periods we will seek to expand on our internal analysis and further outline the details behind our transition plan.
Metrics and targets (see page 65)	<ul style="list-style-type: none"> » Gap analysis undertaken to assess disclosure against seven cross-industry metrics and targets and SASB recommended reporting and consideration of key metrics and targets that will best support achievement of our climate-related strategic aims » Approach for reporting of Scope 3 for BizSpace aligned to wider corporate approach » First year undertaking CDP assessment to be completed in July 2023 	Whilst we have reported our Scope 1, 2 and 3 GHG emissions, there is further work required to determine the most useful metrics and targets to assess and support the achievement of our sustainability agenda, and to consider our approach for reporting against the TCFD's recommended cross-industry metrics. This will be an area of focus over the next few reporting periods to ensure we are measuring what matters.	Our key focus for the next few reporting periods will be to identify how we can best monitor our performance toward increased resilience.

Governance

The Board assumes overall responsibility and accountability for the management of climate-related risks and opportunities, with the Sustainability and Ethics Committee providing advice to the Board on the economic sustainability of the business and working 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.

During the year, 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 Board also receives and discusses reports from the ESG Working Committees. During the year, ESG was formally discussed by the Board on eight occasions and the Audit Committee reviewed ESG in terms of risk on two occasions.

The Chief Marketing and Impact Officer is responsible for the management of climate change related issues. The Chief Marketing and Impact Officer heads the ESG Working Committees in both Germany and the UK, which bring together senior management from sustainability, operations, finance and HR to oversee and implement ESG within the business, including climate-related issues. There is also a TCFD Working Group, also headed by the Chief Marketing and Impact Officer. Working with external consultants, the TCFD Working Group has the responsibility to identify the risks and opportunities related to climate change for the business in line with the recommendations of TCFD related to the Company's business plan and strategy. The TCFD Working Group reports into the ESG Working Committees which in turn report into the Sustainability and Ethics Committee.

The Audit Committee 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.

A summary of the governance structure relating to climate-related risks and opportunities is set out below.

Board of Directors

Responsibility: Assumes overall responsibility and accountability for the management of climate-related risks and opportunities

Actions: Formally discussed ESG on eight occasions

↑ Informing and reporting ↓

Sustainability and Ethics Committee (chaired by CEO)

Responsibility: Collates and assesses advice on sustainability as relating to corporate strategy

Actions: Regularly reports to the Board on ESG and sustainability-related issues

↑ Informing and reporting ↓

Audit Committee

Responsibility: Responsibility for the review of the risk management methodology and the effectiveness of internal controls

Actions: Bi-annual review of ESG risk within principal risk register

↑ Informing ↓

ESG Working Committee (team of senior management, headed by Chief Marketing and Impact Officer and supported by external specialists)

Responsibility: Works with the Sustainability and Ethics Committee to shape policy and strategy to improve the Group's environmental performance

Actions: Commenced development of transition plan

↑ Informing and reporting ↓

TCFD Working Group (team of senior management, headed by Chief Marketing and Impact Officer and supported by external specialists)

Responsibility: Identification and assessment of climate-related risks and opportunities, assessment of business plan and strategy

Actions: A suite of workshops relating to climate-related risks and opportunities, and strategic resilience were undertaken in the year

TCFD CONTINUED

Risk management

Risk and opportunity identification

ESG is identified as a principal risk and is therefore governed and managed in line with our risk management and control framework. This framework enables us to effectively identify, assess and manage corporate risks, set out risk mitigations and increase our ability to create and sustain shareholder value. Read more about our risk management framework. Read more about our risk management framework on pages 74 to 81.

During the year, we reviewed our approach to climate-related risk management, holding a series of workshops with senior management and an advisory panel to progress our understanding of climate-related risks and opportunities across both the German and UK portfolios. The workshops resulted in a deeper understanding of how different climate-related scenarios will impact upon the business, and how the risks and opportunities interact and interplay with each other, and with our wider corporate risk management system. We have also assessed our principal risks to assess how the risks identified could be impacted by climate-related drivers. As a result of this work, we have adjusted our going concern assessment to incorporate the near-term impacts of investment required to meet the low-carbon transition, and this will be reviewed annually. All imminent capex requirements will be financed from operating cash flows. Read more on our going concern assessment. Read more on our going concern assessment on pages 136 to 137.

Risk and opportunity assessment

The climate-related risks and opportunities identified as part of our climate-related risk and opportunity workshops were assessed using an impact/likelihood assessment. A significant risk is one that could have a significant impact (financial, operational, reputational) and which is likely to occur. A significant opportunity is one that is feasible, or likely to occur, and which could have very long-term benefits for the Company and a positive impact with a range of stakeholders.

Risks identified as significant were further assessed using scenario analysis to determine how these risks may shift over time. In addition to the top-down approach to risk identification, assessment and management, our bottom-up approach ensures that asset level risk (such as flood risk and energy performance) is effectively monitored at asset level.

Monitoring and management of risk and opportunity

The Climate-related risks and opportunities section outlines our significant risks and the key monitoring and management methodologies that apply.

Time horizons over which we assess risk and manage our investment strategy

The time horizons over which we have assessed risks and opportunities are aligned with our wider business planning and investment horizons.

	Short term	Medium term	Long term
Time span	1–5 years	5–10 years	10+ years
Planning horizons assessed as part of our scenario analysis	2023–2025	2025–2030	2030–2050
Business planning cycle	Our short-term business plans consider capex and operational cash flows required in the next three years to support our strategy		
Strategic planning	We carry out horizon scanning to assess the key areas of significance for our business; this includes regulatory review of current and future regulation which enables us to identify key capex requirements in the longer term		
Climate-related scenario analysis	We use scenario analysis within our viability assessments (including capex commitments to meet regulatory requirements)	We consider a range of future scenarios to assess impacts on our business, strategy and financial planning in the medium-long term	

Climate-related risks and opportunities

As part of our climate-related risk and opportunity workshops which included representatives from across the business, including finance, risk, operations and sustainability, we have identified a wide range of risks and opportunities, including acute and chronic physical risks, and transition risks relating to political, legal and regulatory change, market risk, technology and reputational risks. We also considered opportunities arising from resource efficiencies, changes to our products and services, and market opportunities.

Significant transition risks and opportunities

The risks which could have a significant impact on our business are outlined below.

Significant climate-related transition risks and opportunities			
Risk/opportunity	Drivers and causes	Impact on business, strategy and financial planning (risk consequences)	Risk mitigations/methods to realise opportunities
Key risks – all impacting the short and medium term			
Policy and regulation			
Introduction or enhancement of regulation relating to decarbonisation, including building regulations, net zero legislation and biodiversity regulation	<ul style="list-style-type: none"> » Nationwide drive to decarbonisation » Increased focus on sustainability » Focus on regulating the built environment to improve sustainability 	<ul style="list-style-type: none"> » Investment required to meet requirements (capex and opex) » Lower returns from assets not exceeding requirements (impact on revenues portfolio asset value) as stakeholder preference shifts to green buildings » Risk of fines and penalties, increasing costs to profit and loss account if requirements not met » Increased administrative requirements increasing costs to profit and loss 	<ul style="list-style-type: none"> » Monitoring of regulatory requirements and identifying capacity and capabilities in meeting them » Investment in green energy » Development of transition plan
Market			
Cost of capital The cost of debt may be linked to carbon emissions or building standards	<ul style="list-style-type: none"> » Lenders seek to reduce financed emissions by linking the cost of debt to carbon emissions 	<ul style="list-style-type: none"> » The cost of debt for properties with low building standard ratings (EPC, BREEAM) may increase, increasing costs to profit and loss » The availability of finance may decrease for certain sectors, reducing lender potential 	<ul style="list-style-type: none"> » Development of transition plan » Collaborations with lenders to understand changes to their financing strategies
Market/policy and regulation			
Cost of energy and carbon Energy costs may fluctuate, a tax is applied to the carbon emissions of corporates, or green energy deals may be limited	<ul style="list-style-type: none"> » Cost of carbon increases and non-renewable energy costs are impacted » A direct tax on carbon is applied to Scope 1 and Scope 2 emissions » Increased demand for green energy limits availability 	<ul style="list-style-type: none"> » Increased operating costs » Risk of affordability for tenants if energy costs or carbon costs are passed on and potential reduction in revenue » Inability to meet decarbonisation commitments due to availability of green energy agreements 	<ul style="list-style-type: none"> » Development of transition plan » Remodelling approach rather than rebuilding to reduce embodied emissions
Reputation			
Stakeholder concern Failure to meet net zero targets or upgrade buildings in line with stakeholder expectations damages reputation	<ul style="list-style-type: none"> » Stakeholders increasingly focused on sustainability and decarbonisation agenda and want to invest in climate-resilient companies » Decarbonisation may be challenging in the built environment leading to failure to meet targets 	<ul style="list-style-type: none"> » Reduced investment and share price » Reduction in market share » Increased investment required to meet stakeholder requirements 	<ul style="list-style-type: none"> » Stakeholder consultation

TCFD CONTINUED

Climate-related risks and opportunities continued

Significant transition risks and opportunities continued

Significant climate-related transition risks and opportunities continued			
Risk/opportunity	Drivers and causes	Impact on business, strategy, and financial planning (risk consequences)	Risk mitigations/methods to realise opportunities
Key opportunities – all impacting the short and medium term			
Efficiencies and new product lines			
Energy efficiency and electricity generation Investment into decarbonisation will decrease costs and increase revenues	» Carbon reducing upgrades and investments will reduce our energy costs and carbon taxes » Investment into solar will reduce energy costs and increase returns	» Reduced operating costs to profit and loss » Increase in affordability for tenants or returns from service charge agreements, increasing revenues » Ability to meet decarbonisation and increased related opportunities (such as increased rental demand for low-carbon properties, resulting in increased revenues and increase in asset value on balance sheet)	» Development of transition plan
Market			
Cost of capital The cost of debt may be linked to carbon emissions or building standards	» Lenders seek to reduce financed emissions by linking the cost of debt to carbon emissions	» The cost of debt for properties with high building standard ratings (EPC, BREEAM) may decrease, reducing finance costs to profit and loss » The availability of finance may increase for organisations exceeding decarbonisation commitments	» Development of transition plan » Collaborations with lenders to understand changes to their financing strategies
Reputation/stakeholder concern			
Exceeding building requirements will improve reputation	» Stakeholders increasingly focused on sustainability and decarbonisation agenda and want to invest in climate-resilient companies (those meeting or exceeding targets)	» Increased investment and share price » Increase in market share	» Development of transition plan » Stakeholder consultation

Other risks and opportunities included in this analysis, and which were not identified as significant, but which will continue to be included in our consideration of climate-related risks and opportunities include potential market fluctuations in the cost of raw materials used in developments, supply chain issues and stakeholder preference towards low-carbon buildings and services. Opportunities include increasing demand for low-carbon buildings and services, and increased demand for climate-resilient assets, resulting in increased portfolio value. These risks are closely connected with the risks above and will continue to be considered as part of our wider risk management approach.

Physical risks and opportunities

Whilst not assessed as significant, there is the potential for climate-related physical risk to significantly increase over time, as warming trajectories impact upon weather systems and weather events. We recognise that the future is uncertain, and as such have incorporated physical risk assessment into our climate-related risk assessment to ensure that we are aware of how the future may impact upon our portfolio. The key risks and their related impacts are set out below.

Physical climate-related risks and opportunities			
Risk/opportunity	Drivers and causes	Impact on business, strategy, and financial planning (risk consequences)	Risk mitigations/methods to realise opportunities
Key risks – all impacting the long term			
Acute physical			
Increased risk of fire, flood or wind, or other physical risk events	» Increased temperature leading to changes in weather systems	» Physical damage to buildings and assets and reduction in asset value, or increased cost of repair » Increased damage to or inefficiency of solar panels resulting in reduced offset to energy costs and increased cost of repair » Increased insurance costs » Business disruption	» Regular assessment of adequacy of insurance » Climate resilience assessment using latest climate models » Insurance to protect against climate risk
Chronic physical			
Increased risk of sea level rise, drought, changes in temperature and precipitation	» Increased temperature leading to changes in weather systems	» Increased requirement for cooling » Increased demand for water and reduced availability of water	» Climate resilience assessment using latest climate models » Insurance to protect against climate risk

Climate-related scenario analysis

In order to deepen our understanding of how climate-related risks and opportunities will impact upon our business in a range of climate futures we have used inputs from climate scenario models and industry reports to assess how the risks and opportunities identified may impact upon our business, strategy and financial planning in a range of climate scenarios, including a below 2°C scenario. The key characteristics of our scenarios are outlined below:

Sirius scenario	Low emissions	Medium emissions	High emissions
Physical risk assessment (wildfire, inland flood, cyclone, water stress, heatwave, sea level rise)			
IPCC Relative Concentration Pathway	RCP2.6	RCP4.5	RCP8.5
Shared socioeconomic pathway model	SSP1	SSP2	SSP5/SSP3
Approximate 2100 warming trajectory	1.8°C	2.4°C	4.3°C
Atmospheric CO ₂	430–480ppm	580–720ppm	>1,000ppm
Transition risk assessment			
Regulatory change	More stringent environmental regulation	Moderate awareness of environmental consequences of choices made and environmental systems experience degradation	Environmental policies have little importance and environmental systems are seriously degraded
Technological change	Rapid technological shifts	Technological progress but no breakthrough	Low investment in technology
Resource use	Improved resource use	Modest decline in resource use intensity	Increase in resource use intensity
Wellbeing	Emphasis on human nature and wellbeing	Current social and economic trends continue	Emphasis on national issues due to regional conflicts and nationalism
Cooperation	Global cooperation	Weak cooperation	Scepticism around globalisation

TCFD CONTINUED

Climate-related risks and opportunities continued

Climate-related scenario analysis continued

Our analysis shows that there are very different anticipated risk and opportunity impacts at different ends of the temperature spectrum, and we have therefore disclosed the findings from the high and low emissions scenarios below where the central (and most likely) scenario would result in a combination of issues arising at either end of the spectrum (with modified impacts) and we therefore need to ensure that our organisation considers the most extreme but plausible scenarios to ensure strategic resilience. The anticipated impacts on our customers, regulatory requirements and portfolio are set out below, and the findings and key risk mitigations are built into our climate-related risk and opportunity registers.

Low emissions	High emissions
<p>The future conscious customer will demand low resource intensive buildings, energy-efficient appliances, electric vehicle charging points and environmentally friendly developments that are beneficial for health and wellbeing. The carbon impact of buildings and services will be considered as part of rental decisions.</p>	<p>Customers will increasingly observe flood/fire/cyclone risks when selecting properties for rental and may pay more for properties with increased resilience against these risks. Water availability to service properties may become an issue and this will also be included in due diligence on property decisions. The availability of effective heating and cooling will be considered in rental decisions.</p>
<p>Regulation on the built environment will significantly decrease emissions from the sector by enforcing upgrades to buildings. There may also be a legislative requirement to transition to net zero and an increase in the need for carbon offsets to achieve this. There may be a carbon tax on GHG emissions and an increase in the cost of carbon offsets. Lenders may increasingly hike interest rates for high-emitting sectors, or exclude lending altogether from sectors which prevent them from realising their own net zero targets.</p>	<p>There will be limited environmental regulations, but there may be an uptick in the requirement to undertake flood/fire/cyclone risk assessments of properties. Insurance costs are likely to increase for at-risk properties. Lending costs may increase for at-risk properties.</p>
<p>Investment will be required to upgrade buildings to meet energy requirements, to meet the demands of consumers, and there may be changes to valuation where upgrades are not possible. Increasing costs of carbon could impact upon materials and building costs, and there may be supply chain issues for in-demand materials and solutions.</p>	<p>Investment will be required to enhance resilience of properties, and properties at risk may reduce in value. There may be increased supply chain issues due to physical risk disruption, and increased costs of materials as a result of damage to supplier operations and assets.</p>

Significant insights and strategic resilience

Physical risks

In order to assess acute risks of flood, wildfire and cyclone, and chronic risks such as water stress, heatwaves and sea level rise, we partnered with our insurance providers to identify assets with the highest levels of physical risk, and carried out in-depth climate scenario analysis on a representative sample of our at risk assets to consider the long term (2050) view of future climate risk looking at the most extreme risks. The analysis predominantly focused on an RCP8.5/SSP5 scenario, and an RCP4.5/SSP2 scenario. Our modelling uses General Circulation Models ("GCM") from the latest international modelling efforts, the Coupled Model Intercomparison Project 6 and high-resolution historical observations from satellites and sensors to provide detailed information about physical risks, and machine learning and artificial intelligence methods to deliver spatial resolution that is finer than GCMs alone.

The findings indicate that the assets sampled (which are more than 25% of our German and UK portfolio) are at low risk of overall significant climate stress in 2050, but medium risk for water stress and wildfire; however, further consideration shows that the relative change expected is not significantly different to today and as such any localised issues experienced today are unlikely to significantly worsen.

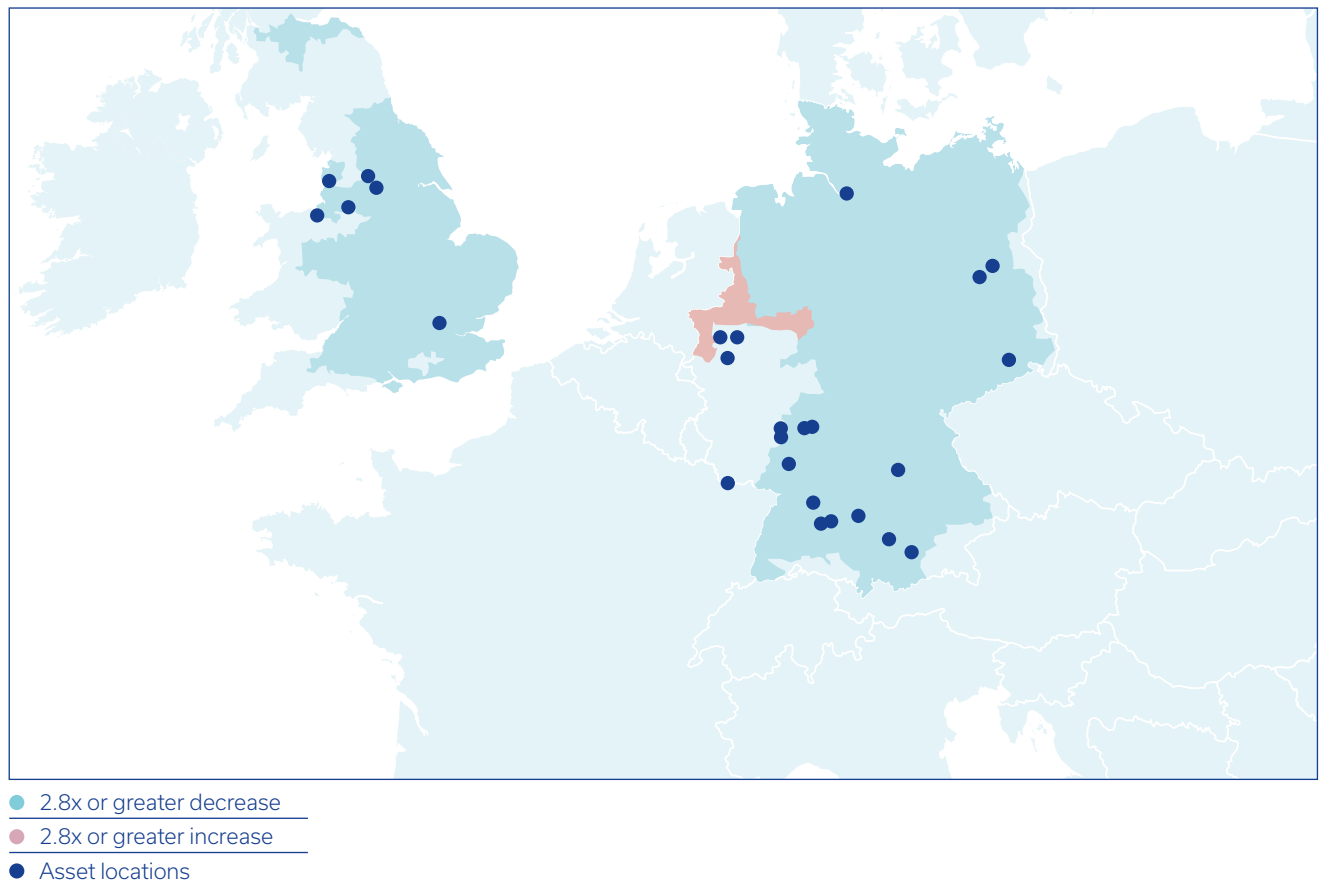
We also considered the Value at Risk of our sampled assets arising as a result of high-impact events such as wildfire, cyclone and intense river flooding. The process simulated many thousands of events, at multiple hazard intensities with varying probabilities of occurrence and differing levels of vulnerability. The outputs from our Value at Risk assessment did not identify significant Value at Risk for our sampled assets.

However, we know that climate risk assessment and climate models are inherently uncertain, and that climate events happening today are exceeding predicted outcomes. As such, we will continue to monitor our asset locations and associated insurance policies over time, as climate data and modelling improve.

Transition risks and financial impacts

Our key findings show that there is close interdependency between climate-related transition risks, which are centred around our ability to operate in a low-carbon future. Whilst we are currently developing our transition plan to set out our strategy for successful operation in a low-carbon future, in the short term, we are already seeing the impact of certain areas take effect, such as increases in the cost of carbon, and changes to policy and regulation which will require investment in the longer term.

An overview of the relative change from baseline water stress, as relevant to our asset locations to 2040 (WRI's Aqeduct Water Risk Atlas)



TCFD CONTINUED

Significant insights and strategic resilience continued

Cost of carbon

The German Government has introduced an adjacent system to the EU Emissions Trading System to cover buildings and, in particular, the energy used in the heating of buildings (typically a cost borne by tenants) with the split of carbon tax for landlords and tenants currently allocated 50/50 for non-residential buildings. The scheme was introduced on 5 December 2022 and impacted cash flows from 1 January 2023. However, due to the specifics of the system and the service charge allocation periods at Sirius properties it impacts, the cash flows are mostly impacted from 1 April 2023.

The original price per tonne of carbon currently applied to the scheme was 35 €/tCO₂e and this was planned to change to 55 €/tCO₂e by 2025, after which the anticipated price becomes uncertain. In the current period, the prices were restated to 30 €/tCO₂e moving to 45 €/tCO₂e to take into account the pressure on the real estate industry driven largely by strong energy price movements. As such, there is uncertainty over the future cash flow implications of the scheme. In addition, there is a question over how the split for landlords and tenants will be amended after 2025.

We currently take into account the current known split and anticipated forecasted price to 2025 in our cash flow forecasts and undertake financial impact analysis of how this could change our overall operating cash flows if the charging mechanisms were to change (i.e. to reflect a change in landlord/tenant split). The amounts assessed do not result in a material financial impact.

Policy and regulation

The EU and the UK have both announced net zero pledges to 2050 (with Germany by 2045); however, it is currently unclear what measures will be put in place to drive decarbonisation in the built environment sector. In Germany, we have undertaken an initial assessment of a decarbonisation pathway to net zero emissions for our portfolio using the CRREM methodology and in line with the Science Based Targets initiative. In the UK, the Minimum Energy Efficiency Standard Regulations require all commercial lettings to be in possession of a valid EPC band "B" by April 2030 and band "C" by April 2027. The Energy Performance of Buildings Directive in Europe is also expected to affect our business. BizSpace has undertaken an exercise to identify all assets which may fall within the requirements and the potential capex investment required to upgrade commercial properties to meet the EPC requirements. In both Germany and the UK, further work is being undertaken by the senior management to develop a roadmap for implementation and a detailed financial assessment, which will be an area of focus for FY2023/24. Our key strategic aims will be to invest in upgrades which are fit for purpose in a low-carbon future in the most cost-effective manner.

In the short term, we have set aside €2 million to fund ESG-specific activities such as more efficient lighting, window and roof optimisation, smart metering of water and electricity, electric charging stations, etc. (please see our going concern statement for more information).

Corporate strategy

The work undertaken during the year relating to our transition plan and climate-related risk assessments is being fed into our ongoing corporate strategy, which remains agile and resilient. Our strategy remains to invest in our assets to improve their utilisation and life span and we see our work to reduce our emissions as an integral part of this strategy. We are fully committed to decarbonising our business across our Scope 1, 2 and 3 emissions and will do so based on detailed management and financial planning, which is being integrated into our operational and planning processes. We recognise that we have large, multi-use and complex assets situated in many locations and communities in Germany and the UK with a broad tenant base. As a result, our transition plan must be developed on an asset-by-asset basis and in many cases working in close engagement with our tenants. We are working with our stakeholders so that they can understand that such a transition plan will take time to both create and implement.

During the year we were pleased that we successfully achieved net zero for our Scope 1 and 2 emissions in Germany for the first time. For our Scope 3 emissions, we completed a detailed assessment of the possible actions and investments required on a sample of our assets to understand their transition pathway to net zero. Working on the findings from this assessment, these were then extrapolated across our German portfolio to provide us with a theoretical transition pathway to net zero. Based on this work, we are now confident that we can achieve a net zero transition pathway for our German assets by 2045, in line with the German national target. As of 1 April 2023, we have formed a specialist team in Germany to use this net zero transition pathway to build a detailed plan, on an asset-by-asset basis, on how we can implement the actions required, working with our stakeholders, to achieve net zero emissions. This plan will also commence a detailed financial model of the investment required and other possible financial implications taking into account our different assets and how they are utilised. The plan includes our award-winning work to understand and start to reduce our embodied carbon and is also examining the potential to roll-out of on-site renewable energy generation through photovoltaic systems at locations which have the structural integrity and demand for such energy. Further details of this transition pathway, including targets, will be provided during FY2023/24.

In the UK, it is our intention, in the second year of ownership, to achieve at least carbon neutrality for our Scope 1 and 2 emissions during FY2023/24. During this year we completed an EPC review of the portfolio to understand the actions required to meet the UK Government requirements for commercial properties to have a minimum EPC rating of "C" by 2027 and "B" by 2030. Based on this initial assessment, we are confident we can achieve the EPC rating required for our UK portfolio. As we have done in Germany, we are now forming a specialist team in the UK to build a detailed plan, on an asset-by-asset basis, on how to implement the actions required. During the current year, we also plan to integrate the EPC programme with a net zero emissions transition pathway for the UK portfolio in line with the UK Government target of 2050. Further details of this possible transition pathway will be provided during FY2023/24.

In both Germany and the UK, our acquisition framework has been updated to include environmental considerations as part of the pre-acquisition due diligence.

Metrics and targets

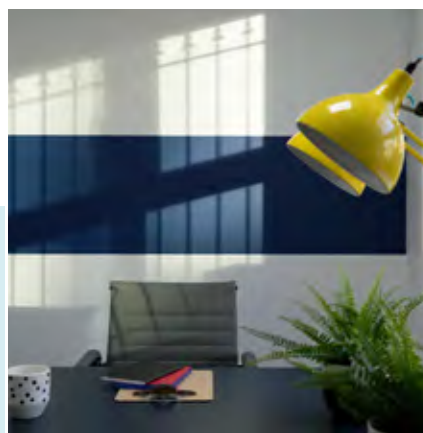
We measure a wide range of consumption data relating to energy, water, waste and embodied carbon, which will be available in our first CDP submission which will be completed in July 2023. Carbon emissions is one of our main areas of focus. We report our GHG emissions, which are disclosed in the Annual Report, including Scope 1, 2 and 3 emissions on page 45. We also currently measure the proportion of renewable energy we provide; the roll-out of smart meters across our portfolio; the number of EV charging stations installed; and the levels of embodied carbon associated with the refurbishment and modernisation of our portfolio in Germany. These can be found on pages 42 to 43.

As we develop our decarbonisation transition pathway for both our German and UK portfolios we intend to identify and make public additional metrics and KPIs in relation to climate.

As highlighted in this report and in our ESG Report published during December 2022, it is our intention to publish the transition pathway for our German portfolio during FY2023/24 and for our UK portfolio during FY2024/25. We also intend to promote a clear waste and water management strategy across the business and provide further details on our biodiversity plans in 2023/24.

During the year, we have undertaken an assessment of the TCFD's seven cross-industry metrics, the TCFD's sector guidance on suggested metrics, and the draft industry-specific metrics as outlined by IFRS S2 to identify the areas of focus that may be important for our stakeholders. Our key focus for the next reporting periods will be to identify how we can best monitor our performance towards increased resilience and an overview of our current reporting can be found below:

Cross-industry metrics	Current status
Scope 1, 2 and 3 GHG emissions	Full reporting – see Annual Report page 45
Transition risks	These will be developed in more depth on finalisation of the transition plan
Physical risks	0% of the portfolio is in a 1 in 100 years flood zone 11.9% of the portfolio is in a 1 in 200 years flood zone
Opportunities	These will be developed in more depth on finalisation of the transition plan
Capital deployed	This will be further developed as part of our transition plan; for current capital deployed, see our going concern commentary on pages 136 and 137 of the Annual Report
Internal carbon price	See the Transition risks and financial impacts section above for how we have flexed carbon prices to assess potential impacts on cash flows
Remuneration	ESG is currently linked to remuneration; see further details on pages 125 and 126 of the Annual Report



FINANCIAL REVIEW

€100 million FFO milestone achieved



Alistair Marks
Interim Chief Financial Officer

"Sirius has achieved its €100 million funds from operations goal with further organic growth as the Company continues its price driven strategy in both Germany and the UK."

Substantial FFO growth

The Company has reported in excess of €100 million in FFO for the first time, a five year target that was set in FY18/19 when the FFO run rate was below €50 million. Sirius recorded FFO of €102.1 million which represents a 36.9% increase over the €74.6 million FFO reported last year. Whilst a significant portion of this growth has come from the full year effect of acquisitions that were made in the last financial year, including BizSpace, Sirius has benefited from substantial organic growth and excellent asset recycling despite the challenging markets which are continuing to be affected by instability from the Ukraine conflict and the cost of living crisis in both Germany and the UK. The main driver of organic growth was the 7.7%⁽¹⁾ increase in like-for-like rent roll which increases to 8.1%⁽¹⁾ rent roll growth when incorporating the effect of asset recycling and taking the total rent roll of the Group. This level of like-for-like rental growth was a record for the Company and has mainly come from the Group's price driven strategy which focuses on replacing rental contracts which are under-rented with those closer to market rates whilst also capturing inflationary increases where it can. This has resulted in a slight decline in the Group's total occupancy but the rent growth numbers speak to the success of this strategy.

Trading performance and earnings

The Company has reported a profit before tax in the year ended 31 March 2023 of €87.0 million (31 March 2022: €168.9 million), representing a decrease of 48.5% from the prior year. This reduction in profit is mainly due to the FFO growth mentioned above being offset by a net valuation deficit of €7.7 million (€21.4 million valuation increase less €29.9 million capex) being reported in the period whereas in the prior year a net valuation gain of €140.9 million (€163.5 million valuation increase less €22.6 million capex) was reported. The €27.5 million increase in FFO to €102.1 million (31 March 2022: €74.6 million) included BizSpace contributing € 25.5 million, its first full year contribution to the Group (31 March 2022: €5.8 million). The organic growth within this FFO increase came mainly from the 6.4% and 7.7%⁽¹⁾ increases in like-for-like annualised rental income achieved in the March 2022 and March 2023 years respectively.

Both the German and UK businesses saw strong demand for their offerings which translated to the excellent rental growth in the period as explained in more detail in the Asset management section of this report. Additionally, Sirius was able to achieve further improvements to its ancillary income streams which have more than offset some increases in overhead costs due to inflation as well as increasing the capacity of its management platform.

Further acquisitive growth was limited because the Company has decided to pause its large-scale acquisitive growth plans in favour of selective asset recycling due to the uncertainties that exist in the property investment markets within which Sirius operates. As such, the Company can focus more on its organic growth opportunities of which there remain plenty.

The split between the contribution from German operations and BizSpace for the year ended 31 March 2023 is set out in the table below.

	Germany €m	UK €m	Group €m
NOI	116.1	37.3	153.4
FFO	75.4	26.7	102.1
Profit after tax	53.1	26.1	79.7

(1) The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1374, being the closing exchange rate as at 31 March 2023.

On a per share basis, most of what was discussed above is reflected with only a small number of new shares being issued in the period. The impact of valuations stabilising resulted in a 49.4% decrease in basic EPS for the period to 6.82c per share. Adjusted EPS, basic EPRA EPS and diluted EPRA EPS, which exclude the impact of valuations described above, increased by approximately 22.8%, 17.2% and 17.1% respectively reflecting the strong operational performance in the year.

	Earnings €m	No. of shares	31 March 2023 cents per share	Earnings €m	No. of shares	31 March 2022 cents per share	Change %
Basic EPS	79.6	1,167,757,975	6.82	147.9	1,097,082,162	13.48	(49.4)
Diluted EPS	79.6	1,183,626,763	6.73	147.9	1,112,360,781	13.29	(49.4)
Adjusted EPS*	92.9	1,167,757,975	7.96	71.1	1,097,082,162	6.48	22.8
Basic EPRA EPS	88.2	1,167,757,975	7.55	70.7	1,097,082,162	6.44	17.2
Diluted EPRA EPS	88.2	1,183,626,763	7.45	70.7	1,112,360,781	6.36	17.1

* See note 12 and the Business analysis section of the Annual Report and Accounts 2023.

Sirius 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.

Income

Total revenue reported in the period, which comprises rent, fee income relating to Titanium, other ancillary income from investment properties, and service charge income, increased from €210.2 million for the 31 March 2022 year to €270.1 million this year. The detail of the €59.9 million increase in income is shown on the following table.

	Year ended 31 March 2023			Year ended 31 March 2022		
	Germany €m	UK €m	Group €m	Germany €m	UK €m	Group €m
Rental and other income from investment properties	125.5	33.3	158.8	108.7	15.3	124.0
Service charge income from investment properties	66.6	24.0	90.6	55.0	5.7	60.7
Rental and other income from managed properties	10.9	—	10.9	10.9	—	10.9
Service charge income from managed properties	9.8	—	9.8	14.6	—	14.6
Revenue	212.8	57.3	270.1	189.2	21.0	210.2

Annualised rent roll in Germany increased by 8.3% from €113.7 million to €123.1 million with net acquisitions and organic growth contributing €1.2 million and €8.2 million respectively. BizSpace's annualised rent roll increased 7.4%⁽¹⁾ from €51.3⁽¹⁾ million to €55.1⁽¹⁾ million in the period, with the impact of organic growth of €4.4 million being reduced by disposals of €0.6 million. This is shown in more detail in the following table:

	Germany €m	UK* €m	Group €m
Opening annualised rent roll	113.7	51.3	165.0
Acquisitions	2.4	—	2.4
Disposals	(1.2)	(0.6)	(1.8)
Move-ins/outs	1.9	(0.1)	1.8
Uplifts	6.3	4.5	10.8
Closing annualised rent roll	123.1	55.1	178.2

FINANCIAL REVIEW CONTINUED

Income continued

Whilst the rental growth in the period was impressive, the fact that this was achieved without reducing vacancy levels means that the opportunity that remains within this vacancy for further organic growth over the next few years has been preserved. The key to unlocking this in the most effective way is through the continuation of Sirius' capex investment programmes combined with a wide range of other intensive asset management initiatives. Additionally, whilst inflation levels continue to be high, Sirius is able to boost its organic growth numbers because of its ability to capture inflationary increases within its contracted rents as well as when tenants renew and new tenants are coming in.

Portfolio valuation – Group

The portfolio of owned assets was independently valued at €2,103.2 million by Cushman & Wakefield LLP at 31 March 2023 (31 March 2022: €2,079.0 million), which converts to a book value of €2,123.0 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 €m	German investment property – leased €m	UK investment property – owned €m	UK investment property – leased €m	Investment property – total €m
Investment properties at book value as at 31 March 2022*	1,623.2	12.1	451.8	13.0	2,100.1
Acquisitions arising from business combinations	—	—	—	—	—
Additions relating to owned investment properties	44.6	—	—	—	44.6
Additions relating to leased investment properties	—	—	—	1.4	1.4
Capex investment and capitalised broker fees	24.4	—	5.5	—	29.9
Reclassified as investment property held for sale	(8.8)	—	—	—	(8.8)
Disposal	—	—	(17.1)	—	(17.1)
Deficit on revaluation above capex investment and broker fees	(2.0)	—	(5.7)	—	(7.7)
Deficit on revaluation relating to leased investment properties	—	(1.3)	—	(0.2)	(1.5)
Adjustment in respect of lease incentives	(0.6)	—	—	—	(0.6)
Currency effects	—	—	(16.8)	(0.5)	(17.3)
Investment properties at book value as at 31 March 2023*	1,680.8	10.8	417.7	13.7	2,123.0

* Excluding assets held for sale.

The increase in value of the German portfolio of €57.6 million was made up of €44.6 million of asset acquisitions, less €8.8 million of disposals, plus a €22.4 million valuation increase on the existing portfolio and finally a €0.6 million negative adjustment in respect of lease incentives. The €22.4 million valuation increase was lower than the €24.4 million of capex spent on that portfolio; hence, the net of these resulted in a €2.0 million deficit being booked through the Company's profit.

In the UK, the value of the BizSpace portfolio reduced by €34.1 million due to €17.1 million of disposals partly offset by €1.4 million of additions*; a valuation decrease of €0.2 million on the existing portfolio and a €17.3 million foreign currency reduction due to the weakening of GBP against the EUR for the year. In addition to the €0.2 million valuation reduction, capex of €5.5 million was invested into the UK portfolio resulting in a €5.7 million deficit being reported through the Company's profit.

Portfolio valuation – Germany

The book value of the existing German portfolio that was owned for the full period increased by €21.7 million or 1.3% from €1,623.2 million to €1,644.8 million. This was driven by an increase in annualised rent roll of €8.2 million in the year which more than compensated for a gross yield expansion of approximately 40 bps. The assets that were acquired during the year end were revalued at €44.4 million which is €0.2 million below the total acquisition costs paid and 7.8% above the net purchase prices paid for these properties, indicating that these assets were purchased well.

The German portfolio at 31 March 2023 comprises 70 assets with a book value of €1,689.6 million generating €125.5 million of rental income and €109.8 million of net operating income based on an occupancy of 83.4%. This represents an average gross yield of 7.3% (31 March 2022: 6.9%), which translates to a net yield of 6.5% (31 March 2022: 6.2%) and an EPRA net yield (including estimated purchaser costs) of 6.2% (31 March 2022: 5.9%).

Whilst yields have expanded within the German portfolio valuation by around 40 bps in the period to 7.3%, this still appears to be conservative when compared to transactions that have completed over the last year in the industrial, logistics and office sectors in Germany. The average capital value per sqm of the portfolio of €912 (31 March 2022: €893) also remains below replacement cost and, when considered with the level of vacancy that remains within the portfolio, illustrates the excellent opportunity for further growth, particularly from upgrading and letting up the sub-optimal vacant space through the Company's capex investment programmes.

The acquisitions made over the last couple of years have replenished a lot of the vacancy that was transformed and let up through Sirius' capex investment programmes. As a result, at 31 March 2023, 65% of the German portfolio are considered value-add assets which, with average occupancy of 79.3% and valued at a gross yield of 7.6%, 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 94.4% and, at a gross yield of 6.7%, are valued at a yield that is 90 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. The full details of the capex investment programmes are provided in the Asset management review – Germany section of this report. The specifics of the value-add and mature portfolios are detailed in the table below:

	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**	83.0	1,091.3	72.7	812	7.6%	6.7%	270,454	6.68	79.3%
Mature assets	40.1	598.3	38.6	1,174	6.7%	6.4%	27,488	7.26	94.4%
Other	—	—	(1.5)	—	—	—	—	—	—
Total	123.1	1,689.6	109.8	912	7.3%	6.5%	297,942	6.86	83.4%

* Expressed as averages.

** Excluding assets held for sale.

The reconciliation of book value to the independent Cushman & Wakefield LLP valuation excluding assets held for sale is as follows:

	31 March 2023 €m	31 March 2022 €m
Investment properties at market value*	1,685.5	1,627.3
Adjustment in respect of lease incentives	(4.7)	(4.1)
Book value of investment properties*	1,680.8	1,623.2

* Excluding assets held for sale.

Portfolio valuation – UK

At 31 March 2023, the value of the UK portfolio was £367.2 million (€417.7 million) which was broadly flat compared to the £367.4 million (€434.3 million) valuation of this portfolio at 31 March 2022. The benefits of the £3.8 million (8.7%) increase in annualised rent roll for this portfolio in the period were more than offset by yield expansion of around 100 bps to 9.3% (31 March 2022: 8.3%). Similar to the German portfolio, the EPRA net yield (including estimated purchaser costs) of 8.7% (31 March 2022: 7.6%) looks conservative compared to transactions seen in the market. On a euro basis the reduction in value was €16.6 million which was higher than the £0.2 million stated above due to the weakening of GBP against EUR.

The total portfolio valuation decreased by £15.0 million across the period to £367.2 million (31 March 2022: £382.2 million), being the combination of the £0.2 million valuation reduction as described above and the disposal of Camberwell and Ipswich during the period.

The average capital value per sqm of the portfolio of £88 per sq ft (€1,072 per sqm) (31 March 2022: £88 per sq ft (€1,105 per sqm)) also remains below replacement cost and further supports the sentiment that there remains value-add potential within the portfolio.

	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	48.5	367.2	34.0	88	13.2%	9.3%	567,899	13.39	86.5%

The UK does not have material lease incentives adjusting the investment property values.

* Expressed as averages.

** Excluding assets held for sale.

FINANCIAL REVIEW CONTINUED

Net asset value

The valuation movements mentioned above along with a dividend pay-out ratio of 65% of FFO resulted in a slight increase in net asset value per share to 102.46c at 31 March 2023, an uplift of 0.4% from 102.04c as at 31 March 2022. Similarly, the adjusted net asset value per share increased to 109.21c at 31 March 2023, an uplift of 0.6% from 108.51c as at 31 March 2022. In addition, the Company paid out 5.07c per share of dividends during the financial year which contributed to a total shareholder accounting return (adjusted NAV growth plus dividends paid) of 5.3% (31 March 2022: 20.0%). The movement in NAV per share is explained in the following table:

	Cents per share
NAV per share as at 31 March 2022	102.04
Recurring profit after tax	7.96
Equity raise	—
Deficit on revaluation (net of capex)	(0.71)
Deferred tax charge	(0.37)
Scrip and cash dividend paid	(5.27)
Adjusting items ⁽¹⁾	(1.19)
NAV per share at 31 March 2023	102.46
Deferred tax and derivatives	6.75
Adjusted NAV per share at 31 March 2023⁽²⁾	109.21
EPRA adjustments ⁽³⁾	(1.10)
EPRA NTA per share at 31 March 2023⁽²⁾	108.11

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

(2) See Annex of 2023 Annual accounts for further details.

(3) Adjusted for the potential impact of shares issued in relation to the Company's long-term incentive programmes, intangible assets, provisions for deferred tax and derivative financial instruments.

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 108.11c, an increase of 0.8% from 107.28c as at 31 March 2022.

Financing

In May 2023 the Company refinanced its €57.3 million Deutsche Pfandbriefbank (PBB) loan facility, seven months in advance of it falling due on 31 December 2023. The new facility amounting to €58.3 million has a term of seven years at a fixed interest rate of 4.25%. In addition to this early refinancing, in August 2022 the Company secured a refinancing with Berlin Hyp AG, one year in advance, of its €170 million facility due in October 2023, agreeing a new 7-year €170 million facility commencing on 1 November 2023 with a fixed interest rate of 4.26%. When these facilities commence, the weighted average cost of debt will increase from 1.4% to 2.1% and the weighted term of debt will increase from 3.3 years to 5.0 years. Whilst Berlin Hyp and PBB facilities are classified as a current liability due to their accounting treatment, these do not have a negative impact on working capital as these have been financed as new loans.

Of the €975.1 million of total debt, the Company has €49.3 million of debt coming due in the next three years which is made up of three tranches of the HSBC Schuldschein totalling €35 million and €14.3 million Saarbrücken Sparkasse. Of this debt, €20 million of the HSBC Schuldschein is due in July 2023, which the Company is in negotiations with the current lender to refinance ahead of expiry but has the ability to repay if required.

During December 2022 and January 2023 of the financial year, the Company repaid two tranches of its HSBC Schuldschein amounting to €5 million and €10 million respectively. The debt structure of the Company remains such that 75% of its debt is unsecured (31 March 2022: 75%) allowing the Company to maintain flexibility over its €1.6 billion of unencumbered assets.

Net LTV was 41.6% (31 March 2022: 41.6%) whilst interest cover at EBITDA level was 8.6x as at 31 March 2023 (31 March 2022: 7.3x). 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

	€m
Total debt as at 31 March 2022	995.6
Repayment of credit facility	(15.0)
Scheduled amortisation	(5.5)
Total debt as at 31 March 2023	975.1

Dividend

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2023 of 2.98c per share, representing a pay-out of 65% of FFO and an increase of 25.7% on the equivalent dividend last year which was also based on 65% of FFO. The total dividend in respect of the financial year is 5.68c, an increase of 28.8% on the 4.41c total dividend paid in respect of the financial year ended 31 March 2022.

The table below shows the dividends paid and pay-out ratios over the last five years, demonstrating the excellent progression the Company has made in the period as well as the ability of the Board to increase the dividend pay-out ratio whilst the proceeds of asset disposals are 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 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%
Year ended March 2023	2.70	2.98	5.68	65%

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

Details of the dividend distribution and announcement are detailed in note 30 of the Annual Report and Accounts.

Summary

Despite continuing challenging market conditions, the year to 31 March 2023 demonstrated the resilience of the Sirius platform as it was able to achieve its goal of €100 million of FFO. Organic growth was mainly achieved through capturing rate increases via the Company's price driven strategy as well as continuing improvements to the service charge cost recovery. Having a full year impact of the deals done in the prior year obviously helped but plenty remains in the tank as far as further FFO and dividend growth is concerned over the next few years.

In addition, the Company has significantly improved the strength of its balance sheet over the last few years which will allow it to focus on this growth and not have to worry about yield expansion, debt refinancing and cash flow like many of the other property companies operating throughout the world. Regardless of what transpires in the markets that Sirius operates in, from increasing interest rates and high inflation, to further geopolitical issues, supply chain problems and volatile energy prices and investment markets, Sirius is in an excellent position to navigate through and continue to grow. Should substantial acquisition opportunities arise then the Company is also well positioned to take advantage.

The Company's strong financial profile, along with its proven internal operating platform, means the Company is fully 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.



Alistair Marks

Chief Financial Officer

2 June 2023

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.

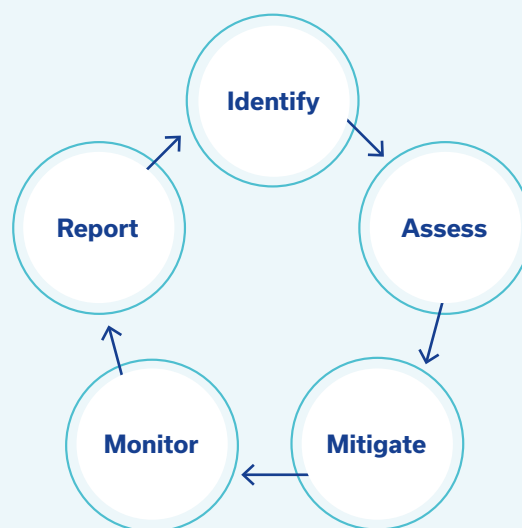
Finally, the risk register documents the controls in place that exist to mitigate the particular risk.

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:

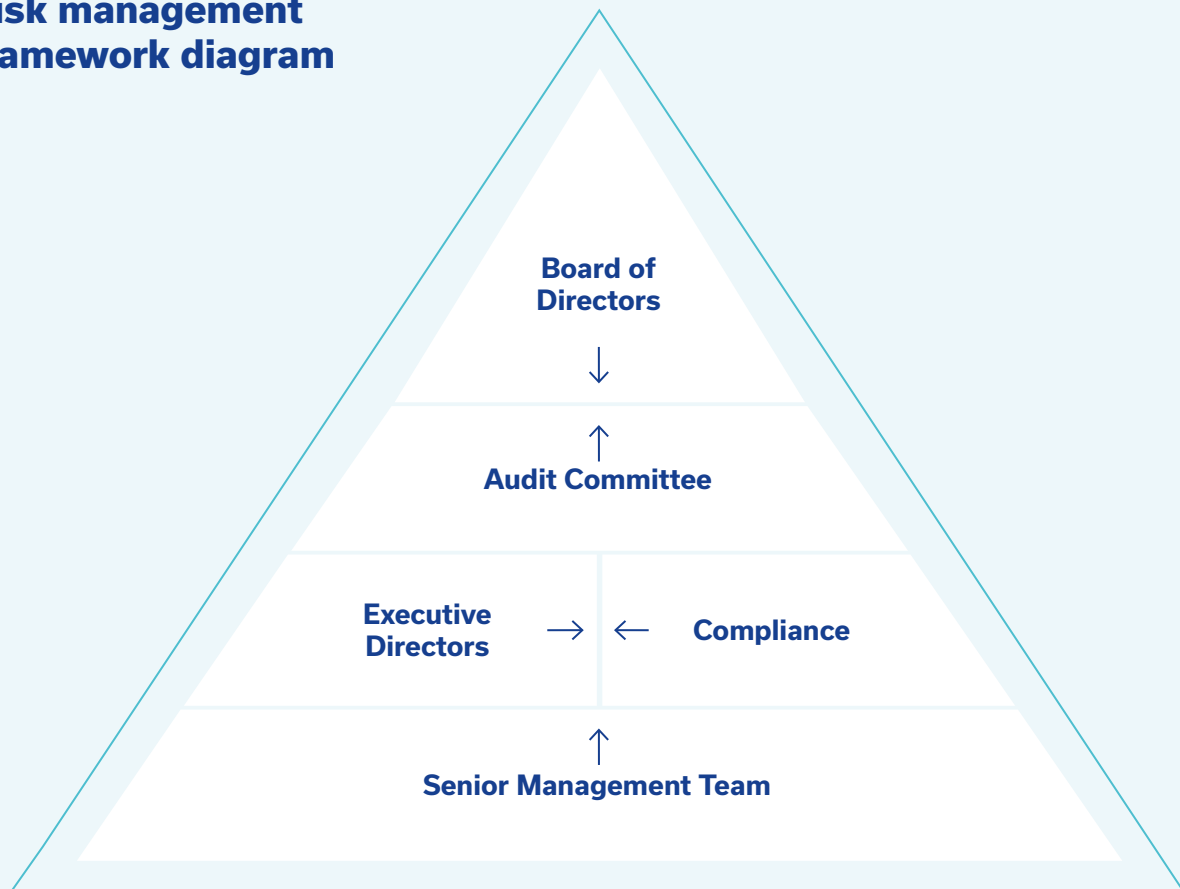
- » reviewing regular risk reporting prepared by the Senior Management Team;
- » assessing the effectiveness of control design and implementation; and
- » overseeing and advising the Board on current risk exposures and future risk strategy.

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 auditor.

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

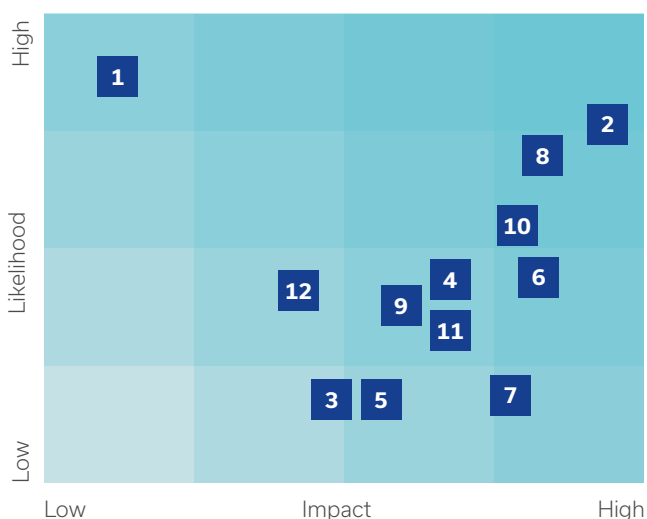
- » Define risk management responsibilities at operational and key initiative level.
- » Ensure risk is considered in all business decision making.
- » Continuously identify risks, provide assurance and self-assess.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

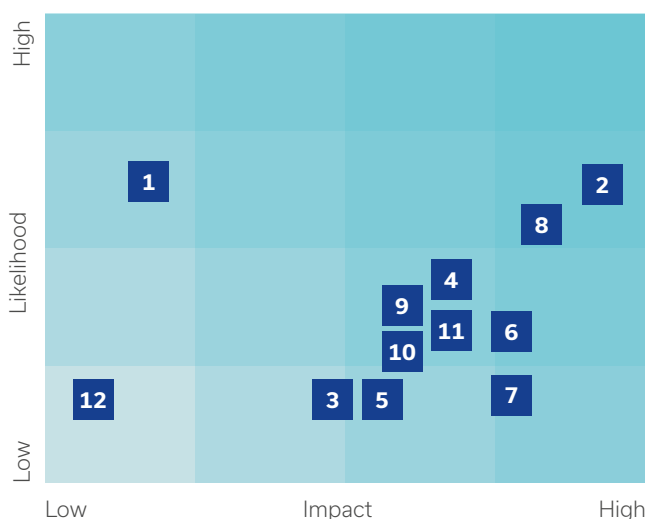
Principal risks summary

Risk area	Principal risk(s)
1 Financing	<ul style="list-style-type: none"> » Availability and pricing of debt » Leverage on returns » Compliance with loan facility covenants » Availability and pricing of equity capital » Reputational risk
2 Valuation	<ul style="list-style-type: none"> » Property inherently difficult to value » Susceptibility of property market to change in value
3 Markets	<ul style="list-style-type: none"> » Participation within two geographically diverse markets » Reliance on specific industries and SME market » Reduction in occupancy
4 Acquisitive growth	<ul style="list-style-type: none"> » Decrease in number of acquisition opportunities coming to market » Failure to acquire suitable properties with desired returns
5 Organic growth	<ul style="list-style-type: none"> » Failure to deliver capex investment programmes » Failure to refuel capex investment programmes » Failure to achieve targeted returns from investments
6 Customer	<ul style="list-style-type: none"> » 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	<ul style="list-style-type: none"> » Non-compliance with tax or regulatory obligations
8 People	<ul style="list-style-type: none"> » Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9 Systems and data	<ul style="list-style-type: none"> » System failures and loss of data » Security breaches » Data protection
10 Macroeconomic environment	<ul style="list-style-type: none"> » Impact of the post-Covid-19 pandemic market » Inflationary pressure leading to increased costs » Energy supply shortages caused by a variety of economic and geopolitical factors » Interest rate movements impacting the commercial real estate market » Delays in cash collection and tenant insolvencies
11 ESG	<ul style="list-style-type: none"> » Unforeseen costs relating to physical and transition risks associated with climate change » Reputational risk » Failure to meet shareholder and societal requirements or expectations » Restricted access to financing market due to higher requirements ("green financing")
12 Foreign currency	<ul style="list-style-type: none"> » 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 may 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 continues to own significantly more unencumbered than encumbered assets which are more liquid to sell or could be injected into bank security pools if necessary.

Developments in the year

- » Interest rates have increased significantly over the past twelve months as inflation took hold. 95% of total borrowings of €975.1 million are on terms fixed for over three years at an average interest rate of 1.3%. Of the €49.3 million coming due over the next three years, €20.0 million come due within the next twelve months.
- » Early financing of the €58.3 million PBB loan facility in May 2023 at 4.25% interest for a seven-year term as well as the early financing of the €170 million Berlin Hyp loan facility in August 2022 at 4.26% interest for a seven year term. The weighted average cost of debt will increase to 2.07% whilst the average term of debt expiry increases to five years.
- » All loan facility covenants were met in full during the year.
- » The Company has retained sufficient headroom on its Group covenants, which would allow for a drop in asset prices of 21% before it would be required to initiate mitigating actions.
- » The Group continues to monitor its LTV ratio very carefully and is working towards reducing its net LTV ratio of 41.6% (31 March 2022: 41.6%) to below 40% in the near term.
- » Fitch reaffirmed its BBB investment grade rating with "Stable Outlook" on 4 November 2022.
- » The Group owns 125 unencumbered assets with a book value of €1.6 billion compared to 127 unencumbered assets with a book value of €1.6 billion as at 31 March 2022.

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 rate 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% year over year.
- » Average net yield of the UK portfolio increased to 9.3% from 8.3% in the prior period.
- » The like-for-like book valuation of the Group's German assets increased by €22.8 million or 1.4% predominantly as a result of increases in net operating income.
- » The book valuation of the Group's UK assets decreased by £15.0 million (€17.3 million) or 3.9% since 31 March 2022 predominantly as a result of yield expansion and foreign currency effects.

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.
- » 39% of the Group's annualised rent roll in Germany comes from its top 50 tenants which occupy 45% of the space and 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

- » Both the German and UK economies suffered from the impacts of inflation which had a significant impact on the GDP of both countries as investments slowed due to higher prices.
- » The Group is not materially dependent on any single economic sector or tenant.
- » 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.
- » 7.9% 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 Operating Decision Maker for further review and consideration.
- » The Group's highly experienced 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 1,129 investment opportunities in Germany which consisted of both on and off-market opportunities.
- » Across the Group, asset recycling amounted to approximately €90 million.

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.

Developments in the year

- » The Company continued its capex investment programme on acquisitions that completed from April 2016. As at 31 March 2023, a total of 428,037 sqm of space had been fully refurbished for an investment of €64.1 million and is currently generating incremental annualised rent roll of €27.1 million on 73% occupancy.
- » The Company continued to identify space suitable for investment that is expected to be returned from vacating tenants. A total of 41,920 sqm of space has been identified for investment of €10.4 million that is expected to upgrade the space and generate €3.8 million in annualised rent roll.
- » 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

- » The move to hybrid working arrangements post-Covid-19 may lead to a lower take-up of vacant office space.
- » 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 result 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 operating platforms in Germany and the UK are highly specialised, with a dedicated marketing and internal call centre, dedicated relationship managers for key tenants and on-site staff available to react to tenant needs with agility and speed.
- » The Company's on-site staff closely monitor the micro markets around each site to draw customers to the Sirius brand locations.
- » The combination of the national and local marketing teams working together to drive up visibility of the brand to current and prospective tenants.
- » The Group undertakes tenant satisfaction surveys to gain key insight into the evolving needs of our tenant base to allow the Company to address these proactively.
- » The Group's pricing policy is to be below the upper quartile of the market providing protection in challenging economic times.
- » All prospective tenants in the Group go through a robust credit check to provide comfort over their suitability and financial position and are required to provide deposits and/or bank guarantees supported further by an experienced cash collection team.
- » 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 established a specialised task force to let up vacant office space.
- » As storage demand has shown to continually increase, the Company maintains a strong focus on growing the Smartspace Storage brand across its portfolio by converting space as appropriate.
- » 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 Group maintained a cash collection rate in excess of 98.5% for the year ended 31 March 2023.
- » The Group maintained stable like-for-like occupancy of 84.5% as at 31 March 2023 compared to 85.6% for the period ended 31 March 2022.

7 Regulatory and tax



Principal risks

- » Change of tax laws or practices as a result of base erosion and profit shifting initiatives ("BEPS", "ATAD").
- » 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.
- » Challenge of intercompany transactions in regard to transfer pricing requirements.
- » The non-compliance with laws, regulations, reporting requirements and accepted practices relating to all jurisdictions in which it operates including those which relate to 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 corporate tax rate in the UK will increase to 25% effective for financial year 2023/24.
- » The Group continues to have tax losses that are potentially available for offset against future profits of its subsidiaries. As at 31 March 2023, tax losses amounted to €240.2 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.

Developments in the year

- » As unemployment in both Germany and the UK remains low and wage expectations rise due to inflation and a market which favours the workforce, staff retention and recruitment are a key priority for the Company. The Company has hired an experienced Group HR Director to shape the direction of the workforce.
- » The Group has sufficient depth in key positions to ensure business continuity.
- » The Company is in the process of launching an internal talent review to ensure the appropriate actions are taken to retain and engage key talent within the broader organisation.
- » The Group has 72 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 Company remains focused on diversity and inclusion and has increased female representation on the Senior Management Team. It has further launched a female leadership mentorship programme across the organisation.

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.

Risk key



No change



Increased risk



Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

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.
- » Energy supply shortages in Germany caused by a variety of economic and geopolitical factors.

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.
- » Increased service charge irrecoverable or the inability to supply tenants with their energy needs.

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.
- » The Company has fixed-term contracts in place for energy until December 2023. The Company is able to control service charge leakage through tight control over its costs and what is charged to its tenants.

Developments in the year

- » The Group successfully continues to trade through market volatility dominated by inflation and the continuing Ukraine conflict, posting strong rent roll growth.
- » Group like-for-like occupancy remained stable at 84.5%, decreasing slightly from 85.6% in the prior period.
- » The Group maintained high cash collection rates throughout the year ended 31 March 2023 in excess of 98.5% at Group level.
- » As at 31 March 2023 the Group had cash balances amounting to €124.3 million, of which €99.2 million is cash at bank. In addition, the Group has €25.0 million undrawn credit facilities available until November 2023 which may be extended twice for one year each, to mitigate additional short-term cash requirements and a total of 125 unencumbered assets with a book value of €1.6 billion.
- » The Group's loan covenant position at 31 March 2023 supports significant headroom across both LTV and income related covenants and has undergone stress testing as part of regular internal risk management activities.
- » Germany has put in various measures in place to source energy from alternative suppliers, reducing the dependence on any major supplier as well as maintaining its energy reserves to ensure business continuity.

11 ESG



Principal risks

- » As the legislative and market environments shift towards a low-carbon and more sustainable future, there is likely to be increased regulation, including building regulations, changes to stakeholder expectations (lenders, tenants and investors) and enhanced reporting requirements.
- » The physical impacts of climate change may impact upon our assets and supply chains.
- » Ethics, governance and transparency around sustainability will increase in importance.
- » Diversity and inclusion will continue to be of importance.
- » Restricted access to financing market due to higher requirements ("green financing").

Potential impact

- » The value of the Group's assets could become impaired as a result of failure to manage climate-related physical or transition risks resulting in adverse financial impacts.
- » Reduction in profitability as a result of occupancy decreases arising from shifts in customer preference or changes to rental premium affordability, where buildings do not meet or exceed regulatory requirements.
- » Reduction in profitability and asset value due to costs associated with ESG compliance and investments required to meet regulatory or stakeholder requirements.
- » Reputational damage to the Company, reducing the talent pool, investment potential and our customer base.
- » Risk of fines and penalties for non-compliance with regulation.
- » Reduced ability to implement the business strategy and obtain low interest debt.
- » Shareholders opting or being obliged to liquidate their holdings in the Company to achieve their own decarbonisation agenda.
- » Insufficient resources in place to support the Company's growth ambitions.
- » Higher cost of borrowing or lack of available capital if the underlying financed activity is not deemed appropriate by investors.

11 ESG continued



Mitigation

- » The Group continues to develop both transition and physical climate-related risk resilience assessments in line with the recommendations of TCFD.
- » Regular horizon scanning for regulatory changes and developing a financial assessment of how regulatory requirements will impact upon the organisation.
- » Continued progress on development of transition plan to outline fully costed approach to achieving regulatory requirements and net zero emissions.
- » Analysis of current physical risk exposure of German and UK portfolio.
- » Use of specialists to support expansion of sustainability knowledge within management and executive teams.
- » 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.
- » Collaborations with a wide range of stakeholders to understand changing needs and expectations.
- » The Company is dedicated to its ESG initiatives and reviews its assets and capital needs on an ongoing basis.

Developments in the year

- » The Group has carried out its GHG emissions calculations to analyse its Scope 1, 2 and 3 emissions for the full German and UK portfolios and the details are provided in the Sustainability section of this report.
- » The Board has reviewed the initial net zero pathway for the German portfolio and the initial EPC plan for UK assets.
- » Development of net zero transition plan for the Group is in progress.
- » Climate-related risk workshops and TCFD scenario analysis have been undertaken during the year (please see TCFD section).
- » Gap analysis undertaken to identify data needs for future reporting to support provision of decision-useful information, and to enable progress towards setting of meaningful targets.
- » The Group is intending to report against CDP Climate for the first time for the 2022/23 financial year.
- » The Group has further developed its ESG strategy and implementation programme and is integrating BizSpace into the programme.
- » The going concern statement has been updated to incorporate ESG capex requirements (see pages 136 and 137).
- » The Group has progressed biodiversity programmes across its German business and is developing a similar programme in the UK.
- » The Group has begun to incorporate ESG issues into investment opportunity appraisals.
- » The Company has financed its PBB and Berlin Hyp loan agreements showing capital remains available to companies able to demonstrate their ESG commitments.

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 subsidiaries as a result of GBP depreciation.
- » Reduction in the reported values of the foreign currency denominated subsidiaries' 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 the Group's EUR denominated assets far exceeds the value of its GBP denominated assets.
- » The value of the Group's EUR denominated assets far exceeds the value of its EUR denominated debt.

Developments in the year

- » As at 31 March 2023 the Group's GBP denominated owned investment property excluding lease incentives represented 19.6% of the Group's total owned investment property excluding lease incentives.
- » As at 31 March 2023 the Group had a total of €1.6 billion of EUR denominated assets and €975.1 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 72 to 81 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 macroeconomic factors, including the effects of the Russian invasion of Ukraine, inflation and increasing interest rates. 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 72 to 81 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 challenging geopolitical influences such as the continuing impact of the Russian invasion of Ukraine, inflation, existing and planned financial commitments and financing arrangements including compliance therewith as well as broader macroeconomic considerations.

When considering the key assumptions to model and the time period over which these assumptions are to be modelled, the Company determined the viability period to be the three years ended 31 March 2026. A three-year time horizon has been deemed to be appropriate, as the Company considered realistic what-if scenarios in view of its principal risks and uncertainties for the following reasons:

- » its debt profile whereby approximately 95% of debt is secured at fixed rates for the next three years;
- » its underlying business plans, which are based on tenant life cycle (WALT) of 2.8 years of approximately 80% of its portfolio based on asset value;
- » and three-year detailed strategic forecasts conducted by Management which are reviewed by the Board.

The key assumptions modelled within the severe but plausible scenario, linked to the corresponding principal risks and uncertainties set out on pages 72 to 81, 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 10% per annum over a three year period.	» Organic growth » Customer
The reduction is applied to the Group's base case scenario as at 31 March 2023.	» Macroeconomic environment
A reduction in investment property values following declines in occupancy and market uncertainty of 10% per annum over a three year period.	» Customer » Valuation » Market » Macroeconomic 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.

Within the going concern period, three of the Group's facilities mature, with the €20m tranche of the HSBC Schuldschein loan falling due in July 2023, the Berlin Hyp facility of €170.0 million having already been refinanced in the year ahead of its maturity in October 2023 (see note 24) and the Deutsche Pfandbriefbank loan of €57.3 million, which falls due in December 2023 having been refinanced on 26 May 2023 through a new €58.3 million facility extending to 31 December 2030 (see note 35). Included in the viability assessment €49.3 million of debt matures, of which €20.0 million is assumed to be fully repaid whilst the remaining debt of €29.3 million is assumed to be refinanced at prevailing market interest rates which the Company has achieved on its recent refinancings. 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 €58.3 million financing of the PBB loan facility in May 2023 which falls due in December 2023 and the €170.0 million early financing of the Berlin Hyp loan facility in August 2022 which falls due in October 2023) and the period of time the Group has to arrange refinancing and available cash resources. 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, the Company forecasts soft covenant breaches outside of the Going Concern period, for which the Group has sufficient free cash resources to fund, should these occur. The Company does not forecast any hard covenant breaches in the severe but plausible downside 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 nonessential 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 2023.

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 2026.

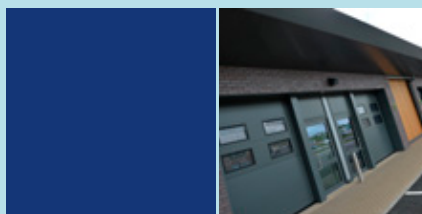
Governance

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CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Delivering on our strategy with focus on sustainability



Daniel Kitchen
Chairman

Dear Shareholder

Looking back on the past year, it remained a challenging one for the Company. Although Covid-19 restrictions were lifted, the macro-economic environment deteriorated, with increases in inflation and interest rates, which we and our stakeholders are having to adjust to. We made progress and I would like to thank the Board, management and all of our employees for delivering on our strategy which enabled the Company to continue paying an increasing dividend for the year.

Environmental issues and climate change featured heavily in our Board and Committee discussions and presentations throughout the past year, notably the potential impacts of environmental regulation on the Group's sustainability strategy and actions we are developing or taking to remain sustainable in the long-term. We have broadened our reporting in 2022 for TCFD disclosure, approved the ESG Framework and published the Company's first Sustainability Report ("Shaping the Future – Our ESG Ambitions") which is available to view on the Company's website. I would like to thank Andrew Coombs, CEO for leading on Sustainability through his role as chair of the Sustainability & Ethics Committee, ably assisted by Kremena Wissel, Chief Marketing and Impact Officer. I am pleased to inform you that we are establishing a dedicated ESG team, which will be further reported on in 2024.

We have engaged with stakeholders throughout the year, from tenants (in relation to rising energy costs as well as their space and storage needs) to suppliers (embedded the Supplier Code of Conduct and continuing to tackle modern slavery), communities (charitable giving, including clothes and correspondence with lonely individuals) 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). I was pleased that as a result of employee feedback in 2022, we have further upgraded our staff IT through the provision of new laptops and developed further training and development so more employees have a defined career path.

The Board underwent a few changes in the past year, with Diarmuid Kelly stepping down for paternity leave in August and subsequently leaving the Company. We are grateful to Alistair Marks for having reprised his role as CFO in an interim capacity, alongside his CIO role. Alistair has indicated that he will step down from the Board at the AGM in 2023 and to resume his focus fully on his role as Chief Investment Officer, remaining employed by the Company to lead its investment strategy across Germany and the U.K. I take this opportunity to thank him for his significant contribution to the Board since he joined the Company in 2007. This takes me to more positive news, in that as a result of Alistair agreeing to act as interim CFO, we were able to undertake a thorough recruitment process which led to the appointment of Chris Bowman as CFO. The appointment process is considered further on page 106 of this report and Chris commences his role at the end of August 2023. I am delighted to welcome Chris to the Board and the Company.

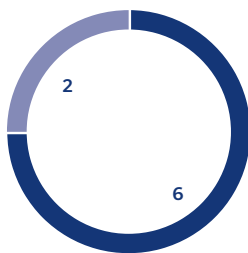
As reported in 2022, James Peggie reached his nine year term of office and while the Board considers that James Peggie continues to remain independent (as permitted by the Code), we plan for James to remain with the Company for a further year and this is considered in more depth in the Nomination Committee report. We will review future Board composition in light of James potentially completing his term of office in 2024. Director independence is considered further on page 97 of this report.

My priorities for the coming year are to build on Board cohesion through discussions and site visits, to review Board composition in light of future planned changes and to oversee the induction of Chris Bowman who joins us as CFO in August 2023.

The Annual General Meeting will be held at 10.00am (UK time) on Monday 10 July 2023 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.

A handwritten signature in dark ink, appearing to be 'DK' followed by a flourish.

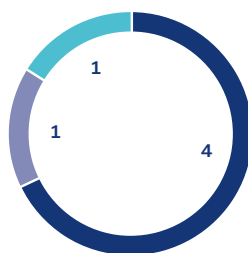
Daniel Kitchen
Chairman
2 June 2023

Board composition

- Non-Executive Directors
- Executive Directors

Board tenure

(Chairman and Non-Executive Directors)



- 0-3 years

- 4-7 years

- 7-9 years

- 9+ years

The tenure for the two Executive Directors is nine years.

Note: As at 2 June 2023.

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 JSE Limited ("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 Report on Corporate Governance™ for South Africa 2016, other than for mandated corporate governance matters.

The Board considers that the Company has complied with the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") throughout the financial year ended 31 March 2023, 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⁾ (71)
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 was previously non-executive chairman of Applegreen plc, Hibernia REIT Plc and of Workspace Group plc. He holds no further listed non-executive directorship positions.



S

Andrew Coombs (58)
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 (54)
Chief Investment Officer and
interim Chief Financial 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 February 2022, Alistair took up the role of CIO and since August 2022, has also stepped back in as interim CFO in addition to his role as CIO. In his role as CIO, Alistair focuses 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.



N S

Mark Cherry (64)
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.

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

Committee membership

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



A N

Caroline Britton (58)

Senior Independent Director

(Lead Independent Director for purposes of the JSE Listings Requirements)

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 (46)

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 (56)

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 the remuneration committee chair for both Welsh Water and for Coventry Building Society, as well as being senior independent non-executive director and deputy chair 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 (52)

Independent Non-Executive 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 26 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. James was Senior Independent Director and Chair of the Remuneration Committee, positions which he relinquished at the end of the AGM in 2022 as part of the succession plan. 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 (58)
Chief Executive Officer

See page 68

AM

Alistair Marks (54)
Chief Investment Officer and
interim Chief Financial Officer

See page 68

HR

Annemie Ress (52)
Group HR Director ("GHRD")

Joined 2022

Experience

Annemie is a very senior HR professional, having worked with a number of companies including E-Bay where she was Global Head of HR, Skype where she was also Global HR Head as well as a host of other senior appointments with well-known global brand names from Pepsico to Pay-Pal. Annemie is a qualified lawyer and also has extensive experience as a Non-Executive Director with various organisations. Annemie's remit is to focus on strategy and to work through the Country Heads, therefore HR will be headed up and run by each country head, the role of the Group HR Director will be Strategy, support, SRE Board and Investors.

German Directors

AM HR

Rüdiger Swoboda (59)
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.

Committee membership

AM Asset Management Committee

ESG Environmental, Social and Governance Committee

HR Human Resources Committee

TEC Technology Committee

Chairman of Committee

AM ESG HR

Kremena Wissel (44)
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.

AM ESG HR

Craig Hoskins (52)
Asset Management Director

Joined 2006

Experience

Craig holds a degree in combined sciences and has 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.

Tobias Schorstädt (41)
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 (41)
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.

ESG ITC

Burkhard Honsek (38)
Finance Director

Joined 2020

Experience

Burkhard obtained his Bachelors of Commerce at the University of Calgary qualified as a Chartered Accountant with PricewaterhouseCoopers in Canada in 2011 and has over 14 years of management experience. Burkhard joined the Sirius Facilities group in December 2020 as Head of Finance and has taken on additional responsibility relating to the Group's audit and financial processes, as well as debt refinancing. He is currently responsible for the Finance and IT function in Germany. Having previously worked in the oil and gas sector, Burkhard has a keen interest in ESG and he is able to provide valuable input through his membership in the Sirius Facilities GmbH ESG Committee.

UK Directors

Tariq Khader (37)
Finance Director

Joined 2017

Experience

Tariq is a Chartered Accountant, qualifying at PwC New Zealand in 2010. Tariq holds a Bachelor's degree and Post Graduate Diploma in Commerce from the University of Auckland in New Zealand. Since moving to the UK in 2011, Tariq has worked in a variety of different finance roles across a range of industry sectors, with a focus on corporate strategy, acquisitions and business development. At BizSpace, Tariq has full responsibility of the Finance and IT functions and is jointly responsible for the day-to-day operations of the UK business.

Vincent Scammell (55)
Operations Director

Joined 2022

Experience

Vincent has two decades of leadership experience within the commercial property sector, specialising in the flexible workspace and corporate solution sectors, operating across multiple European and Australian markets.

Formerly held positions include senior roles within The Lyreco Group – a B2B workplace solutions supplier and Director of Sales and Regional MD roles across IWG's European markets.

Having joined BizSpace in April 2022 as Sales and Operations Director, Vincent oversees driving new client acquisitions, operational functionality, and strategic growth initiatives.

Mo Jiwaji (48)
Commercial Director

Joined 2021

Experience

Mo holds a BSc Honours degree from the University of Kent and is CIMA part qualified. Mo has worked in the flexible workspace sector since 2003 when he joined MWB Business Exchange, which at the time was the second-largest operator in London, as Regional Financial Controller. The company floated on the London Stock Exchange in 2005 before being sold to Regus in 2013. At Regus, Mo worked in the Development Team, before joining Landmark in 2015. During his time at Landmark, Mo successfully opened 15 new locations and acquired two competitors, doubling the size of the business over 5 years. Mo moved to BizSpace in 2021 as Commercial Director and is jointly responsible for the leadership and strategy of the UK business.

Anthony Payne (53)
Director of Data Compliance

Joined 2010

Experience

Anthony holds a BSc in Accounting and Finance from Brighton University and is a qualified Chartered Management Accountant. Anthony has been with Sirius since 2011 and was formerly Director of Yield Management, Information and Technology Services for Sirius Facilities GmbH. Prior to working at Sirius he was the financial controller for MWB Business Exchange as well as the head of management information systems. Anthony started his career in the City of London working for NatWest Bank. He moved to BizSpace in February 2022 where he is currently responsible for data compliance and GDPR together with sales and operational planning.

CORPORATE GOVERNANCE

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

Experienced Company Secretary in the listed environment, FCG and Solicitor (UK)

Executive leadership

Andrew Coombs
Chief Executive Officer

Strong career in business leadership and sales in the commercial property sector

Alistair Marks
Chief Investment Officer and interim Chief Financial Officer

Mix of senior finance and commercial property expertise

Independent

Caroline Britton
Senior Independent Director

Chartered Accountant and a former audit partner at Deloitte LLP

Joanne Kenrick
Non-Executive Director

Significant commercial marketing experience

Mark Cherry
Non-Executive Director

Chartered Surveyor and commercial manager specialising in European real estate markets

James Pegg
Non-Executive Director

Lawyer specialising in corporate finance and public and private equity investment

Kelly Cleveland
Non-Executive Director

Chartered Accountant and head of investment for the British Land Company Plc

Audit Committee

See page 98

- » 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 104

- » 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 109

- » 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 107

- » 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

CORPORATE GOVERNANCE CONTINUED

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 2023 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. The businesses introduced more flexible working practices and reviewed the Health and wellbeing policy to further strengthen the culture and to drive desired behaviours.

The Board monitors culture through CEO updates, Group HR Director presentations, the annual employee satisfaction survey, site visits and Incidents reports. In addition, work of the Board Committees includes consideration of evidence relating to culture, for example, the audit committee's oversight of internal controls and risk management as well as of whistleblowing reports can highlight any negative aspects that don't conform to the Group culture while the Remuneration Committee's overview of pay ensures that structures are aligned with Group purpose, values and strategy.

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 Investment Officer and interim Chief Financial 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. As interim CFO, 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.
Senior Independent Director Caroline Britton	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 Mark Cherry Kelly Cleveland Joanne Kenrick James Pegg	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.

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 unscheduled meetings, often called at short notice, were very well attended by all members of the Board. The Board visited sites in the UK and Germany during the year and plans a further site visit in FY24. The following table sets out the Directors' attendance at scheduled Board and Committee meetings during the 2023 financial year:

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

 Chair of Committee

 Committee member

(1) Diarmuid Kelly was appointed to the Board as CFO on 1 February 2022 and stepped down from the Board on 15 August 2022 at which date Alistair Marks was appointed interim CFO in addition to his role as CIO.

(2) Caroline Britton was appointed to be Senior Independent Director following the AGM on 10 July 2022.

(3) Joanne Kenrick was appointed to chair the Remuneration Committee following the AGM on 10 July 2022.

(4) Mark Cherry was unable to attend on one date due to unforeseen remote technical issues.

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	<p>Core portfolio:</p> <ul style="list-style-type: none"> » In Germany, a total of three assets were acquired or committed to acquisition in the year of mixed-use lettable space totalling almost 40,200 sqm for ca. €45.0 million » Integration of BizSpace, a leading provider of regional flexible workspace in the UK » Organic growth programme focusing capital on the most accretive opportunities » Notarised the disposal of three properties in Germany for €23.6 million and two properties in the UK for €22.4 million <p>Titanium portfolio:</p> <ul style="list-style-type: none"> » Commenced the project to redevelop an asset at the Borsigwerke (Berlin) site to provide an additional 2,700 sqm of office space 	<p>Follows the Group's stated drivers of value creation (see page 17):</p> <ul style="list-style-type: none"> » Intensive assessment and execution of acquisitions and disposals » Geographic Diversification 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 	<p>These strategic decisions were made with the longer-term success of the Company foremost in the Board's thinking.</p> <p>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.</p>
Emerging risk	<p>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.</p>	<p>Follows the Group's stated drivers of value creation (see page 17):</p> <ul style="list-style-type: none"> » Improvement of service charge recovery » Highly accretive capex investment programmes » Strong bank and investment banking relationships 	<p>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.</p> <p>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.</p> <p>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.</p>
Business	<ul style="list-style-type: none"> » 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 	<p>Follows the Group's stated drivers of value creation (see page 17):</p> <ul style="list-style-type: none"> » 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 	<p>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.</p>

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Financial	<ul style="list-style-type: none"> » Conversion to a Real Estate Investment Trust » Decision to pay a dividend for the 2023 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 	<p>Follows the Group's stated drivers of value creation (see page 17):</p> <ul style="list-style-type: none"> » 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. The prior year bond issuances have 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	<ul style="list-style-type: none"> » 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 	<ul style="list-style-type: none"> » 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.
Sustainability	<ul style="list-style-type: none"> » Approved ESG Framework and ESG Ambitions Report (Shaping the Future) » 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 reporting carbon emissions and TCFD reporting » Received update reports from the CMIO in relation to progress on ESG (see separate report on page 57) 	<ul style="list-style-type: none"> » 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	<ul style="list-style-type: none"> » Considered FTSE for Women diversity targets and Parker ethnicity targets for FTSE 250 companies » Conducted an internal Board evaluation » Appointed a successor Senior Independent Director and continued induction programme for the Non-Executive Director appointed in 2021 » Approved 2023 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 	<ul style="list-style-type: none"> » 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. 	<p>The Board is committed to a process of continual improvement, which is served by addressing governance matters.</p> <p>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.</p>

* 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 97, on pages 107 and 108 of the Sustainability and Ethics Committee report, and on pages 115 and 121 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 provide 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.

In October 2022, the Board visited the new German Head Office in Berlin as well as undertaking a detailed site visit to Borsigwerke industrial estate, where re-development plans were discussed. The Board subsequently met senior management during a post visit dinner.

Diversity – our journey so far

Boardroom diversity

The Board's Diversity Policy Statement adopted in May 2017 and updated in 2023, 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 ethnicity, sexual orientation, disability, socio-

economic background, age, gender, race, skills, industry experience, educational and professional backgrounds 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, including in the Remuneration, Audit and Nomination Committees, to which the diversity policy now applies.

Following all the Board changes in the year, 37.5% of the Board are female, one of whom is the Senior Independent Director. This 37.5% female representation on the Board meets the target for FTSE 250 companies set by the FTSE for Women but falls short of the 40% target required by the Listing Rules. The Sirius Board comprises a total of eight directors of whom three are female. The Board is a relatively small Board and the Chair, together with the Nomination Committee, will review overall Board composition, and will take the most appropriate action, so as to meet the Listing Rules Target for 40% female on Board target over the next year.

Further information on the Board's succession planning is set out on page 106 of the Nomination Committee report.

Board and Executive Committee gender diversity

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and chair)	Number in executive management	Percentage of executive management
Men	5	62.5	3	11	85
Women	3	37.5	1 (SID)	2	15

Board and Executive Committee ethnic diversity

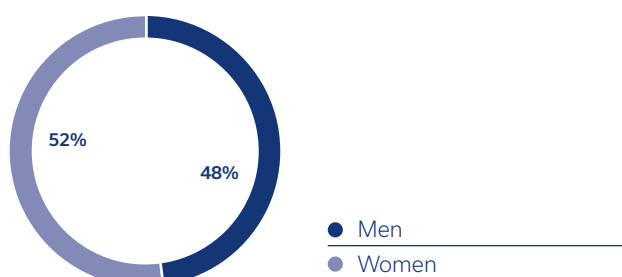
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	87.5	4	6	46
Mixed/Multiple Ethnic Groups	1	12.5	0	1	8
Asian/Asian British				2	15
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say				4	31

Note: The above tables apply a 31 March 2023 reference date, with data collected on the basis of sex and a consistent approach applied to both the Board and executive management.

Workforce diversity

The Group's commitment to promoting diversity and an inclusive culture among the workforce is set out on page 51.

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. 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.

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

Joanne Kenrick, appointed in September 2021, has now received a formal induction to the Company and the business. This induction had been curtailed initially as a result of the Covid-19 pandemic. This induction entailed:

- » specific briefings from the Chairman, the Chief Executive Officer, the Chair of the Remuneration Committee and the Group 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 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. In 2022, this has included the Group marketing, the macro-economic environment and ESG related topics among other topics (see list below).

CORPORATE GOVERNANCE CONTINUED

Director induction and development continued

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

Subject matter	Topic
Finance update	<ul style="list-style-type: none"> » Governmental policies » EY audit practice updates » Finance updates
JSE regulation	» Audit impacts relevant to the real estate industry on property valuations and audit conduct
Remuneration practice updates	» Seminars and bulletins provided by the Company's remuneration advisers
Real estate ESG management	<ul style="list-style-type: none"> » ESG Framework and Sustainability Report » Group Marketing » Utilities & Emissions Update » 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 2022 evaluation and noted that it had achieved good progress. The Board held strategy sessions in October 2022 to facilitate further strategic-level discussions. Succession of the Remuneration Committee Chair and Senior Independent Director roles were progressed and recruitment of a new Chief Financial Officer was completed and a new induction programme has been prepared. The Board has increased the links with the wider Senior Management Team, most of whom have presented papers to the Board. Board relationships were fostered with Board dinner in May and October 2022. A dinner was held for the Chairman and Non-Executive Directors only in January 2023.

The Board undertook an internal evaluation in February 2023. The evaluation consisted of a review of the Chair, Board, Board Committees and of individuals. The outcomes of the 2023 evaluation are summarised below. These themes will be taken forward in the coming year and we will report our progress in the 2024 Annual Report and Accounts.

Methodology	One-to-one conversations	Summary report	Nomination Committee recommendations
<ul style="list-style-type: none"> » Board effectiveness interviews held by the Chair with all Board members and the Company Secretary to review the following (aligned with the Code): <ul style="list-style-type: none"> » Board leadership and Company purpose » Division of responsibilities » Composition, succession and evaluation » Committee effectiveness 	<ul style="list-style-type: none"> » Review of the Board Chair by the Senior Independent Director (in conjunction with the other Independent Non-Executive Directors) » Review of the Senior Independent Director by the Board Chair » Reviews of the Executive Directors and the Non-Executive Directors and record of outcome sent by the Board Chair » Review of the Committee Chairs by the Board Chair » Review of the Company Secretary by the Board 	<ul style="list-style-type: none"> » Next Board strategy set for October 2023, venue for site visit to be decided » Committee chairs reminded to draw out key committee discussion topics when reporting to the Board » Management to summarise key ESG focus points in short to medium term » Tailor Board packs and ensure executive summaries accompany lengthy papers and CEO encouraged to provide a summary of discussion points for Board meetings » Continue to strive for timely circulation of complete Board and Committee packs as minority of papers arrive after the week in advance target deadline » Reviewed Director induction process in preparation for roll-out to new CFO 	<ul style="list-style-type: none"> » Review Board composition in FY24 to add to Board experience and knowledge as well as to meet diversity requirements » Foster the links between the Board and the Senior Management Team, including further management presentations to the Board » Continue to 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 and continues to be independent, 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 Pegg, 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 year such that he continues to transfer his knowledge and experience, in particular in relation to the triennial review of Directors' Remuneration Policy which is due to be submitted to shareholders for approval at the AGM in 2024.

Risk and internal control

Information regarding the Group's principal risks is provided in the Strategic report on pages 72 to 81. A description of the Group's internal control framework and risk management systems is provided in the Audit Committee report on page 102.

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 approach to the management of greenhouse gas emissions through its governance, processes and internal control is summarised in the Sustainability report on pages 52 to 54 and in the Sustainability and Ethics Committee report on pages 107 and 108.

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 and Diarmuid Kelly had meetings with key shareholders in the United Kingdom and South Africa covering business performance 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. Our engagement with stakeholders is reported in the Sustainability Report on page 38.

Engagement with colleagues

The Group has engaged with colleagues through a number of channels during the year; details are set out on pages 48 to 51 and 115. The Board and Committees are regularly informed of employee matters throughout the financial year, including CEO and Group HR Director updates on employee surveys, pay updates, as well as through site visits and meetings with senior management.

Engagement with the community

The Group has several initiatives with local communities which are set out on page 51.

AUDIT COMMITTEE REPORT

Financial control and risk management



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 2023.

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 which is agreed by the Board for the year ahead. In addition to the usual work carried out by the Committee, with the continuation of 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. The Committee is also keeping under review risks associated with higher inflation and increasing interest rates and noted measures being taken by management to minimise the impact on the business.

The Committee recognised that following the acquisition of BizSpace in the UK, that it had two incumbent auditors. This, together with the fact that the existing EY audit partner Dan Saunders was required to rotate off at the end of the 2023 year end audit after completing his 5 years rotation, prompted the Committee to conduct an audit tender exercise. The Committee assessed the suitability of other audit and assurance firms given the Group's requirements: for services in Germany and the UK; for experience of LSE and JSE listed businesses; for experience of relevant business sectors. Further the Committee considered the existing relationships between those audit and assurance firms to identify potential conflicts that would need to be cleared. Based on these assessments the Committee developed a short list of the two incumbent audit firms, being Deloitte (BizSpace, UK) and EY (Sirius Real Estate Limited). The tendering processes resulted in both firms presenting to the Committee and senior management. In the end, the Committee concluded that there was very little separating the two firms in terms of quality. While both EY and Deloitte would offer continuity for the parts of the business they had previously audited, it was felt that the Sirius audit was the larger and more complex and that the senior audit team continuity offered by EY would result in a smoother transition. Additionally, the Committee felt that EY demonstrated a better understanding of the audit challenge and provide a more detailed and tailored plan including steps to further improve the efficiency of the audit going forward, while maintaining overall audit quality. The Committee approved the re-appointment of EY as external auditor and the Board endorsed this recommendation.

The Committee was pleased to receive the BDO independent assurance report on BizSpace's financial controls and noted that while no material matter had been identified, BDO concluded that procurement related record keeping needed to align better with the procurement policy and further competitive procedures could be undertaken to ensure the business

obtained value for money. The BizSpace finance director was tasked with working through BDO's findings and progress on completing these was reported to the satisfaction of the Audit Committee at its meeting in May 2023.

The Committee members visited sites in the UK and a site in Germany as the pre-pandemic programme of site visits was reinstated. 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 UK operations and management of risk. The Committee members visited Borsigwerke, Berlin in relation to the proposed re-development plans for on-site buildings that form part of the venture with AXA.

As audit chair, I have regular discussions throughout the year with the CFO, Head of Finance, BizSpace Finance Director, the Group Company Secretary and the audit partner at EY, our external auditor.

I would like to thank the members of the Committee for their commitment and input to the work of the Committee during this 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 during the financial year. I am pleased to record the Committee's thanks to Alistair Marks for his work as interim CFO and the wider finance team for their support for him. The Committee looks forward to working with Chris Bowman when he takes up his role as CFO later this summer.

The Committee will continue to focus on external and internal audit planning, risk management and internal controls. It will continue to monitor macro-economic developments for any impacts on the Company's business.



Caroline Britton
Chair of the Audit Committee
2 June 2023

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Caroline Britton (Chair)	4/4
Kelly Cleveland	4/4
James Peggie	4/4

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 86 and 87 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 72 to 81.

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 Requirements 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	<ul style="list-style-type: none"> » Carried out an audit tender, with a short-list of the incumbent auditors (EY for Sirius Real Estate Limited and Deloitte for BizSpace, UK) and approved the reappointment of EY as Group auditor » Initiated a project to review auditor hours with a view to achieving further efficiencies over the following two financial years, while maintaining overall audit quality » 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 paragraph 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 2023 financial year » Received and discussed EY's final report on their audit for the 2023 financial year » Reviewed the Directors' representation letter to the auditors in relation to the audit for the 2023 financial year and recommended it to the Board for approval » Received and challenged EY's audit strategy and planning report for the 2023 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 2023 audit, including issues relating to audit conduct, revenue recognition and portfolio valuation » Held private sessions with EY without management present
Annual Report and Accounts 2023 and announcement of results	<ul style="list-style-type: none"> » 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 2023 and announcement of results	<ul style="list-style-type: none"> » 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 2023 » Reviewed the content and recommended the Half Year Report and announcement to the Board for approval
Dividends	<ul style="list-style-type: none"> » Considered management's paper on dividends including cash flow statement » Reviewed a solvency statement as required under The Companies (Guernsey) Law, 2008 and considered the dividend for the second half of the year ended 31 March 2022, recommending it to the Board for approval » Reviewed a solvency statement and considered the dividend for the six months ended 30 September 2022, recommending it to the Board for approval
Internal audit	<ul style="list-style-type: none"> » Discussed progress towards the establishment of an internal audit function and asked management to recommend an initial scope of work for FY24 » Received a report by BDO on BizSpace and discussed a progress update by management on the actions taken
Risk, controls and regulation	<ul style="list-style-type: none"> » 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 » Considered potential future ESG regulation impact on valuations » 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	<ul style="list-style-type: none"> » 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 project work by the external auditors

Governance

- » Carried out a tender to implement a more detailed and tailored plan including steps to further improve the efficiency of the audit going forward, while maintaining overall audit quality
- » Discussed REIT conversion relating to the Group's UK operations, effective from 1 April 2022
- » Considered the JSE Responsibility Statement and process required and undertook an analysis of JSE requirements in comparison with those of the LSE
- » Monitored progress to completion in relation to the accounting integration of BizSpace
- » Reviewed Committee Terms of Reference
- » Received positive feedback relating to the Committee from the 2023 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.	<p>The fair value of the Group's owned investment properties is determined by an independent valuer.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee considered the explanations of C&W and EY as to how the wider economic environment impacted property valuations as at 31 March 2023 and the audit of the Company's reporting on them. Generally, adjustments to yield assumptions related 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 2022. With recent rises in inflation and in interest rates, the German real estate market remains active.</p> <p>All planned physical inspections were carried out by C&W. For the assets located in Germany and for the September 2022 valuation C&W have inspected 19 properties and for March 2023 C&W have inspected 18 properties, equating to approximately 40% of properties. For the assets located in the UK, C&W have inspected all properties during the year to 31 March 2023. The Committee noted the main driver of valuation growth in the year to 31 March 2023 to be related to growth in income offsetting yield expansion in both the UK and German markets.</p> <p>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.</p> <p>The Committee discussed 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 2023 are appropriate.</p>
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.	<p>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.</p> <p>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.</p> <p>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.</p>

The above description of the significant matters should be read in conjunction with the Independent auditors' report on pages 140 to 148 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 the Big Four audit firms. EY will continue as the Company's auditors following a competitive audit tender process in late 2022, as described earlier in this report. The audit will be put out to tender again no later than 2032 in relation to the audit period commencing 1 April 2034 to allow time for any transition. The Committee recommends the reappointment of EY as auditors at the Company's Annual General Meeting on 10 July 2023. The lead audit engagement partner is Dan Saunders, who was appointed in September 2018 and will be succeeded by Peter McIver, after the 2023 AGM, as a result of the FRC Revised Ethical Standard 2019, section 3.10.

The Committee met with the auditors four times during the year to discuss their remit. The opportunity is also taken at each scheduled 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 JSE Limited dated 4 August 2022; and
- » carrying out an internal review of the auditors and audit conduct for the 2023 financial year (post year end).

The 2022 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. This feedback was shared with the audit partner and EY client service management.

The auditors' fee for the statutory audit decreased for the 2023 financial year to €1,163,000 (31 March 2022: €1,361,000). The main reason for the decrease was due to the 2022 fee including non-recurring audit work on the initial accounting for the BizSpace acquisition and corporate bonds issued in the year.

While the Committee continues to seek further savings in the total audit fees, inflationary pressure of audit salaries is placing upward pressure on audit fees. While taking every opportunity to promote further 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 FY23).

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 internal Board evaluation process, which is described in the Corporate governance report on page 102. 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. Last year, the Committee recommended management to establish an internal audit function, suggesting that an outsourced basis would allow the Group to benefit from a wider range of skills and expertise than would be provided by an internally managed function. The Committee's original expectation that this new internal audit function would be implemented in the second half of the financial year, but this was delayed due to the stepping down of the then CFO. The Committee will work with the new CFO to prepare an initial scope of work for FY24. It is expected to provide additional assurance on a number of areas where the Group identifies value in having internal audit procedures carried out, to be supplemented by third party expertise as appropriate. The internal audit function will perform targeted assignments in order to ensure the Group benefits from the optimum level of assurance and value.

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 (published in both English and German) 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. The Committee challenged and was satisfied by management action in making the Policy available to all employees and the cultural reasons behind the perceived reluctance of employees to raise concerns formally, despite management encouragement to do so, when compared with other listed companies.

During the year, there were no whistleblowing cases raised across the Group.

The Committee noted the embedding of Whistleblowing Policy and procedures in 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 2023 calls can also 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 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 2022 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 Plus certification by the UK National Cyber Security Centre.

Management, overseen by the Information Technology Committee ("ITC" comprises the CFO, COO, IT Director and Head of Yield and Analytics) assess the risks continuously (at least quarterly), work to mitigate current and emerging threats and circulate special briefings on major events. Risk and vulnerability management lifecycles 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 136 and 137 of the Directors' report, and the viability statement is provided on page 82 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 last updated its NAS Policy in 2022 and application in the 2023 financial year is explained in the following paragraph.

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 100% calculated by reference to the statutory audit fee for that year.

The total non-audit fees paid to the auditors during the year ended 31 March 2023 were €481,000 (representing 38% of the average audit fee for the current year) (31 March 2022: €305,000) paid to EY. The fee for 2023 covered work related mainly to 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.

NOMINATION COMMITTEE REPORT

Succession planning and overseeing development



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 2023.

This has been another busy year for the Committee with changes to both the non-Executive roles and to the Executives on the Board. On the non-Executive side, after the AGM held in 2022, and in accordance with the agreed succession plan, Joanne Kenrick succeeded him as Chair of the Remuneration Committee, while Caroline Britton succeeded him as Senior Independent Director.

On the Executive side, in August 2022, Diarmuid Kelly decided to take 12 months paternity leave following the recent birth of his first child and subsequently left his role as Chief Financial Officer ("CFO") of the Company. Alistair Marks, Chief Investment Officer ("CIO") and former CFO, was asked and agreed to step in as interim CFO. This latter action by Alistair enabled the Committee to undertake the recruitment of a new CFO in a thorough manner in accordance with the previously agreed board appointment process.

The Committee followed its agreed procedure for new Board appointment in recruiting the new CFO and retained the services of Russell Reynolds, external Search consultants to assist the CEO, Group HR Director and myself in the process. Russell Reynolds collated a long list of potential candidates, comprising diverse candidates and the Group HR Director met with the majority of the long listed candidates. From this a short list was agreed of those most suitable to the CFO role and the shortlisted candidates were interviewed by several Board members. The Nomination Committee was therefore pleased to recommend and the Board approved the appointment of Mr Chris Bowman as CFO.

Chris Bowman brings nearly 25 years' accounting, finance and capital markets experience. Most recently Chris led the U.K. investment banking arm of Berenberg, a business division which he was brought in to build from new eight years ago and has grown to become one of the UK's leading mid-market public company advisers. Prior to this, Chris spent seven years in investment banking at Liberum, before which he worked in corporate finance at Canaccord and Credit Lyonnais. Chris qualified as a chartered accountant with KPMG in 2000.

Chris' appointment becomes effective on 29 August 2023, at which time he will also join the Sirius Board. Upon Chris' arrival, Alistair Marks, Sirius' interim CFO (and former CFO), will resume his focus fully on his role as Chief Investment Officer, which he has held since January 2021. Alistair will also step down from the Sirius Board at this year's AGM on 10 July 2023, remaining employed by the Company to lead its investment strategy across Germany and the U.K.

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 106 of this report addresses the Board's Diversity Policy, and the Corporate governance report on page 94 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 2022 and held conversations with numerous colleagues. I remain impressed by the attitudes to diversity and inclusion which run through the business. I plan to visit more sites in 2023, 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 an internally 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 96 of the Corporate governance report. The key takeaway for this Committee is that it continues to work effectively.

Over the new financial year, the Committee's priorities will be to induct and integrate the new CFO successfully, and to continue to review the succession plans, including those for the 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 took place at the AGM in 2022, at the end of which Joanne Kenrick became Chair of the Remuneration Committee and Caroline Britton became Senior Independent Director. I am pleased to report that James continues to be an effective contributor to the Board and Committees where he exercises independent judgement. I value his experience with capital markets and in particular note the need for his assistance with the upcoming triennial review of the Directors' Remuneration Policy, which will be worked upon during autumn winter 2023, for proposal to shareholders at the AGM in 2024.

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
2 June 2023

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Daniel Kitchen (Chairman)	3/3
Caroline Britton	3/3
Mark Cherry	2/3
Kelly Cleveland	3/3
Joanne Kenrick	3/3
James Peggie	3/3

Key focus areas

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

Area	Subject
Appointments	<ul style="list-style-type: none"> » Appointed Caroline Britton as Senior Independent Director » Appointed Joanne Kenrick as Chair of the Remuneration Committee » Recommended the appointment of Alistair Marks as interim CFO in addition to his role as CIO » Recommended the appointment of Chris Bowman as Chief Financial Officer
Policy	<ul style="list-style-type: none"> » Implemented Procedure for new Appointments » Approved updates to the procedure for new appointments » Approved a new Director Induction Process
Governance	<ul style="list-style-type: none"> » Reviewed the Company's progress on gender and ethnic diversity in the boardroom » Reviewed the Management Structure Plan » Reviewed management succession plan and leadership pipeline » Reviewed the findings of 2023 internal Board evaluation » Reviewed Board development and training » Reviewed Non-Executive Director independence » Reviewed the Nomination Committee Terms of Reference » Reviewed the 2022 Nomination Committee report

NOMINATION COMMITTEE REPORT CONTINUED

Diversity Policy

The Board's Diversity Policy was adopted in May 2017 and has been broadened to encompass the audit, nomination and remuneration committees. 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 95 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 42.8% of our managers and 52% 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 updates to the 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 and ESG 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. In light of inherent and developing risks in relation to climate change, candidates shall be assessed for experience in and commitment to Environment, Social and Governance matters.
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.

Russell Reynolds was retained as external search consultants to assist with the search for a new CFO in 2022. Russell Reynolds fee was £247,450 and it has 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 March 2023 Committee meeting. The Committee also considered the BizSpace senior management succession plan and was pleased with additional senior management appointments being made during the year to bolster the existing management team.

Historically, the Sirius Group focused its succession planning on the executive leadership level of the organisation, however as of February 2023, it kicked-off an annual organisational talent review process aimed at creating an overall organisational talent and succession plan. This will allow for the internal development of talent throughout Sirius, which ultimately will improve the executive level succession as well.

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 2022.

The Committee noted that there is one Director on the Board from an ethnic minority background. While these pre-date 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, including to maintain one minority ethnic director on the Board before the end of 2024 deadline.

Board evaluation

A summary of the internal 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 96 of the Corporate governance report.

SUSTAINABILITY AND ETHICS COMMITTEE REPORT

Growing sustainably



Andrew Coombs
Chairman of the Sustainability and Ethics Committee

"As a major property owner, we recognise our responsibilities to our stakeholders, being tenants, employees, shareholders, suppliers, business partners 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 2023. 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 is led by the CEO, assisted by Kremena Wissel, Chief Marketing and Impact Officer whose role is to lead ESG integration into Sirius' strategic development. The Committee 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 38 to 54.

As a major property owner, we recognise our responsibilities to our stakeholders, being employees, shareholders, business partners, suppliers, 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 2023 by embedding it further into our strategy and business model as well as starting to integrate it into BizSpace, UK. We also had various company governance documents updated to reflect the increased importance of ESG to the Company.

The highlights for the year include approval of the ESG Framework to reflect the significant improvements in ESG across the business over the previous eighteen months. The ESG Framework brought the various strands of the Company's ESG programme together to clarify the ESG actions to internal and external stakeholders and to enable the most effective management of ESG in the future.

Based on our ESG Framework, we published our first ESG report which set out "Our ESG Ambitions" and this is available to view on the Company's website, www.sirius-real-estate.com

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 an increasingly sustainable future.

A handwritten signature in black ink, appearing to read 'A Coombs', written over a horizontal line.

Andrew Coombs
Chairman of the Sustainability and Ethics Committee
2 June 2023

SUSTAINABILITY AND ETHICS COMMITTEE REPORT CONTINUED

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Andrew Coombs (Chairman)	2/2
Mark Cherry*	1/2
Kelly Cleveland	2/2
Joanne Kenrick	2/2

* Mark Cherry was unable to attend one meeting due to remote technical issues

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	<ul style="list-style-type: none"> » Reported on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") including scenario planning aligned with the Paris Agreement » Reviewed a model for carbon emissions reduction leading to net zero based on CRREM and SBTi for the German portfolio » Reviewed UK EPC assessment, including on-site renewable energy proposal » Approved Group's sustainability strategy, including a strategic framework and the first ESG Report. Reviewed evolution of the ESG strategy and programme involving a specialist consultancy which remains ongoing in 2023.
Colleague update	<ul style="list-style-type: none"> » Received an update from the CEO on employee engagement during 2023 financial year and planning for 2024 financial year » Supported the launch of the Sirius Training Centre » Built on employee wellbeing initiatives taken during pandemic to improve mental and physical health » Member of Charter of Diversity, Germany, and of LGBTQ Great, UK » Monitored target driven ESG incentives for management and all employees
Ethical policies	» Reviewed drafts of the Modern Slavery Statement 2023, Anti-Bribery and Corruption Statement and Procedures, Anti-Discrimination and Diversity Policy, Health and Wellbeing Policy, Employee Code of Conduct, Supplier Code of Conduct, Sustainability Policy and updated Whistleblowing Policy – each of which were approved by the Board for implementation across the Group
Governance	<ul style="list-style-type: none"> » Reported to the Board visit to Berlin on plans for on-site energy production, options for heating from renewables and a heating optimisation plan » Reviewed Committee report in the Annual Report 2022 » Reviewed the Sustainability Report in the Annual Report 2022 » Noted satisfactory feedback on the Committee's performance from the 2023 Board evaluation » Reviewed Committee Terms of Reference which were updated so the Committee Chair would be responsible to lead the ESG strategy and Climate Change strategy, including resilience to climate change and for the Committee to review progress against the achievement of Sustainability targets » Monitored integration of Sirius ESG policies and initiatives into BizSpace

DIRECTORS' REMUNERATION REPORT

Remuneration supporting sustainable shareholder values



Joanne Kenrick
Chair 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 2023, my first report since my appointment as Chair of the Remuneration Committee on 6 July 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, and further supported at the 2022 AGM with over 91% of votes in favour of it when shareholders voted on the Policy in accordance with the JSE Listings Requirements.

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 2023.

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 2023 AGM.

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 has been another strong year for Sirius, the Company's portfolio continues to demonstrate its resilience in both Germany and the UK. Dividend and FFO growth is supported by strong trading, with continued demand for space at our properties leading to rent roll increases of 8.1% across the Group and a robust leasing pipeline. The Company ended the year with cash reserves of €124.3m.

The Company has taken a number of proactive measures to identify and mitigate against future potential risks in light of challenging market conditions during the year. These include the early renewal of maturing finance so that the Group now has around 90% of the Group's debt maturing in excess of three years. These early and strategic efforts have enabled the business to remain extremely well positioned going forwards and we remain focused on growing our FFO organically, in order to continue to deliver attractive risk-adjusted returns to shareholders.

DIRECTORS' REMUNERATION REPORT CONTINUED

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

For details of the Company's performance, please read our Strategic report at pages 1 to 82.

For progress relating to the workforce, our community and other stakeholders, please read the Sustainability report set out on pages 38 to 54

Directorate changes

Diarmuid Kelly and Alistair Marks

As announced on 16 August 2022, Diarmuid Kelly stepped down from the Board on that date in advance of his planned period of paternity leave. His remuneration earned in respect of his role as a Director of the Company up to that date is included in the single figure table on page 122. Although not anticipated at the date he left the Board, Diarmuid subsequently left the Group at the end of September 2022. We have included on page 130 information in relation to payments made to him following his leaving the Group. Diarmuid's LTIP awards which had vested but which remained subject to holding periods were retained, and the original holding periods will continue to apply. Similarly, he will retain his deferred bonus award in respect of the bonus earned for the period ended 31 March 2022 which will remain subject to the original deferral period. His other LTIP awards, including the award granted to him in July 2022 have lapsed.

Following Diarmuid Kelly's departure, Alistair Marks was appointed as interim CFO, in addition to his existing duties as CIO. In recognition of his additional responsibilities, the Committee agreed to increase Alistair Marks' salary to his former CFO salary (€364,828) and apply a 3.5% uplift to €377,597 in line with the general workforce increases awarded in respect of the financial year 2023, with this salary applying from 1 August 2022. Alistair will step down from the Sirius Board at the AGM on 10th of July 2023, remaining employed by the Company to lead its investment strategy across Germany and the U.K.

Chris Bowman

As announced on 27 March 2023, Chris Bowman is expected to take up his appointment as our new CFO by no later than 29 August 2023. A summary of Chris' remuneration arrangements is set out below. We were delighted to appoint someone with Chris' wealth of experience in capital markets and business development, as well as financing. He is extremely well qualified to oversee the continued financial management of the Group and his appointment delivers considerable strength and capacity to the senior management team as we continue to grow Sirius in line with our strategic goals. The overall remuneration package was determined recognising the need to appoint someone of Chris' experience and also having regard to his remuneration at his former employer. As a new appointee, Chris does not have the level of shareholding in Sirius of our current Executive Directors. Therefore, as described below, we have increased the level of bonus deferral to enhance the alignment of his interests with those of shareholders.

Salary on appointment	£450,000
Pension	9.7% of salary in line with the workforce
Annual bonus	150% of salary Chris bonus for FY2024 will be earned for the period he is employed by Sirius. Our usual approach is to award 35% of any bonus earned in deferred shares. However, in Chris' case, until he meets the shareholding guidelines in the Policy, we intend to defer 50% of any bonus earned.
LTIP	200% of salary FY24 LTIP award will be pro-rated to reflect the proportion of the three-year performance period for which he is in service with the Group
Notice period	6 months

In line with typical practice, we have agreed to compensate Chris for a bonus of £200,000 which he forfeited as a result of leaving his former employer to join Sirius. Since that forfeited bonus would have been paid solely in cash, we have agreed to compensate with a cash payment. The forfeited bonus would have been deferred over a three year period in total. We have agreed with Chris that the overall deferral period for the compensatory payment will be four years, with the compensatory payments made monthly over this period. The compensatory payment is subject to a specific clawback provision that Sirius may require repayment if Chris ceases employment (or notice to end employment is given) on or before the first anniversary of the commencement of his service agreement with Sirius. In line with the UK reporting regulations, the full amount of the payment will be included in the single total figure of remuneration for the 2024 financial year.

Executive Directors' remuneration for the 2023 financial year

Salary, pensions and benefits

As set out in the Directors' remuneration report for the year ended 31 March 2022, Andrew Coombs', Alistair Marks' and Diarmuid Kelly's salaries were increased by 3.5% in line with the general workforce increases to £501,975, €331,200 and €258,750 respectively. Alistair's Marks salary was increased to €377,597 when he took on additional responsibility as interim CFO, as explained above.

Each of the Executive Directors received an employer pension contribution of 9.7% of salary for the 2023 financial year, in line with the rate available to the majority of the wider workforce.

During the year, we also finalised an additional accommodation allowance for Andrew Coombs, set at up to £50,000 plus a gross up for tax. This is within the terms of the Remuneration Policy and reflected the need for Andrew to work across two countries (Germany and the UK) following the acquisition of BizSpace. That acquisition completed in November 2021, and the arrangement came into effect from January 2022.

Annual bonuses earned in respect of the 2023 financial year

As disclosed in last year's Directors' remuneration report, following the increase in scope of Andrew Coombs' role after the BizSpace acquisition, his maximum bonus opportunity was increased to 150% of base salary for the financial year. The maximum bonus opportunity for Alistair Marks remained at 125% of base salary, with his bonus calculated taking into account the change to his salary on his stepping into the interim CFO role. Following his departure from the Group, Diarmuid Kelly was not eligible to earn a bonus under the Company's Executive Director bonus scheme.

As a consequence of the Company's strong financial performance (as highlighted above) and excellent delivery against strategic and personal targets, Andrew Coombs and Alistair Marks each earned 95% of their maximum bonus opportunity, details of which are provided on pages 122 and 123. An explanation of how these targets align with the Group's key performance indicators is provided on pages 124 to 126.

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.

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.

LTIP awards with performance period ending during the year

Awards granted on 15 June 2020 pursuant to the 2018 LTIP, in the form of nil-cost options, with a five year performance period from 1 April 2018 to 31 March 2023 vested on 22 May 2023 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 128 for further details. When considering the outturn, the Committee noted that the awards granted in June 2020 were granted as a fixed number of shares in accordance with the plan approved by shareholders in December 2018 (rather than as a percentage of salary). In the view of the Committee taking into account the actual and relative performance of the Company over such an extended period, none of the value derived could be said to be delivering a "windfall gain".

Diarmuid Kelly's award granted in June 2020 lapsed when he left the Group.

2023 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 on 18 July 2022. Details are provided on page 129.

Diarmuid Kelly's award lapsed when he left the Group.

Chairman and Non-Executive Director fees

As set out in last year's Directors' remuneration report, with effect from 1 April 2022, the Chair and Non-Executive Director basic fee were increased by 3.5%, in line with general workforce increases. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.14).

	Fees at 1 April 2022
Chairman fee	€224,181
Non-Executive Director fee	€65,550
Additional fee for Chair of the Audit Committee	€11,400
Additional fee for Chair of the Remuneration Committee	€11,400
Additional fee for Senior Independent Director	€11,400

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation of Remuneration Policy for the 2024 financial year

Information on how the Company intends to implement the Remuneration Policy for the year ending 31 March 2024 is set out below:

Element	Application of the Remuneration Policy																																		
Salary	With effect from 1 April] 2023, Andrew Coombs' salary has been increased by 4.95% in line with the general workforce increases to £526,823. Alistair Marks' salary has been increased to €400,000 to reflect the flexibility he has shown and workload he has had in taking back the CFO responsibilities in addition to his CIO role. In light of this, the committee has awarded Alistair a salary increase slightly above the level for the workforce as a whole, at 5.95%. As described above, Chris Bowman will receive a salary of £450,000 with effect from appointment.																																		
Pension	Pension for Executive Directors is aligned with the rate available to the majority of the wider workforce (currently 9.7% of salary).																																		
Annual bonus	<p>The maximum annual bonus opportunity will remain at 150% of salary for Andrew Coombs and 120% of salary for Alistair Marks. Chris Bowman's bonus opportunity will be 150% of salary earned for the period for which he is employed.</p> <p>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 2024, unless they are considered to remain commercially sensitive.</p> <p>For Andrew Coombs and Alistair Marks, 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). For Chris Bowman, 50% will be deferred into shares (50% of which will be released after one year and 50% after two years) until such time as he meets the minimum shareholding guidelines.</p> <p>The proposed performance measures and weightings for the FY24 bonus are as follows:</p> <table><tr><th>KPI</th><th>Measurement scale</th><th>Vesting</th><th>Weighting</th></tr><tr><td colspan="4">Company financial performance</td></tr><tr><td rowspan="3">Adjusted FFO⁽¹⁾</td><td>Below target</td><td>0%</td><td>70%</td></tr><tr><td>On target</td><td>50%</td><td></td></tr><tr><td>Above target</td><td>100%</td><td></td></tr><tr><td colspan="4">Strategic targets, personal objectives and ESG targets</td></tr><tr><td>Delivery on strategic targets</td><td>Each Executive Director has specific KPIs linked to short-term value creation indicators</td><td>From 0% to 100%</td><td>10%</td></tr><tr><td>Delivery on individual targets</td><td>Each Executive Director has his own specific objectives</td><td></td><td>10%</td></tr><tr><td>Delivery on ESG targets</td><td>Each Executive Director has his own specific and shared ESG objectives</td><td>From 0% to 100%</td><td>10%</td></tr></table> <p>(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 2024. 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 2023.</p>	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%
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%																																
LTIP award	<p>An award is proposed to be granted at the level of 200% of salary for Andrew Coombs. On appointment, Chris Bowman will be awarded an LTIP at the level of 200% of salary and will be pro-rated to reflect the proportion of the three-year performance period for which he is in service with the Group.</p> <p>As announced on 27 March and as referred to earlier in this report, because Alistair Marks will be stepping down from the board at the AGM, but will remain employed by the Company to lead its investment strategy across Germany and the UK, he will not participate in the LTIP in FY2024. The Committee will consider the appropriate incentive arrangements for Alistair having regard to the change in his role.</p> <p>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.</p> <p>The Committee has considered the targets for FY2024 grants of awards under the 2021 LTIP in the context of the changing macro-economic conditions, and in particular the increase in interest rates. The Committee wishes to maintain an incentive which is both challenging but also aligned to the shift towards a higher interest rate environment in the medium term. Therefore, the targets for the TNR performance measure for the FY2024 grants are proposed to be adjusted compared to the targets for the FY2023 grant as set out below. The Committee considers that the adjusted targets are appropriately stretching taking into account market conditions and Sirius' plans and forecasts.</p>																																		

Element	Application of the Remuneration Policy	
LTIP award continued	The targets for the 2024 LTIP grant are as follows:	
	Targets for FY2023 awards	Targets for FY2024 awards
	Annualised TNR ⁽¹⁾ growth over the performance period	Annualised TNR ⁽¹⁾ growth over the performance period
	<7.5% p.a.	<6.5% p.a.
	7.5% p.a.	6.5% p.a.
	7.5% p.a.>–<10% p.a.	6.5% p.a.>–<8.5% p.a.
	10% p.a.	8.5% p.a.
	10% p.a.>–<13.5% p.a.	8.5% p.a.>–<10.5% p.a.
		Vesting percentage
		0% 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.		
No changes are proposed to the relative TSR targets, which will be as set out below		
	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, CLS Holdings Plc, Londonmetric Property Plc, and Shurgard Self Storage SA.		
In line with the Policy and the LTIP rules, the Committee retains discretion to adjust vesting outturns in appropriate circumstances.		
Chairman and Non-Executive Director fees	The Chairman and Non-Executive Director base fee will be increased by c. 4.95% to €235,228 and €68,799 respectively in line with the general workforce increases. No increases will be made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director	

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 96. 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 2023 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 10 July 2023.



Joanne Kenrick
Chair of the Remuneration Committee
2 June 2023

DIRECTORS' REMUNERATION REPORT CONTINUED

How the Committee operated during the year

Membership and attendance

Committee members as at 31 March 2023

	Meeting attendance
Joanne Kenrick (Chair) ⁽¹⁾	3/3
James Peggie ⁽¹⁾	3/3
Daniel Kitchen	3/3

(1) James Peggie stepped down as Chair of the Committee on 6 July 2022, at which point Joanne Kenrick took up the role of Chair of the Committee.

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	<ul style="list-style-type: none"> » Taking into account our strong performance, approved salary increases effective from 1 April 2022 » Approved the increase to the Chairman's fee with effect from 1 April 2022 » Approved bonus outturns for FY22 and retention of 35% by deferral in shares through the Deferred Bonus Plan » Released the remaining 50% of FY20 Deferred Bonus Plan awards and the first 50% of FY21 Deferred Bonus Plan awards » Approved awards under 2021 LTIP and performance conditions » Set financial objectives and targets for FY23 bonuses
Decisions relating to other members of the Senior Management Team	<ul style="list-style-type: none"> » Approved outturns for FY22 bonuses and the percentage of cash retention for one year » Released retained bonuses from FY21 » Set financial objectives for FY23 bonuses » Approved awards under 2021 LTIP and performance conditions » Approved changes in CFO remuneration due to Diarmuid Kelly's departure and package available to a new CFO
Decisions relating to managers below Senior Management Team	<ul style="list-style-type: none"> » Inclusion of new members of the Senior Managers' Share Incentive Plan » Reviewed senior management pay proposals for FY24
Remuneration Policy	<ul style="list-style-type: none"> » Reviewed the Directors' Remuneration Policy and considered it remains appropriate for the forthcoming financial year
Governance	<ul style="list-style-type: none"> » Reviewed 2021/22 Directors' remuneration report » Liaised with shareholders and proxy agents regarding queries following publication of the FY23 report » Reviewed workforce pay across the Group

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 85.

In determining the 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. 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 118.
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 exceptional 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 further improving IT infrastructure (provision of new laptops in Germany and UK), enhancing community initiatives (donation programmes), better career and development opportunities (personal development plans, Sirius Academy to deliver training), focus on modern employer (flexible working policy, new offices and dress code), ESG (4 goals with all staff bonus) and the election of values champions and formation of values focus groups to embed values and competencies across the Group.

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, delivering strong benefits for shareholders via customer and company initiatives, employee wellbeing initiatives such as the Sirius Way and celebrating successes, the continuing career development and training of employees through the launch of the Sirius Academy in January 2023. 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 2024.

As described in the Sustainability report on page 38, 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. 16% of Sirius' staff are currently shareholders.

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 reapproved on an advisory basis at the 2022 AGM in accordance with the requirements of the JSE Listings Requirements that the Remuneration Policy be put to a non-binding advisory vote each year. Accordingly, it will also be put to shareholders for an advisory vote at the 2023 AGM.

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 118 and 119 and date specific references. Following his departure from the Group, the provisions of the Policy relating to Diarmuid Kelly specifically have been removed.

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: <ul style="list-style-type: none"> » 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: <ul style="list-style-type: none"> » 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 or car allowance. Other benefits may be provided based on individual circumstances, for example accommodation allowance, 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).

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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Recovery provisions apply as referred to below.</p>	<p>The annual bonus opportunity is up to a maximum of 150% of base salary.</p> <p>For the year ending 31 March 2024, Andrew Coombs' maximum award level will be 150% of salary, whereas the maximum award for Alistair Marks will be set at 120% of salary. Chris Bowman's maximum award will be 150% of salary, which will be earned for the period he is employed by Sirius.</p> <p>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.</p> <p>At least 60% of the bonus will be based on one or more financial measures. For the year ending 31 March 2024, 70% of the bonus will be based on financial measures.</p> <p>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.</p> <p>The performance measures chosen for the year ending 31 March 2024 are described on page 112.</p> <p>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.</p>
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.	<p>The Remuneration Committee may grant awards as conditional shares or as nil (or nominal) cost options.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Recovery provisions apply as referred to below.</p>	<p>For the year ending 31 March 2023 and any future year, the maximum award level will be 200% of an Executive Director's salary.</p> <p>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.</p> <p>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.</p> <p>The performance measures chosen for the year ending 31 March 2024 are described on page 112.</p> <p>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.</p>

DIRECTORS' REMUNERATION REPORT CONTINUED

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 at least two thirds of each awards, 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, 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. As noted above, we intend to increase Chris Bowman's bonus deferral until he meets the shareholding guidelines.

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

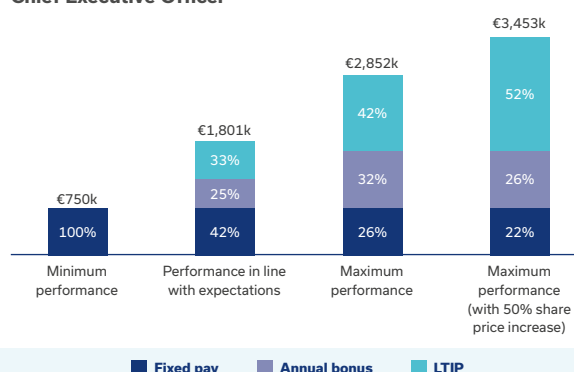
The Remuneration Committee has adopted a post-employment shareholding guideline. Shares are subject to this guideline only if they are acquired from share plan awards. Shares purchased by an Executive Director are not subject to this guideline.

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).

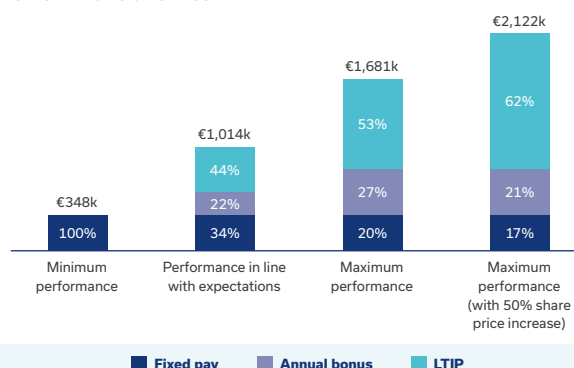
Illustrations of application of Remuneration Policy

The following charts provide an illustration, for Andrew Coombs and Chris Bowman, of the application of the Remuneration Policy for the year ending 31 March 2024. 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. As Alistair Marks will step down from the Sirius Board at the 2023 AGM, no illustration is included in respect of him.

Andrew Coombs
Chief Executive Officer



Chris Bowman
Chief Financial Officer



Andrew Coombs
Chief Executive Officer

Chris Bowman
Chief Financial Officer

In illustrating the potential reward, the assumptions in the table below have been made. In the case of Chris Bowman, the illustration is based on remuneration he may earn from the date of his appointment, taking into account the pro-rating of his LTIP award to reflect the proportion of the three-year performance period for which he is in service with the Group – for these purposes, a start date of 29 August 2023 is assumed. The award to be granted to him in respect of the bonus forfeited at his former employer is not taken into account, as this does not reflect the forward looking application of the Remuneration Policy.

	Fixed pay	Annual bonus	LTIP
Minimum performance	Base salary (being the latest known salary as at 1 April 2023, converted into € at an exchange rate of 1.14).	No bonus.	No LTIP vesting.
Performance in line with expectations	Employer pension contributions at an assumed rate of 9.7% based on the latest known salary.	Bonus equal to 75% of salary is earned (50% of maximum).	LTIP award granted equal to 200% of salary, with 50% of the shares assumed to vest.
Maximum performance	An estimated benefits figure of €100,000 in the case of Andrew Coombs and €20,000 in the case of Chris Bowman ⁽¹⁾ .	Bonus equal to 150% of salary is earned (maximum bonus earned).	LTIP award granted equal to 200% of salary, with 100% of the shares assumed to vest.
Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)			LTIP award granted equal to 200% of salary, with 100% of the shares assumed to vest.

1. In the case of Andrew Coombs, this is the value disclosed in the single figure table on page 122 for 2023. In the case of Chris Bowman, there is no 2023 figure. Therefore, for Chris Bowman this is calculated based on the 2023 figure for Andrew Coombs, but with the accommodation allowance excluded, and then pro-rated to reflect Chris Bowman's period of service in the 2023/24 financial year, for these purposes a start date of 29 August 2023 is assumed.

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	<ul style="list-style-type: none"> » 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	<ul style="list-style-type: none"> » 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	<ul style="list-style-type: none"> » 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

Approach to recruitment remuneration continued

- » 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
James Pegg	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
Alistair Marks	20 January 2012	6 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. The provisions for Andrew Coombs and Alistair Marks reflect legacy arrangements in their service contracts.

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).

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 lever 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 regularly considers shareholder and proxy agency 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 implementation report on the Remuneration Policy, 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 2023 (converted, where relevant, to euros based on an exchange rate of 1.14 unless stated otherwise).

31 March 2023	Salary/fees	Benefits ⁽²⁾	Pension ⁽³⁾	Bonus ⁽⁴⁾	LTIP ⁽⁵⁾	Total	Total fixed pay	Total variable pay
Executive Directors								
Andrew Coombs	€572,252	€91,134	€55,508	€815,458	€925,000	€2,459,352	€718,894	€1,740,458
Diarmuid Kelly ⁽¹⁾	€138,350	€4,185	€13,420	—	—	€155,955	€155,955	—
Alistair Marks	€358,265	€16,066	€34,402	€425,440	€925,000	€1,759,173	€408,733	€1,350,440
Non-Executive Directors								
Daniel Kitchen	€224,181	—	—	—	—	€224,181	€224,181	—
Joanne Kenrick	€73,916	—	—	—	—	€73,916	€73,916	—
Mark Cherry	€65,550	—	—	—	—	€65,550	€65,550	—
James Peggie	€71,618	—	—	—	—	€71,618	€71,618	—
Caroline Britton	€85,318	—	—	—	—	€85,318	€85,318	—
Kelly Cleveland	€65,550	—	—	—	—	€65,550	€65,550	—

(1) Diarmuid Kelly stepped down from the Board on 16 August 2022 and remained an employee of Sirius Facilities GmbH until 30 September 2022. The 2023 figures reflect his remuneration earned in respect of his role as a Director of the Company up to the date he stepped down from the Board.

(2) Using exchange rates at the end of the month in which the transaction occurred.

(3) Pension contribution was 9.7% of salary for each Executive Director.

(4) Includes the value of the bonus paid in cash and the value of the bonus deferred into shares, as described below. Following his departure from the Group, Diarmuid Kelly was not eligible to earn a bonus under the Company's Executive Director bonus scheme.

(5) The LTIP figures relate to the 2020 LTIP granted in June 2020 which vested after a five year performance period and are calculated using a share price of €92.5c, being the share price at the date of vesting (22 May 2023), converted to euros based on an exchange rate of 1.14 that date. Diarmuid Kelly's award granted in June 2020 lapsed when he left the Group.

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	€34,959	€55,513	€691,553	€2,017,800	€3,372,125	€662,772	€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) Andrew Coombs' benefits figure has been restated to reflect the accommodation allowance which was paid in the 2022/23 financial year but related to 2021/22 financial year as described in the Committee Chair's statement on pages 109 to 113.

(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).

Additional disclosures in respect of the single figure table

Base salary

The salaries applicable at 1 April 2022 are shown below (converted to euros based on an exchange rate of 1.14, where relevant).

Executive Director	Base salary at 1 April 2022 ⁽¹⁾
Andrew Coombs	€572,252
Alistair Marks ⁽²⁾	€331,200
Diarmuid Kelly	€258,750

(1) Note, Andrew Coombs is paid in sterling.

(2) Following Diarmuid Kelly's departure, Alistair Marks was appointed as interim CFO in addition to his existing duties as CIO on 16 August 2022. In recognition of his additional responsibilities, the Committee agreed to increase Alistair Marks' salary to his former CFO salary as at 1 April 2021 (€364,828) and apply a 3.5% uplift to €377,595 in line with the general workforce increases awarded in the 2023 financial year.

Non-Executive Director fees

From 1 April 2022, the Chair and Non-Executive Director basic fee were increased by 3.5%. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.14).

Executive Director	Fees at 1 April 2022
Chairman fee	€224,181
Non-Executive Director fee	€65,550
Additional fee for Chair of the Audit Committee	€11,400
Additional fee for Chair of the Remuneration Committee	€11,400
Additional fee for Senior Independent Director	€11,400

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 2023, Andrew Coombs and Alistair Marks were awarded a bonus opportunity equal to a maximum of 150% of base salary and 125% of base salary respectively. Following his departure from the Group, Diarmuid Kelly was not eligible to earn a bonus under the Company's Executive Director bonus scheme.

The following table sets out the bonus earned by Andrew Coombs and Alistair Marks 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 71.

2022/23 financial year	Weighting (% of maximum)	Target range	Actual performance	Pay-out (% of maximum)
Adjusted FFO	70%	€92.07m–€102.73m	€104.13m	70%
ESG objectives	10%	See below	100%	10%
Strategic objectives	10%	See below	1.5 of 3 achieved	5%
Personal objectives	10%	See below	100%	10%
Total	100%			95%

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual bonus continued

ESG objectives, personal objectives and strategic objectives 2022/23 financial year – outturn

For the 2022/23 financial year, Andrew Coombs' and Alistair Marks' ESG, strategic and personal objectives were as follows:

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
Personal objectives			
Andrew Coombs	Completing the reorganisation and strengthening of the BizSpace senior management team in all senior positions including the hire of a new UK MD, and demonstrating their integration into the Group.	Decision made to defer hire of UK MD until business increases scale, New Sales & Operations Director appointed, Commercial Director and FD charged with overall responsibility for running BizSpace in the UK.	10% of maximum
	Delivering a comprehensive training programme to employees including senior management, of over 650 days.	1,136 training days have been completed.	
	Delivering a comprehensive investor and analyst engagement programme, including investor visits, site tours and conferences.	Completed two investor site tours to BizSpace in Manchester and three investor tours in Germany. Comprehensive investor roadshows in London, South Africa and USA (remote).	
	Delivering an engaging programme for Board meetings, including presentations by senior staff and external advisors on current and relevant topics, as well as Board visits and site tours.	Site visits to Germany and BizSpace in Manchester as well as presentations from advisors regarding ESG and macro economic environment.	
	Identifying and growing incremental revenue opportunities.	Virtual Office revenue stream now in excess of €1 million per annum, incremental growth of Container Storage revenue in UK and Germany, establishment of move in and move out fees in Germany and increased prepayments.	
Alistair Marks	Leading a comprehensive programme of acquisitions and asset recycling in Germany and the UK throughout 2022/23 financial year.	Completed the disposal of three assets for €42m and acquired assets worth €44.6m with further asset acquisitions to be completed.	10% of maximum achieved
	Leading the refinancing of the BerlinHyp facility maturing in October 2023 through corporate or secured debt.	BerlinHyp re-financing successfully completed 1 year in advance and PBB refinancing completed in May 2023.	
	Modelling the Company's growth plans and regularly updating the Board in line with activities in the portfolio and financing activities.	Model of three year plan presented to the Board in January 2023 and this has been updated for first draft of March 24 budget in March 2023.	
	Preparing and delivering a comprehensive acquisitions and disposals report for Board meetings.	Opportunities presented to each Board meeting.	

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
ESG objectives			
Both	Report on Scope 1, 2, & 3 emissions for Bizspace for 2022/23 financial year in line with German GHG reporting and start to expand the roadmap for carbon emissions reduction and net zero pathway for the Sirius Group	<p>Throughout the year there has been a continual programme to bring BizSpace's Scope 1, 2 and 3 emissions in line with Sirius' Germany GHG reporting. Both BizSpace's and Sirius Germany's GHG emissions for the FY2023 have been jointly audited by Achilles, a UK accredited Greenhouse Gas Certified Scheme provider, whose platform is also accredited by the Carbon Disclosure Project as a verification standard for companies reporting into the CDP. This audit process has enabled both BizSpace and Sirius Germany to have their greenhouse gas emissions certified in accordance with ISO 14064-1.</p> <p>In Germany, Sirius has commenced identifying its net zero pathway to 2045 in line with the German national target and has identified a potential net zero pathway for both Sirius and Titanium in line with the Science Based Target initiative. The initial results show that net zero emissions, in line with the German national target, can be achieved across the German portfolio. This initial analysis is currently being reviewed by the management team against providing a long-term sustainable return to shareholders.</p> <p>During the year BizSpace undertook a re-assessment of the Energy Performance Certificates (EPC) of its UK portfolio in order to determine the pathway to achieve an EPC rating of "C" by 2027 and "B" by 2030 in line with UK Government requirements for commercial property. This initial analysis is also currently being reviewed by the management team against providing a long-term sustainable return to shareholders. During FY2024 this analysis will be extended to be unified with the net zero pathway as undertaken by Sirius Germany.</p>	10% of maximum
	Add 10,000 sqm of wildflower meadows in Germany and plant a minimum of 25,000 trees in the Sirius Group forest (20,000 in Germany and 5,000 in UK), increase the bee population by 10 beehives in Germany and identify areas for biodiversity where Bizspace can commence programmes by the end of 2022/23 financial year.	<p>37,200 sqm of greenspace has been converted into natural wildflower meadows across the portfolio since the biodiversity programme was implemented, of which 13,337 sqm were converted in FY2023.</p> <p>Through a Tree Nation partnership, we have exceeded our target and have successfully planted 33,313 trees in the company forest in FY2022/23 (27,411 in Germany and 5,902 in UK).</p> <p>10 beehives were added in FY2023, further building on the 20 beehives in existence as of April 2022.</p> <p>In BizSpace, we have successfully mapped the BizSpace portfolio to identify opportunities for biodiversity improvements, which we will commence in the current year.</p>	
	Implement and fully comply with the recommendations of TCFD to understand the climate resilience of our German and UK portfolios. Complete an in-depth assessment of transitional and physical risks, the outcome of which are linked to the Sirius Group's Risk Management Framework	Sirius provides a full and detailed report in line with the recommendations of TCFD and UK reporting requirements on page 55 of this report. A TCFD Working Group has been formed with senior management representatives from both Germany and BizSpace, with three workshops undertaken in the year to understand the risks and opportunities from climate change from both a transitional and physical risk perspective. The TCFD Working Group reports to the Sustainability and Ethics Committee and the findings will be linked to the Group's Risk Management Framework. As a first stage, Sirius has started to model financial implications to the business from climate change for testing and review by the senior management team and the Board in the future.	

DIRECTORS' REMUNERATION REPORT CONTINUED

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
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ESG objectives continued

Both	Achieve over 80% participation year on year in the German and UK annual employee survey and identify the key management actions as a result of the survey.	<p>The 2022/2023 employee engagement survey participation was as follows:</p> <ul style="list-style-type: none"> » Germany: Issued to 240 participants and 214 responded – a participation rate of 89.2% (FY2021/22 participation was 86.5%) » UK: Issued to 126 participants and 110 responded – a participation rate of 87.3%. (This was the first employee engagement survey conducted at BizSpace so there is no comparative data from the previous year.) <p>The employee engagement survey for FY2023/24 was conducted in April 2023 with a report of the findings due by the end of May 2023.</p> <p>Three key areas of action were identified by management, with actions committed to and good progress made against each of them in the year, including as follows:</p> <ul style="list-style-type: none"> » Key area 1 – Achieving high value for our shareholders – celebration/recognition of employees to motivate and drive behaviours resulting in performance which ultimately drives value for shareholders; Enhanced recognition and celebration of exemplary employee behaviour; Selection of value champions to champion Sirius Values and continue to embed and model behaviours for colleagues. » Key area 2 – From a great to an exceptional employer of choice – roll-out of a strategic internal communications strategy to increase employee engagement with initiatives aimed at further improving the diverse collaboration and encouraging employees to share information leading to business improvement, as well as instilling a higher sense of purpose for employees; Various internal events established including quarterly Managing Director Briefings and lunch meetings hosted by Andrew Coombs. » Key area 3 – One team – establishing structured support to employees to aid their personal and professional development at Sirius, with the aim of positively impacting retention and engagement; launch of academy/training offer in October, rolled out monthly from January 2023; introduction of hybrid training for field colleagues; focussing on development and career pathways – there were 55 internal promotions; creating new learning opportunities including the establishment of a group exchange programme and the design of an internal mentoring programme. 	
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Establish charging points at a further 20 properties, focusing on tenant-specific charging points. Add smart-metering at a further 6 locations in line with the roadmap to equip all sites by 2027.

We continue to make progress on our EV-charging point installations, with 20 added in the period, and a further 2 already scheduled for completion by September 2023. We are also engaging with our tenants to identify and review other sites for installation of EV-charging points.

EV charging	March 22	March 23
Total number of sites	77	79
Total number equipped	38	58
Proportion of sites equipped	49%	73.4%

Our roll-out of smart energy meters across our German sites is on track to be completed by 2027, with 6 additional sites equipped in this FY2023.

Smart energy meters	March 22	March 23
Total number of sites	77	79
Total number equipped	12	18
Proportion of sites equipped	15.6%	22.8%

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
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Strategic objectives

Both	Growing the gross asset value of the AXA-Real IM joint venture to a minimum of €450m of assets by the end of the 2022/23 financial year.	Due to uncertainty in market conditions during 2022/23 financial year, no further acquisitions were made during the year. Gross asset value of JV as at 2022/23 financial year is €354.7 million.	50% of 10% of maximum
	Delivering a net LTV ratio of below 40% and an EBITDA to Interest Cover ratio of above 8x to the end of the FY2023.	The net LTV was 41.6% while EBITDA to Interest Cover ratio was 8.6 for FY2023.	
	Completing 80,000 sqm of refurbishment of lettable space during the FY2023 pursuant to the capex investment programme.	Refurbishment of over 125,148 sqm of lettable space achieved.	

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 95% of maximum for both Andrew Coombs and Alistair Marks (being 143% of salary for Andrew Coombs and 119% of salary for Alistair Marks).

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. 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.

Executive Director	Bonus earned	Bonus paid in cash	Bonus deferred into shares	
			Vesting after one year	Vesting after two years
Andrew Coombs ⁽¹⁾	€815,458	€530,048	€142,705	€142,705
Alistair Marks	€425,440	€276,536	€74,452	€74,452

(1) Converted to euros based on the exchange rate of 1.14.

DIRECTORS' REMUNERATION REPORT CONTINUED

LTIP awards vesting in respect of the year ended 31 March 2023

Awards granted under the 2018 LTIP to each of Andrew Coombs and Alistair Marks on 15 June 2020, in the form of nil-cost options, with a five year performance period which ended on 31 March 2023 vested on 22 May 2023.

As shown in the tables below for Andrew Coombs and Alistair Marks the 2018 LTIP award granted in FY21 vested at 100% of the maximum number of shares.

Performance measure	Weighting % of award	Threshold	Target	Maximum	Actual	Number of shares vesting
Annualised TNR ⁽¹⁾ growth	Two-thirds	7.5%: 166,667 shares vest for each award	10%: 416,667 shares vest for each award	13.5%: 666,667 shares vest for each award	14.3	666,667
Relative TSR ⁽²⁾ against the peer group	One-third	Median: 83,333 shares vest for each award	n/a	Upper quartile: 333,333 shares vest for each award	Ranked 2, upper quartile	333,333

Diarmuid Kelly's 2018 LTIP award granted in FY21 in lapsed when he left the Group.

(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: Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, Regional REIT Limited, VIB Vermögen AG, alstria office REIT-AG, TLG Immobilien, Hamborner REIT AG, DIC Asset AG and Arountown SA.

RDI REIT has been removed from the TSR peer group reflecting its delisting.

The vesting of the 2018 LTIP award granted in FY21 to 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 and the risk of any "windfall gain" as set out on page 111. 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.

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	1,000,000	100%	1.0m	€925,000
Alistair Marks	1,000,000	100%	1.0m	€925,000

The value of the vesting awards is based on the share price at the date of vesting of 92.5c, converted to euros based on the exchange rate on 22 May 2023. The value of the vesting awards has been included within the "single figure" total remuneration table on page 122.

The LTIP awards were granted on 15 June 2020 when the share price was €83.5c. Therefore, the amount of the vested award attributable to share price appreciation was €10.8% per share (not taking into account fluctuations in exchange rates).

LTIP awards granted during the year ended 31 March 2023

Awards were granted to the Executive Directors (and other members of the Senior Management Team) on 18 July 2022 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 13 June 2022, being the day on which the results for the year ended 31 March 2022 were announced (£1.068).

Executive Director	Maximum number of shares	Face value at grant ⁽¹⁾	% of award vesting at threshold	% of salary	Performance period
Andrew Coombs	940,028	€1,175,035	25%	200%	1 April 2022–31 March 2025
Alistair Marks	410,000	€512,500	25%	154%	1 April 2022–31 March 2025
Diarmuid Kelly ⁽²⁾	410,000	€512,500	25%	198%	1 April 2022–31 March 2025

(1) For these purposes, the face value of the award is calculated by multiplying the number of shares by €1.25 (being the share price of £1.068 as referred to above, converted to euros based on the exchange rate of 1.17).

(2) Diarmuid Kelly's award lapsed when he left the Group.

The targets for the LTIP grant made on 18 July 2022 are as follows, with the TNR measure accounting for two thirds of an award and the TSR measure for one third:

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, and Shurgard Self Storage SA.

Deferred Bonus Plan awards granted in the year

The following nil-cost options were granted on 7 July 2022 under the Deferred Bonus Plan in respect of bonuses earned for the period ended 31 March 2022.

	Type of award	Number of shares awarded	Face value at grant ⁽¹⁾
Andrew Coombs	Nil-cost option	192,055	€240,069
Alistair Marks	Nil-cost option	120,958	€151,198
Diarmuid Kelly	Nil-cost option	12,693	€15,866

(1) For these purposes the face value of the award is calculated by multiplying the number of shares by €1.25 (being the share price of £1.068, converted to euros based on the exchange rate of 1.17).

On 7 July 2023, 50% of the shares will vest (rounded down to the nearest whole share where necessary) with the remaining balance vesting on 7 July 2024, subject to the terms of the plan. Dividend equivalents will be settled in shares in respect of dividends paid over the deferral period.

DIRECTORS' REMUNERATION REPORT CONTINUED

Payments made to former Directors and payment for loss of office made during the year

Diarmuid Kelly stepped down from the Board as CFO on 16 August 2022 and remained an employee of Sirius Facilities GmbH until 30 September 2022. His remuneration earned in respect of his role as a Director of the Company up to 16 August is included in the single figure table on page 122. Following his departure from the Group, Mr Kelly also received a bonus payment of €100,000 relating to the period he was employed for the financial year 2023 and an award of 82,000 shares in the Company in connection with the termination of his employment. He also received a severance payment of €55,000 in accordance with applicable German legislation.

Diarmuid Kelly was not eligible to earn a bonus for the 2023 financial year under the Company's Executive Director bonus scheme, but has been treated as a 'good leaver' for the purposes of his existing DBP award granted in respect of the bonus earned for the year ended 31 March 2022, which will continue subject to its original deferral period. Diarmuid has retained his LTIP awards granted in January 2019 and June 2019 for which the performance period had ended when he left the Group which will remain subject to their original holding periods. His other LTIP awards (granted in 2020, 2021 and 2022) lapsed when he left the Group.

No other payments were made in the year to any former Director of the Company or for loss of office.

Shareholding guidelines and statement of Directors' shareholdings and share interests

In respect of the financial year ended 31 March 2023, 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 2023 (or, if earlier, the date of stepping down from the Board) 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 (or, if earlier, the date of stepping down from the Board) 1,626%, 368% and 1,611% respectively (calculated using the share price at the relevant date of £0.953 and £0.767 respectively and an exchange rate of 1.14). The shareholding guidelines have been met by both Andrew Coombs and Alistair Marks. There have been no changes to those interests between 31 March 2023 and the date of signing of these audited financial statements.

Share ownership

	Shares owned as at 31 March 2022	Shares owned as at 31 March 2023 (or, if earlier date of resignation)
Executive Directors		
Andrew Coombs ⁽¹⁾	9,544,593	10,644,888
Diarmuid Kelly	292,257	469,385
Alistair Marks ⁽¹⁾	6,673,792	6,587,669
Non-Executive Directors		
Daniel Kitchen	143,850	218,850
Joanne Kenrick	—	—
James Pegg	1,374,536	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.

Share plan interests

Director	Award	Date of grant	Number of shares subject to award as at 1 April 2022	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 2023	Status
Andrew Coombs	LTIP	14 June 2019	1,500,000	—	—	1,500,000	—	Vested
	LTIP	15 June 2020	1,000,000	—	—	—	1,000,000	Unvested subject to performance conditions ⁽¹⁾
	DBP	15 June 2020	86,945	—	—	86,945	—	Vested ⁽²⁾
	LTIP	2 August 2021	949,119	—	—	—	949,119	Unvested subject to performance conditions ⁽³⁾
	DBP	21 June 2021	148,108	—	—	74,054	74,054	Unvested, not subject to performance conditions ⁽⁴⁾
	LTIP	18 July 2022	—	940,028	—	—	940,028	Unvested subject to performance conditions ⁽⁵⁾
	DBP	7 July 2022	—	192,055	—	—	192,055	Unvested, not subject to performance conditions ⁽⁶⁾
Alistair Marks	LTIP	14 June 2019	1,500,000	—	—	1,500,000	—	Vested
	LTIP	15 June 2020	1,000,000	—	—	—	1,000,000	Unvested subject to performance conditions ⁽¹⁾
	DBP	15 June 2020	67,164	—	—	67,164	—	Vested ⁽²⁾
	LTIP	2 August 2021	580,000	—	—	—	580,000	Unvested subject to performance conditions ⁽³⁾
	DBP	21 June 2021	108,258	—	—	54,129	54,129	Unvested, not subject to performance conditions ⁽⁴⁾
	LTIP	18 July 2022	—	410,000	—	—	410,000	Unvested subject to performance conditions ⁽⁵⁾
	DBP	7 July 2022	—	120,958	—	—	120,958	Unvested, not subject to performance conditions ⁽⁶⁾
Diarmuid Kelly	LTIP	14 June 2019	250,000	—	—	250,000	—	Vested
	LTIP	15 June 2020	250,000	—	250,000	—	—	Lapsed ⁽⁷⁾
	LTIP	2 August 2021	500,000	—	500,000	—	—	Lapsed ⁽⁷⁾
	LTIP	18 July 2022	—	410,000	410,000	—	—	Lapsed ⁽⁷⁾
	DBP	7 July 2022	—	12,693	—	—	12,693	Unvested, not subject to performance conditions ⁽⁶⁾

(1) These awards are subject to performance conditions as set out on page 128. The awards vested on 22 May 2023 at 100%.

(2) The shares vested on 14 June 2022.

(3) These awards are subject to performance conditions as set out on page 108 of the Annual Report and Accounts for the year ended 31 March 2022.

(4) 50% of the shares vested on 21 June 2022, the remaining 50% will vest 21 June 2023.

(5) These awards are subject to performance conditions as set out on page 128.

(6) These awards will vest in respect of 50% of the shares on each of 7 July 2023 and 7 July 2024.

(7) These awards lapsed when Diarmuid Kelly left the Group.

DIRECTORS' REMUNERATION REPORT CONTINUED

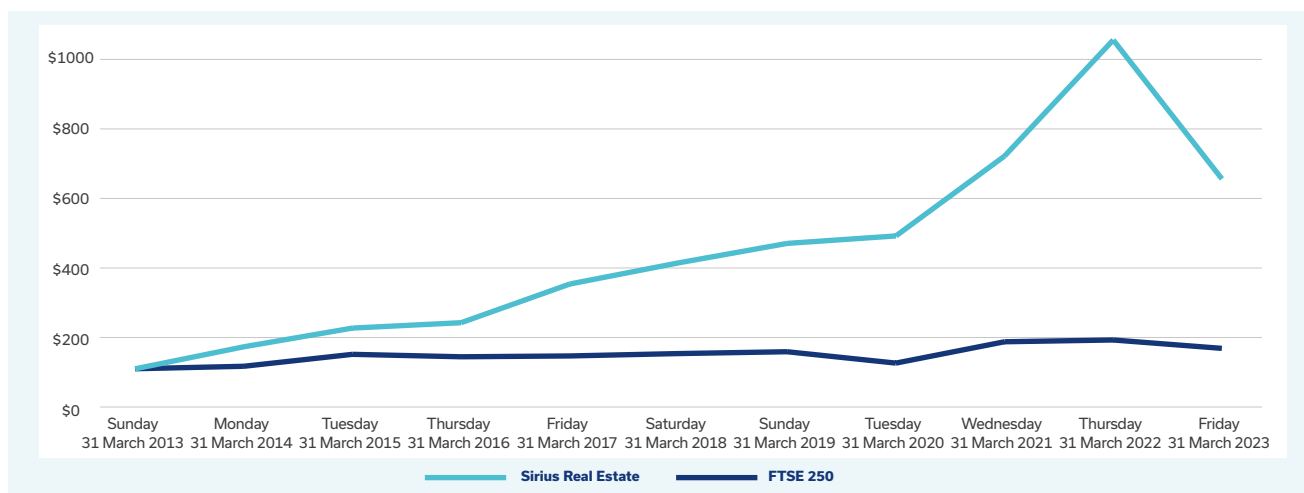
Implementation of Directors' Remuneration Policy for the 2024 financial year

Information on how the Company intends to implement the new Remuneration Policy for the financial year ending 31 March 2024 is set out in the Committee Chair's letter on page 109.

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 2013 to 31 March 2023. 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 2023 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 seven⁽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)
2023	2,459,352	95%	100%
2022	3,372,125	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 JSE Limited 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.

	2023 €m	2022 €m	% change
Dividend payments	59.2	44.5	33%
Total employee pay	36.4	28.5	27.7%

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 2023. 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 £14,993 for the year ended 31 March 2023. 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 implementation report at the Company's Annual General Meeting on 6 July 2022.

Resolution	Votes for	% of votes	Votes against	% of votes	Votes withheld
Remuneration Policy	773,530,716	91.94%	67,790,961	8.06%	3,220,179
Remuneration implementation report	788,175,842	93.68%	53,145,835	6.32%	3,220,179

As the above non-binding shareholder votes were passed by the requisite majorities, no further engagement with shareholders was necessitated.

Shareholder engagement

I welcome dialogue with our shareholders. If you have any questions for me as Chair of the Committee, you can reach me via the Company Secretary.

Approved by the Board on 2 June 2023.



Joanne Kenrick
Chair of the Remuneration Committee
2 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

The 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 The 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
2 June 2023

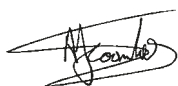
Declaration by Group Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO")

for the year ended 31 March 2023 (additional declaration as required by the rules of the JSE Limited)

Each of the Directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 149 to 202, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, 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;

- (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 as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken remediated the deficiencies; and
- (f) We are not aware of any fraud involving directors.



Andrew Coombs
CEO
2 June 2023



Alistair Marks
Interim CFO
2 June 2023

DIRECTORS' REPORT

The Directors submit their report with the audited financial statements for the year ended 31 March 2023. 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 2023.

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 2023 set out on pages 149 to 202, 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 149.

The Group's profit after tax for the year was €79.7 million (2022: €148.0 million).

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2023 of 2.98c per share representing 65% of FFO, an increase of 25.7% on the equivalent dividend last year, which represented 65% of FFO. The total dividend for the year is 5.68c, an increase of 28.8% on the 4.41c total dividend for the year ended 31 March 2022, based also on 65% of FFO.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2023, the ex-dividend date will be 12 July 2023 for shareholders on the South African register and 13 July 2023 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 14 July 2023 and the dividend will be paid on 17 August 2023. A detailed dividend announcement is expected to be made on 5 June 2023. There will be no scrip dividend alternative offered on the dividend payment in respect of the six months ended 31 March 2023.

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 89 to 97.

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.

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 (other than those described below), which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. Restrictions, in the form of changes to the Articles of Association, were adopted by shareholders at the 2022 AGM, which were necessary consequential to the Company's conversion to a UK REIT to ensure that the company can be seen to be taking reasonable steps to avoid losing UK REIT status, and desirable in relation to certain US transfers to ensure the company doesn't violate certain very onerous US requirements. 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 2023 by the Employee Benefit Trust as described above was €327,448 (2022: €143,000). 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 2022 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 2023 AGM. No shares were purchased during the year and no shares are held in Treasury.

DIRECTORS' REPORT CONTINUED

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 2022 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 2023 AGM.

A scrip dividend authority was approved at the 2022 AGM and the Directors are seeking this authority again at the 2023 AGM, although no scrip dividend will be offered in relation to the dividend being in respect of the six months ended 31 March 2023.

Directors

Details of the Directors who served during the financial year and their meeting attendance are set out on page 91 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, apart from Alistair Marks, will stand for election or re-election at the AGM on 10 July 2023. 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 31 to the financial statements, there were no transactions, arrangements or agreements entered into during the financial year or outstanding as at 31 March 2023 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 2023 are set out in the Directors' remuneration report on page 130. 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 2023, 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	116,169,961	9.87%
abrdn Plc	99,437,266	8.46%

(1) As at date of notification and as at 31 March 2023.

As at 31 March 2023, 89 non-public owners held 2.09% of shares (there are no Treasury Shares), which includes those shares held by Executive and Non-Executive Directors, and there were 8,183 public shareholders holding 97.91%.

Going concern

The Group has prepared its going concern assessment for the period to 31 October 2024 (the "going concern period"), a period greater than twelve months and chosen to align with the expected timing of the approval of the Company's subsidiary entities financial statements where a letter of support is expected to be required from the Company. The Directors also evaluated potential events and conditions beyond the going concern period that may cast significant doubt on the Group's ability to continue as a going concern, with no significant transactions or events of material uncertainty identified.

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 downside 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. Within the going concern period, three of the Group's facilities mature, with the €20.0 million tranche of the HSBC Schuldschein loan falling due in July 2023, the Berlin Hyp facility of €170.0 million having already been refinanced in August 2022 one year ahead of its maturity in October 2023 (see note 24) and the Deutsche Pfandbriefbank loan of €57.3 million, which falls due in December 2023 having been refinanced on 26 May 2023 through a new €58.3 million facility extending to 31 December 2030 (see note 35). No further debt of the Group matures until 2025.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as geopolitical instability, future energy shortages, further cost increases due to inflation, pressures from increasing interest rates and outward yield movements 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, EPRAA net asset value, unencumbered assets ratios, fixed charge ratios and occupancy ratios set out within the relevant finance agreements.

The impact of the macro-factors above have placed further pressure on the costs of the business, however this did not result in any deterioration in the Group's income streams in FY23 and asset values remained relatively stable. However, the Directors have been mindful of the challenging macro-factors present in the market from 31 March 2022 and have reflected this in an increase to the severity of the falls in valuations assessed in the severe but plausible downside scenario in the going concern period.

The base case and severe but plausible downside scenarios include the following assumptions applied to both the German and UK portfolios:

Base case:

- » 5.5% growth in rent roll at 31 March 2023, principally from contractual increases in rents and organic growth through lease renewals;
- » increasing cost levels in line with forecast inflation of 6% to March 2024 and 2% beyond;
- » continuation of forecast capex investment;
- » continuation of forecast dividend payments in line with historic dividend payouts;
- » payment of contractual loan interest and loan amortisation amounts, repayment of €20.0 million of the Schuldschein facility in July 2023 and utilisation of the new Berlin Hyp and Deutsche Pfandbriefbank facilities on the maturity of existing facilities in October and December 2023; and
- » no acquisitions or sale of assets within the period.

Severe but plausible downside scenario:

- » reduction in occupancy and rental income of 10% per annum from the base case assumptions;
- » reduction in service charge recovery of 10% per annum from the base case assumptions;
- » reduction in property valuations of 10% per annum; and
- » payment of contractual loan interest and loan amortisation amounts, repayment of €20.0 million of the Schuldschein facility in July 2023 and utilisation of the new Berlin Hyp and Deutsche Pfandbriefbank facilities on the maturity of existing facilities in October and December 2023;

The Directors are of the view that there is a remote probability of a more severe scenario arising than the above severe but plausible downside scenario based upon the Group's track record of performance in challenging scenarios, most recently through the high inflationary environment in both Germany and the UK, the Covid-19 pandemic and post-pandemic period. In addition, the Group has already secured the refinancing of the Deutsche Pfandbriefbank and Berlin Hyp AG facilities in advance of their maturity dates in the going concern period.

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants, with no covenant breaches forecasted.

The Directors are of the view that there is a high probability of securing the refinancing or an alternative source of secured or unsecured funding to replace the €20.0 million Schuldschein facility. This judgement has been informed by the Group's financial forecasts and the Group's track-record in previously refinancing maturing debt. The Company is in discussions with its

current lender to secure re-financing as it comes due. Should the debt facility falling due not be refinanced or extended, the group has available cash to repay the facility and could call upon 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 the severe but plausible downside scenario, the Company assumes full repayment of the maturing loan obligations as they fall due, amounting to €20.0 million in the going concern period. The Company forecasts indicate sufficient free cash would be available to repay these funds in full and maintain sufficient liquidity to not require the additional mitigating actions as outlined below available to it, should the severe but plausible downside scenario come to pass.

The Group also performed a reverse stress test over the impact of a fall in its property valuations during the going concern period. This showed that the Group could withstand a fall in valuations of 21%, (a level not previously seen by the Group) before there was a loan to value covenant breach. This is therefore considered to be a remote possibility during the going concern period. In each of the scenarios considered for going concern, the Group forecasts having sufficient free cash available and if required, could utilise available mitigating actions which would be available to the Group in the going concern review period, 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 2023. The restriction of dividends or reducing capital expenditure are within the control of the Directors and there is sufficient time to implement these restrictions, if required. 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 of the going concern assessment for the period to 31 October 2024, the Board believes it is appropriate to adopt the going concern basis in preparing its financial statements.

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP valued the Group's owned properties, including assets held for sale, at €2,111.9 million as at 31 March 2023 (2022: €2,092.8 million). After adjusting investment properties for lease incentive accounting, the book value of investment properties excluding assets held for sale is shown as €2,098.5 million (2022: €2,074.9 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 2023 and the net assets of the Group at that date amounted to €1,197.1 million (2022: €1,191.1 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.

DIRECTORS' REPORT CONTINUED

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 Monday 10 July 2023 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 or cross referenced in the Annual Report 2023.

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 10 July 2023 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

Company Secretary

2 June 2023

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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 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes 1 to 35, 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 ('IFRS').

In our opinion, the financial statements:

- » give a true and fair view of the state of the Group's affairs as at 31 March 2023 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 the 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 in preparing the Group's going concern assessment over the going concern period to 31 October 2024, 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 (such as 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.
- » In August 2022 Management agreed a new debt facility with Berlin Hyp for €170.0m on a seven-year term ahead of its maturity on 31 October 2023. In May 2023 Management agreed a new debt facility with Deutsche Pfandbriefbank AG for €58.3m on a seven-year facility expiring on 31 December 2030. We inspected the new financing documents to determine whether the facilities were available to the Group.
- » 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.
- » 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.
- » Managements' assessment of going concern is based on the current portfolio, on the assumption that any significant new acquisitions will be appropriately financed.

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 a period to 31 October 2024. 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	<ul style="list-style-type: none"> » The Group operates in both Germany and the United Kingdom. We performed an audit of the complete financial information of both the German and United Kingdom components, which were both designated as full scope components. » The components where we performed full 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	<ul style="list-style-type: none"> » 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.
Materiality	<ul style="list-style-type: none"> » Overall Group materiality of €21.3m (2022: €23.6m) which represents 0.9% of 2023 Total assets (2022: 1% of Total assets) was applied to balances related to investment properties, loans, derivatives and the related Income Statement balances. » Specific materiality of €4.5m (2022: €3.9m) which represents 5% of Adjusted profit before tax (2022: 5% of Adjusted profit before tax) was applied to account balances not related to investment properties, loans, derivatives and the related Income Statement balances. » We have allocated the performance materiality and audit differences threshold to the two components of the Group (Germany and the UK).

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 Company within the Group. Taken together, this enables us to form an opinion on the Group financial statements. We take into account size, risk profile, the organisation of the Group, the effectiveness of Group-wide 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 United Kingdom, which represent the principal business units within the Group.

We performed an audit of the complete financial information of both the components ("full scope components") which were selected based on their size or risk characteristics.

	Germany	United Kingdom
Revenue	79% of Group	21% of Group
Adjusted profit before tax	69% of Group	31% of Group
Total assets	80% of Group	20% of Group

For the current year, the full scope components contributed 100% (2022: 100%) of the Group's Adjusted profit before tax, 100% (2022: 100%) of the Group's Revenue and 100% (2022: 100%) of the Group's Total assets.

Climate change

Stakeholders are increasingly interested in how climate change will impact Sirius Real Estate Limited. The Group has determined that the most significant future impacts from climate change on its operations will be from the failure to meet net zero targets leading to regulatory, reputational and commercial impact and failure to mitigate physical impact on the property portfolio. These are explained on pages 55 to 65 in the Task Force for Climate related Financial Disclosures and on pages 80 and 81 in the principal risks and uncertainties. They have also explained their climate commitments on pages 44 to 47. All of these disclosures form part of the "Other information" rather than the audited financial statements. Our procedures on these unaudited 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, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained within Note 3 to the financial statements ('Other sources of estimation uncertainty') how they have reflected the impact of climate change in their financial statements.

Our audit effort in considering the impact of climate change on the Group's financial statements focused on evaluating Management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 59 to 61 and the significant judgements and estimates disclosed in note 3 and whether these have been appropriately reflected in the investment property portfolio valuation and associated disclosures and in the models of future cash flows which are used to assess the Group's ability to continue to operate as a going concern. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter, however, the impact of climate change is considered in the valuation of investment properties and also considered in performing the going concern assessment.

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 going concern the matters listed in the table below were key audit matters.

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
<p>The valuation of the investment property portfolio</p> <p>2023: €2,123.0m (2022: €2,100.0m) in investment properties, €8.8m (2022: €13.8m) included within assets held for sale and €354.7m (2022: €349.8m) included in investments in associates</p> <p>Refer to the Audit Committee Report (pages 98 to 103); Accounting policies (pages 153 to 161); and Note 14 of the Financial Statements (pages 179 to 182)</p> <p>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 valuers. Any input inaccuracies or unreasonable basis 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 balances.</p> <p>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.</p>	<p>Our audit procedures in respect of the valuation of investment property included:</p> <ul style="list-style-type: none"> » 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, expertise and objectivity. » We selected a sample based on factors including size, risk, type of property and location, which in total comprised 46% of the market value of investment properties (including investment properties within assets held for sale and total value of investments in associates). For this 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. Furthermore, they reperformed valuation calculations to determine a reasonable range of values. » 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 3 and note 14 that were made in accordance with IFRS 13 – Fair Value Measurement. <p>Scope of our procedures</p> <p>We performed full scope audit procedures over the valuation of the investment property portfolio (including investment properties within assets held for sale and held in investments in associates) in respect of both components, representing 100% of the total portfolio.</p>	<p>We concluded that the methodology applied by the external valuer was appropriate and that the external valuations were a reasonable assessment of the market value of investment properties at 31 March 2023.</p> <p>Our Chartered Surveyors concluded that the sample of valuations they reviewed were within a reasonable range.</p> <p>We concluded that the investment property valuations are reasonable and did not identify evidence of undue Management influence.</p> <p>We reviewed the disclosures in the financial statements and consider them appropriate.</p>

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
<p>Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives</p> <p>2023: €169.7m rental and other income and €100.4m service charge income (2022: €134.9m rental and other income and €75.3m service charge income)</p> <p>Refer to the Audit Committee report (pages 98 to 103); Accounting policies (pages 153 to 161); and Note 6 of the Financial Statements (page 165)</p> <p>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.</p>	<p>Our audit procedures over revenue recognition included:</p> <ul style="list-style-type: none"> » We evaluated the Group's controls over revenue recognition 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 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 of 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. 	<p>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.</p>
	<p>Scope of our procedures</p> <p>We performed full scope audit procedures over revenue recognition, in respect of both components, representing 100% of total revenue.</p>	

In the prior year, our Auditor's report included a key audit matter in relation to the accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment. In the current year, we have updated our risk assessment and concluded that it is no longer a key audit matter as the acquisition was completed in the year ended 31 March 2022.

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.

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	0.9% of Total assets (2022: 1% of Total assets)	€21.3m (2022: €23.6m)	€16.0m (2022: €17.8m)	€1.1m (2022: €1.1m)
Specific – account balances not related to investment properties, loans or derivatives.	5% of Adjusted profit before tax (2022: 5% of Adjusted profit before tax)	€4.5m (2022: €3.9m)	€3.4m (2022: €2.9m)	€0.2m (2022: €0.2m)

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 believe that an asset-based measure is 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 0.9% of Total assets (2022: 1.0% of Total assets). We applied overall materiality to the investment property, loans, 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, 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% (2022: 75%) of our planning materiality, namely €16m (2022: €17.8m) and €3.4m (2022: €2.9m) 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. In the current year, the overall and specific performance materiality allocated to components was €8m and €1.7m, respectively (2022: € 8.9m to € 1.4m).

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 (2022: €1.1m), as well as uncorrected audit differences in excess of €0.2m (2022: €0.2m) that relate to our testing of account balances not related to investment property, loans, derivatives and the related Income Statement balances, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Sirius Real Estate Limited

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 138, 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 136 and 137;
- » Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 82;
- » 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 136 and 137;
- » Directors' statement on fair, balanced and understandable set out on page 134;
- » Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 72 to 81;
- » The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 102 and 103; and
- » The section describing the work of the Audit Committee set out on pages 100 and 101.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 134, 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.

An overview of the scope of our audit continued

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.

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 Company 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, to the extent necessary to mitigate the risk of a material error in the financial statements, 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 relevant 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 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

Other matters we are required to address

- » Following the recommendation from the Audit Committee we were re-appointed by the Company in 2022 to audit the Group financial statements for the year ending 31 March 2024 and subsequent financial periods.
- » The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 March 2019 to 31 March 2023.
- » 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

Guernsey, Channel Islands

3 June 2023

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Revenue	6	270.1	210.2
Direct costs	7	(116.7)	(87.7)
Net operating income		153.4	122.5
(Loss)/gain on revaluation of investment properties	14	(9.8)	140.9
Gain/(loss) on disposal of properties		4.7	(0.6)
Recoveries from prior disposals of subsidiaries		—	0.1
Movement in expected credit loss provision ⁽¹⁾	7	(1.0)	(2.3)
Administrative expenses ⁽¹⁾	7	(48.3)	(38.4)
Goodwill impairment	17	—	(40.9)
Share of profit of associates	20	2.6	6.9
Operating profit		101.6	188.2
Finance income	10	2.8	3.0
Finance expense	10	(18.3)	(23.3)
Change in fair value of derivative financial instruments	10	0.9	1.0
Net finance costs		(14.6)	(19.3)
Profit before tax		87.0	168.9
Taxation	11	(7.3)	(20.9)
Profit for the year after tax		79.7	148.0
Profit attributable to:			
Owners of the Company		79.6	147.9
Non-controlling interest		0.1	0.1
		79.7	148.0
Earnings per share			
Basic earnings per share	12	6.82c	13.48c
Diluted earnings per share	12	6.73c	13.29c

(1) To conform to the current year presentation, the movement in expected credit loss provision has been shown as a separate line and this is a reallocation from administrative expenses for the year ended 31 March 2022.

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Profit for the year after tax		79.7	148.0
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods</i>			
Foreign currency translation reserve	28	(17.2)	(1.7)
Other comprehensive loss after tax that may be reclassified to profit or loss in subsequent periods		(17.2)	(1.7)
Other comprehensive loss for the year after tax		(17.2)	(1.7)
Total comprehensive income for the year after tax		62.5	146.3
Total comprehensive income attributable to:			
Owners of the Company		62.4	146.2
Non-controlling interest		0.1	0.1
		62.5	146.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Notes	31 March 2023 €m	31 March 2022 €m
Non-current assets			
Investment properties	14	2,123.0	2,100.0
Plant and equipment	16	7.2	5.5
Intangible assets	17	4.1	4.3
Right of use assets	18	14.4	15.0
Other non-current financial assets	19	48.4	48.3
Investment in associates	20	26.7	24.1
Total non-current assets		2,223.8	2,197.2
Current assets			
Trade and other receivables	21	30.5	24.6
Derivative financial instruments		1.3	0.3
Cash and cash equivalents	22	124.3	151.0
Total current assets		156.1	175.9
Assets held for sale	15	8.8	13.8
Total assets		2,388.7	2,386.9
Current liabilities			
Trade and other payables	23	(101.5)	(89.3)
Interest-bearing loans and borrowings	24	(243.7)	(19.6)
Lease liabilities	18	(2.2)	(1.1)
Current tax liabilities	11	(5.4)	(10.4)
Total current liabilities		(352.8)	(120.4)
Non-current liabilities			
Interest-bearing loans and borrowings	24	(720.7)	(961.9)
Lease liabilities	18	(37.4)	(37.6)
Deferred tax liabilities	11	(80.2)	(75.9)
Total non-current liabilities		(838.3)	(1,075.4)
Total liabilities		(1,191.1)	(1,195.8)
Net assets		1,197.6	1,191.1
Equity			
Issued share capital	27	—	—
Other distributable reserve	28	516.4	570.4
Own shares held	27	(8.3)	(6.3)
Foreign currency translation reserve	28	(18.9)	(1.7)
Retained earnings		707.9	628.3
Total equity attributable to the owners of the Company		1,197.1	1,190.7
Non-controlling interest		0.5	0.4
Total equity		1,197.6	1,191.1

The financial statements on pages 149 to 202 were approved by the Board of Directors on 2 June 2023 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 2023

	Notes	Issued share capital €m	Other distributable reserve €m	Own shares held €m	Foreign currency translation reserve €m	Retained earnings €m	Total equity attributable to the owners of the Company €m	Non-controlling interest €m	Total equity €m
As at 31 March 2021		—	449.1	(3.0)	—	480.4	926.5	0.3	926.8
Profit for the year		—	—	—	—	147.9	147.9	0.1	148.0
Other comprehensive income for the year		—	—	—	(1.7)	—	(1.7)	—	(1.7)
Total comprehensive income for the year		—	—	—	(1.7)	147.9	146.2	0.1	146.3
Shares issued		159.9	—	—	—	—	159.9	—	159.9
Transaction cost relating to share issues		(6.2)	—	—	—	—	(6.2)	—	(6.2)
Dividends paid	30	13.7	(44.5)	—	—	—	(30.8)	—	(30.8)
Transfer of share capital	30	(167.4)	167.4	—	—	—	—	—	—
Share-based payment transactions	9	—	1.9	—	—	—	1.9	—	1.9
Value of shares withheld to settle employee tax obligations	9	—	(3.5)	—	—	—	(3.5)	—	(3.5)
Own shares purchased	27	—	—	(5.5)	—	—	(5.5)	—	(5.5)
Own shares allocated	27	—	—	2.2	—	—	2.2	—	2.2
As at 31 March 2022		—	570.4	(6.3)	(1.7)	628.3	1,190.7	0.4	1,191.1
Profit for the year		—	—	—	—	79.6	79.6	0.1	79.7
Other comprehensive income for the year		—	—	—	(17.2)	—	(17.2)	—	(17.2)
Total comprehensive income for the year		—	—	—	(17.2)	79.6	62.4	0.1	62.5
Dividends paid	30	1.4	(59.2)	—	—	—	(57.8)	—	(57.8)
Transfer of share capital	30	(1.4)	1.4	—	—	—	—	—	—
Share-based payment transactions	9	—	5.5	—	—	—	5.5	—	5.5
Value of shares withheld to settle employee tax obligations	9	—	(1.7)	—	—	—	(1.7)	—	(1.7)
Own shares purchased	27	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Own shares allocated	27	—	—	0.3	—	—	0.3	—	0.3
As at 31 March 2023		—	516.4	(8.3)	(18.9)	707.9	1,197.1	0.5	1,197.6

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Operating activities			
Profit for the year before tax		87.0	168.9
(Gain)/loss on disposal of properties		(4.7)	0.6
Recoveries from prior disposals of subsidiaries		—	(0.1)
Net exchange differences		(0.2)	(2.0)
Share-based payments	9	5.5	4.2
Loss/(gain) on revaluation of investment properties	14	9.8	(140.9)
Change in fair value of derivative financial instruments	10	(0.9)	(1.0)
Depreciation of property, plant and equipment	16	2.1	1.2
Amortisation of intangible assets	17	1.3	1.2
Depreciation of right of use assets	18	2.1	0.8
Goodwill impairment	17	—	40.9
Share of profit of associates	20	(2.6)	(6.9)
Finance income	10	(2.8)	(3.0)
Finance expense	10	18.3	23.2
Increase in trade and other receivables		(5.9)	(5.2)
Increase in trade and other payables		12.4	3.5
Taxation paid		(8.0)	(3.7)
Cash flows from operating activities		113.4	81.8
Investing activities			
Purchase of investment properties		(42.8)	(162.8)
Prepayments relating to new acquisitions		—	(1.9)
Proceeds from loss on control of subsidiaries (net of cash disposed)		—	0.1
Capital expenditure on investment properties		(28.4)	(23.8)
Purchase of plant and equipment and intangible assets		(5.3)	(3.5)
Acquisition of a subsidiary (net of cash acquired)		—	(254.7)
Proceeds on disposal of properties (including held for sale)		32.0	15.3
Increase in loans receivable due from associates		(0.1)	(1.1)
Interest received		2.8	3.0
Cash flows used in investing activities		(41.8)	(429.5)
Financing activities			
Proceeds from issue of share capital	27	—	159.9
Transaction costs on issue of shares	27	—	(6.2)
Shares purchased		(2.3)	(5.5)
Payment relating to exercise of share options	9	(1.7)	(3.5)
Dividends paid to owners of the Company	30	(57.8)	(30.8)
Dividends paid to non-controlling interest		—	—
Proceeds from loans		—	750.0
Repayment of loans		(20.4)	(399.4)
Payment of principal portion of lease liabilities		(1.2)	(5.9)
Exit fees/prepayment of financing penalties		—	(5.3)
Capitalised loan issue cost		—	(14.4)
Finance charges paid		(15.2)	(7.1)
Cash flows from financing activities		(98.6)	431.8
(Decrease)/increase in cash and cash equivalents		(27.0)	84.0
Net exchange difference		0.3	1.3
Cash and cash equivalents as at the beginning of the year		151.0	65.7
Cash and cash equivalents as at the year end	22	124.3	151.0

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. General information

Sirius Real Estate Limited (the "Company") 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" or "Sirius") for the year ended 31 March 2023.

The principal activity of the Group is the investment in, and development of, commercial and industrial property to provide conventional and flexible workspace in Germany 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 has been presented in euros and all values are rounded to the nearest thousand (€000) in prior years. The consolidated financial information in the current year is presented in euros and all values are rounded to the nearest hundred thousand shown in millions (€m), except where otherwise indicated.

The Company has prepared 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 2023 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 were applicable for the first time for the Group from 1 April 2022. None of them have had a significant impact on the Group's income statement or balance sheet.

IFRIC: Demand Deposits with restrictions on use arising from a contract with a Third Party (IAS 7 Statement of Cash Flows).

The agenda decision considered accounting for deposits subject to contractual restrictions on use. The Committee clarified the position such that where an entity has a contractual obligation with a third party to keep a specified amount of cash in a separate demand deposit for specified purposes, but accessibility of cash amounts in these deposits is assured, the entity includes the demand deposit as a component of "cash and cash equivalents" in its statement of financial position and statement of cash flows. The Committee concluded that the contractual restrictions do not change the nature of the deposit if the entity can access those amounts on demand. Therefore, the Group has reviewed the deposits in respect of accessibility and concluded no adjustment is required. Deposits that are determined to be restricted only as to their use are separately disclosed (see note 22).

In respect of IFRS 16, deferred tax had not previously been recognised due to the application of the initial recognition exemption. On 7 May 2021, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)", 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 2023 and 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. The early adoption of this did not have a material impact on the annual financial statements of the Group.

A number of new other standards and amendments to standards have been issued but are not yet effective for the Group and have not been early adopted. The application of these new standards and amendments is not expected to have a material impact on the Group's financial statements.

(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 Listings Requirements of JSE Limited, IFRS, IAS 34 Interim Reporting and The 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 2022, 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 auditor.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

2. Significant accounting policies continued

(d) Going concern

The Group has prepared its going concern assessment for the period to 31 October 2024 (the "going concern period"), a period greater than twelve months and chosen to align with the expected timing of the approval of the Company's subsidiary entities financial statements where a letter of support is expected to be required from the Company. The Directors also evaluated potential events and conditions beyond the going concern period that may cast significant doubt on the Group's ability to continue as a going concern, with no significant transactions or events of material uncertainty identified.

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 downside 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. Within the going concern period, three of the Group's facilities mature, with the €20.0 million tranche of the HSBC Schuldschein loan falling due in July 2023, the Berlin Hyp facility of €170.0 million having already been refinanced in August 2022 one year ahead of its maturity in October 2023 (see note 24) and the Deutsche Pfandbriefbank loan of €57.3 million, which falls due in December 2023 having been refinanced on 26 May 2023 through a new €58.3 million facility extending to 31 December 2030 (see note 35). No further debt of the Group matures until 2025.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as geopolitical instability, future energy shortages, further cost increases due to inflation, pressures from increasing interest rates and outward yield movements 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, EPRA net asset value, unencumbered assets ratios, fixed charge ratios and occupancy ratios set out within the relevant finance agreements.

The impact of the macro-factors above have placed further pressure on the costs of the business, however this did not result in any deterioration in the Group's income streams in FY23 and asset values remained relatively stable. However, the Directors have been mindful of the challenging macro-factors present in the market from 31 March 2022 and have reflected this in an increase to the severity of the falls in valuations assessed in the severe but plausible downside scenario in the going concern period.

The base case and severe but plausible downside scenarios include the following assumptions applied to both the German and UK portfolios:

Base case:

- » 5.5% growth in rent roll at 31 March 2023, principally from contractual increases in rents and organic growth through lease renewals;
- » increasing cost levels in line with forecast inflation of 6% to March 2024 and 2% beyond;
- » continuation of forecast capex investment;
- » continuation of forecast dividend payments in line with historic dividend payouts;
- » payment of contractual loan interest and loan amortisation amounts, repayment of €20.0 million of the Schuldschein facility in July 2023 and utilisation of the new Berlin Hyp and Deutsche Pfandbriefbank facilities on the maturity of existing facilities in October and December 2023; and
- » no acquisitions or sale of assets within the period.

Severe but plausible downside scenario:

- » reduction in occupancy and rental income of 10% per annum from the base case assumptions;
- » reduction in service charge recovery of 10% per annum from the base case assumptions;
- » reduction in property valuations of 10% per annum; and
- » payment of contractual loan interest and loan amortisation amounts, repayment of €20.0 million of the Schuldschein facility in July and utilisation of the new Berlin Hyp and Deutsche Pfandbriefbank facilities on the maturity of existing facilities in October and December 2023.

The Directors are of the view that there is a remote probability of a more severe scenario arising than the above severe but plausible downside scenario based upon the Group's track record of performance in challenging scenarios, most recently through the high inflationary environment in both Germany and the UK, the Covid-19 pandemic and post-pandemic period. In addition, the Group has already secured the refinancing of the Deutsche Pfandbriefbank and Berlin Hyp AG facilities in advance of their maturity dates in the going concern period.

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants, with no covenant breaches forecasted.

The Directors are of the view that there is a high probability of securing the refinancing or an alternative source of secured or unsecured funding to replace the €20.0 million Schuldschein facility. This judgement has been informed by the Group's financial forecasts and the Group's track-record in previously refinancing maturing debt. The Company is in discussions with its current lender to secure re-financing as it comes due. Should the debt facility falling due not be refinanced or extended, the group has available cash to repay the facility and could call upon 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.

2. Significant accounting policies continued

(d) Going concern continued

In the severe but plausible downside scenario, the Company assumes full repayment of the maturing loan obligations as they fall due, amounting to €20.0 million in the going concern period. The Company forecasts indicate sufficient free cash would be available to repay these funds in full and maintain sufficient liquidity to not require the additional mitigating actions as outlined below available to it, should the severe but plausible downside scenario come to pass.

The Group also performed a reverse stress test over the impact of a fall in its property valuations during the going concern period. This showed that the Group could withstand a fall in valuations of 21%, (a level not previously seen by the Group) before there was a loan to value covenant breach. This is therefore considered to be a remote possibility during the going concern period. In each of the scenarios considered for going concern, the Group forecasts having sufficient free cash available and if required, could utilise available mitigating actions which would be available to the Group in the going concern review period, 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 2023. The restriction of dividends or reducing capital expenditure are within the control of the Directors and there is sufficient time to implement these restrictions, if required. 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 of the going concern assessment for the period to 31 October 2024, the Board believes it is appropriate to adopt the going concern basis in preparing its financial statements.

(e) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2023. 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).

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

2. Significant accounting policies continued

(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 to apply the price index from the date it is known on a straight-line basis.

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. The Group identifies itself as a principal in this arrangement as it controls and manages the services provided to its customers.

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 has estimated the allocation of the revenues using the relevant service charge costs incurred and the occupancy of the properties where all-inclusive lease and licence arrangements are in place. The allocation resulted in €24.0m (2022: €5.7m) being recorded as service charge income.

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).

2. Significant accounting policies continued

(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

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. The Group's UK property business is a UK Real Estate Investment Trust ("REIT"). As a result, the Group's UK property business does not pay UK corporation tax on its profits and gains from the qualifying rental business in the UK. Non-qualifying UK profits and gains continue to be subject to corporation tax as normal.

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.

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, does not give rise to equal taxable and deductible temporary differences and 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

2. Significant accounting policies continued

(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 as determined by professional external valuer. 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 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 in accordance with the RICS Traditional Red Book valuation methodology, 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 as at 31 March 2023 and 31 March 2022 have 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.

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 historical cost less accumulated depreciation and any impairment loss.

2. Significant accounting policies continued

(o) Plant and equipment continued

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 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.

The Group recognises both internally developed and 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.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- » the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- » its intention to complete and its ability and intention to use or sell the asset;
- » how the asset will generate future economic benefits;
- » the availability of resources to complete the asset; and
- » the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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.

(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. Cash is measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

2. Significant accounting policies continued

(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.

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 2023 will be approved and recognised in the financial year ending 31 March 2024.

(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 service charge 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 there is no expectation of recovery.

(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.

2. Significant accounting policies continued

(z) Current versus non-current classification continued

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.

(aa) Business combinations and goodwill

The Group measures goodwill as the fair value of the consideration paid or payable less the net fair value of the identifiable assets, liabilities assumed and contingent liabilities acquired, all measured as of the acquisition date.

(i) Subsidiary undertakings

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable, as well as other factors including board representation.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control passes.

(ii) Associates

Associates are those entities over which the Group has significant influence, but which are not subsidiary undertakings or joint ventures. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

(ab) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings, EPRA net asset value metrics and EPRA loan to value, 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. Note 24 to the financial statements includes a calculation of EPRA loan to value ratio.

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, assumptions and other sources of estimation uncertainty

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

3. Significant accounting judgements, estimates, assumptions and other sources of estimation uncertainty continued

Estimates and assumptions

Key estimates

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

Valuation of 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 (2022: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting, the book value of investment properties excluding assets held for sale is shown as €2,098.5m (2022: €2,074.9m) 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 management. The book value of leased investment properties is shown as €24.5m (2022: €25.1m) as disclosed in note 14].

As a result of the level of estimation 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. Refer to note 14 for further information, including sensitivity analysis.

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.

Other sources of estimation uncertainty

The following areas of estimation uncertainty are not presented to comply with the requirements of paragraph 125 of IAS 1 "Presentation of Financial Statements" as it is not expected there is a risk of a material adjustment to the carrying amount of assets and liabilities within the next financial year. They are presented as additional disclosure of estimates used in the accounts.

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 Disclosures. The Group also considered the work performed to date in preparing its potential net zero pathway for the German portfolio to 2045 based on the CRREM ("Carbon Risk Real Estate Monitor") methodology, the leading global standard for operational decarbonisation of real estate assets, and in line with the Science Based Target initiative ("SBTi") and the Energy Performance Certificate ("EPC") regulatory requirements for the UK. 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 for the period, consistent with this assessment this is not expected to have a significant impact on the Group's going concern of viability assessment.

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 €242.8m (£206.8m). The consideration was transferred in the form of cash. On completion a loan advanced by the seller and held by Helix Investments Limited of €45.0m (£38.3m) was also repaid in cash.

The Group incurred costs of €5.3m 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 characterised 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.

4. Business combinations continued

Acquisitions in 2022 continued

Acquisition of Helix Investments Limited continued

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 €m
Investment property	421.1
Other non-current assets	3.0
Current assets	3.5
Cash and cash equivalents	33.1
Loans	(214.5)
Current liabilities	(23.7)
Lease liabilities	(12.2)
Deferred tax liabilities	(4.7)
Net assets	205.6
Purchase price	242.8
Goodwill	37.2

Based on final purchase price allocation, goodwill arising on the purchase of Helix Investments Limited amounts to €37.2m 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 recognised were as follows as at 15 November 2021.

	Helix Investments Limited €m
Gross trade receivables	1.1
Expected credit loss provision	(0.5)
Net trade receivables	0.6

Due to first-time consolidation as at 15 November 2021, the acquired company has contributed revenue of €21.0m and profit after tax of €47.9m to consolidated revenue and consolidated profit in the year ended 31 March 2022.

Had the company already been fully consolidated as at 1 April 2021, consolidated revenue and consolidated profit after tax in the year ended 31 March 2022 would have been as follows:

	1 April 2021 to 31 March 2022 €m
Group revenue	243.9
Group profit after tax	211.1

5. Operating segments

Information on each operating segment based on the geographical location in which the Group operates is provided to the chief operating decision maker, namely the Group's Senior 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. The Group's Senior Management Team considers that this is best achieved through the operating segments of the German assets and the UK 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. The Group's Senior Management Team considers the two locations to be separate segments. Further disaggregation of the investment properties is disclosed in note 14 owing to the range in values of key inputs and assumptions underpinning the property valuation. Consequently, the Group is considered to have two reportable operating segments, as follows:

- » Germany; and
- » the UK.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

5. Operating segments continued

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/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 Senior Management Team on a segmented basis. There are no sales between segments.

The UK operating segment is a result of a business combination as disclosed in note 4. As such the UK segment reportable figures from the prior year are those from 15 November 2021 until 31 March 2022 whilst the Germany segment consists of the full annual period ended 31 March 2022. There is no single tenant that makes up more than 10% of each segment's revenue or Group revenue.

	Year ended 31 March 2023			Year ended 31 March 2022		
	Germany €m	UK €m	Total €m	Germany €m	UK €m	Total €m
Rental and other income from investment properties	125.5	33.3	158.8	108.7	15.3	124.0
Service charge income from investment properties	66.6	24.0	90.6	55.0	5.7	60.7
Rental and other income from managed properties	10.9	—	10.9	10.9	—	10.9
Service charge income from managed properties	9.8	—	9.8	14.6	—	14.6
Revenue	212.8	57.3	270.1	189.2	21.0	210.2
Direct costs	(96.7)	(20.0)	(116.7)	(80.1)	(7.6)	(87.7)
Net operating income	116.1	37.3	153.4	109.1	13.4	122.5
(Loss)/gain on revaluation of investment properties	(3.9)	(5.9)	(9.8)	100.9	40.0	140.9
Gain/(loss) on disposal of properties	—	4.7	4.7	(0.4)	(0.2)	(0.6)
Recoveries from prior disposals of subsidiaries	—	—	—	0.1	—	0.1
Depreciation and amortisation	(4.2)	(1.3)	(5.5)	(2.7)	(0.5)	(3.2)
Movement in expected credit loss provision ⁽¹⁾	(1.0)	—	(1.0)	(2.2)	(0.1)	(2.3)
Other administrative expenses ⁽¹⁾	(36.1)	(6.7)	(42.8)	(32.1)	(3.1)	(35.2)
Goodwill impairment	—	—	—	(3.7)	(37.2)	(40.9)
Share of profit of associates	2.6	—	2.6	6.9	—	6.9
Operating profit	73.5	28.1	101.6	175.9	12.3	188.2
Finance income	2.5	0.3	2.8	3.0	—	3.0
Amortisation of capitalised finance costs	(3.3)	—	(3.3)	(2.6)	—	(2.6)
Other finance expense	(10.8)	(4.2)	(15.0)	(15.8)	(4.9)	(20.7)
Change in fair value of derivative financial instruments	0.9	—	0.9	1.0	—	1.0
Net finance costs	(10.7)	(3.9)	(14.6)	(14.4)	(4.9)	(19.3)
Segment profit for the year before tax	62.8	24.2	87.0	161.5	7.4	168.9

(1) To conform to the current year presentation the movement in expected credit loss provision has been shown as a separate line and this is a reallocation from other administrative expenses for the year ended 31 March 2022.

	31 March 2023			31 March 2022		
	Germany €m	UK €m	Total €m	Germany €m	UK €m	Total €m
Segment assets						
Investment properties	1,691.6	431.4	2,123.0	1,635.2	464.8	2,100.0
Investment in associates	26.7	—	26.7	24.1	—	24.1
Other non-current assets ⁽¹⁾	21.9	3.8	25.7	21.6	3.2	24.8
Total segment non-current assets	1,740.2	435.2	2,175.4	1,680.9	468.0	2,148.9

(1) Consists of plant and equipment, intangible assets and right of use assets.

6. Revenue

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Rental and other income from investment properties	158.8	124.0
Service charge income from investment properties	90.6	60.7
Rental and other income from managed properties	10.9	10.9
Service charge income from managed properties	9.8	14.6
Total revenue	270.1	210.2

Other income relates primarily to income associated with conferencing and catering of €4.3m (2022: €3.0m) and fee income from managed properties of €5.3m (2022: €4.1m).

Total revenue from contracts with customers includes service charge income and other income totalling €94.9m from investment properties (2022: €63.7m) and €15.1m from managed properties (2022: €18.7m). Service charge income and other income totalled €85.2m from the German segment (2022: €76.4m) and €24.8m from the UK segment (2022: €6.0m).

7. Operating profit

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

Direct costs

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Service charge costs relating to investment properties	92.8	66.1
Costs relating to managed properties	17.4	17.0
Non-recoverable maintenance	6.5	4.6
Direct costs	116.7	87.7

Movement in expected credit loss provision

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Expected credit loss recognised	8.7	7.7
Expected credit loss reversed	(7.7)	(5.4)
Movement in expected credit loss provision⁽¹⁾ (see note 25)	1.0	2.3

(1) To conform to the current year presentation, the movement in expected credit loss provision has been shown as a separate line in the consolidated income statement and this is a reallocation from other administrative expenses for the year ended 31 March 2022.

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.

Administrative expenses

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Audit and non-audit fees to audit firm	1.7	1.4
Legal and professional fees	6.0	3.9
Other administration costs	5.7	(0.3)
Share-based payments	5.5	4.2
Employee costs	19.4	16.0
Director fees and expenses	0.7	0.6
Depreciation of plant and equipment (see note 16)	2.1	1.2
Amortisation of intangible assets (see note 17)	1.3	1.2
Depreciation of right of use assets (see note 18)	2.1	0.8
Marketing	3.1	2.3
Exceptional items	0.7	7.1
Administrative expenses⁽¹⁾	48.3	38.4

(1) To conform to the current year presentation, the movement in expected credit loss provision has been shown as a separate line in the consolidated income statement and this is a reallocation from other administrative expenses for the year ended 31 March 2022.

Other administration costs include net foreign exchange losses of €0.2m as a result of declining British pound sterling ("GBP") rates throughout the year (2022: €2.0m gain as a result of the increased foreign currency cash balances as at the year end).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

7. Operating profit continued

Administrative expenses continued

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

Exceptional items relate to the following:

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Acquisition costs in relation to business combinations	—	5.3
Other fees for projects ⁽¹⁾	2.4	—
Legal case costs ⁽²⁾	0.4	0.9
Lease agreement termination fees ⁽³⁾	0.9	0.5
Internal tax restructuring costs	—	0.4
Decrease in tax liabilities recognised on acquisition of the BizSpace Group ⁽⁴⁾	(3.0)	—
Total	0.7	7.1

(1) The other fees for projects amounting to €2.4m (2022: €nil) relate to capital management measures undertaken by the Group. These measures are non-recurring in nature, outside the normal course of business and have been identified as exceptional items.

(2) The legal case costs amounting to €0.4m relate to multiple cases which differ from the cases the Group faced in the year end 31 March 2022 amounting to €0.9m. These legal cases are non-recurring in nature, outside the normal course of business and have been identified as exceptional items.

(3) The lease agreement termination fee amounting to €0.9m (2022: €0.5m) was paid in compensation for early termination of a rental contract at the end of July 2022 within the UK segment of the Group. These termination fees are non-recurring in nature, outside the normal course of business and have been identified as exceptional items.

(4) In the current year, the Group identified an error in the accrual of tax liabilities arising in the BizSpace Group as at 31 March 2022, resulting in an overstatement of the tax liability of €5.0m, of which €3.0m arose on acquisition. These were assessed as not being material to the 31 March 2022 financial statements and the reduction in the liability has been recorded in the current year financial statements. The amounts have been recorded within administrative expenses under exceptional items and the taxation (see note 11) lines of the income statement.

The following services have been provided by the Group's auditor:

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Audit fees to audit firm:		
Audit of consolidated financial statements	1.0	1.1
Audit of subsidiary undertakings	0.2	0.2
Total audit fees	1.2	1.3
Audit related assurance services	0.1	0.1
Other assurance services	0.4	0.2
Total assurance services	0.5	0.3
Total fees for non-audit services	0.5	0.3
Total fees	1.7	1.6

For the year ended 31 March 2022, other assurance services include services in the amount of €0.2m relating to the corporate bond issuances which have been capitalised to the loan issue costs.

8. Employee costs and numbers

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Wages and salaries	30.7	24.3
Social security costs	4.3	3.8
Defined contribution pension scheme	0.5	0.4
Other employment costs	0.9	0.4
Total	36.4	28.9

Included in the costs related to wages and salaries for the year are expenses of €5.5m (2022: €4.2m) relating to the granting or award of shares (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, Curriss 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 421 (2022: 416), expressed in full-time equivalents. In addition, as at 31 March 2023, the Board of Directors consists of six Non-Executive Directors (2022: six) and two Executive Directors (2022: three).

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.

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 €2.3m. 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 €0.8m is recognised in the consolidated income statement to 31 March 2023. A total of 250,000 shares were forfeited during the performance period by two participants who left the Group.

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 €2.1m over three years. Another 93,039 share awards have been granted throughout the performance period as part of dividend equivalents resulting in a total number of shares of 4,543,039. 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 €nil is recognised in the consolidated income statement to 31 March 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

9. Employee schemes continued

Equity-settled share-based payments continued

June 2019 grant continued

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.

The June 2019 grant vested on 18 July 2022. Vesting was at partial level for all participants resulting in the exercise of 1,620,093 shares with a weighted average share price of €1.02 at the date of exercise. 1,391,585 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1.7m was paid for the participants' tax liabilities.

The remaining 1,531,361 shares vested on 23 November 2022. Final vesting resulted in the exercise of 811,621 shares with a weighted average share price of €1.02 at the date of exercise. 719,740 shares have been surrendered in relation to the settlement of certain participants' tax liabilities arising in respect of the vesting.

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 €4.7m. 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 €1.6m is recognised in the consolidated income statement to 31 March 2023. A total of 725,000 shares were forfeited during the performance period by two participants who left the Group.

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 ⁽¹⁾	0.84 ⁽²⁾

(1) 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%.

(2) 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.

July 2022 grant

3,480,028 ordinary share awards were granted under the scheme on 18 July 2022 with a total charge for the award of €2.6m. 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 18 July 2022 LTIP grant an expense of €0.6m is recognised in the consolidated income statement to 31 March 2023. A total of 635,000 shares were forfeited during the performance period by two participants who left the Group.

9. Employee schemes continued

Equity-settled share-based payments continued

July 2022 grant continued

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 18 July 2022:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.05	1.05
Exercise price – €	nil	nil
Expected volatility – %	41.2	41.2
Expected life – years	2.95	2.95
Performance projection period – years	2.70	2.70
Expected dividend yield – %	4.21	4.21
Risk-free rate based on European treasury bonds rate of return – %	(0.609) p.a.	(0.609) p.a.
Fair value per share – €	0.93 ⁽¹⁾	0.40 ⁽²⁾

(1) 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%.

(2) 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 18 July 2022 is €0.75.

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.

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 €3.7m 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 €1.1m is recognised in the consolidated income statement to 31 March 2023.

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 ⁽¹⁾	0.92 ⁽²⁾

(1) 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%.

(2) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

9. Employee schemes continued

Equity-settled share-based payments continued

September 2021 grant continued

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.

April 2022 grant

30,000 ordinary share awards were granted under the scheme on 1 April 2022 with a total charge for the award of €0.03m.

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 1 April 2022 SIP grant an expense of €0.01m is recognised in the consolidated income statement to 31 March 2023.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 1 April 2022:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.51	1.51
Exercise price – €	n/a	n/a
Expected volatility – %	32.5	32.5
Expected life – years	2.92	2.92
Performance projection period – years	2.00	2.00
Expected dividend yield – %	2.93	2.93
Risk-free rate based on European treasury bonds rate of return – %	(0.074) p.a.	(0.074) p.a.
Fair value per share – €	1.39 ⁽¹⁾	0.89 ⁽²⁾

(1) 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%.

(2) 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 1 April 2022 is €1.22.

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.

August 2022 grant

150,000 ordinary share awards were granted under the scheme on 1 August 2022 with a total charge for the award of €0.1m.

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 1 August 2022 SIP grant an expense of €0.03m is recognised in the consolidated income statement to 31 March 2023.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 1 August 2022:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.51	1.51
Exercise price – €	n/a	n/a
Expected volatility – %	29.7	29.7
Expected life – years	2.58	2.58
Performance projection period – years	1.66	1.66
Expected dividend yield – %	3.96	3.96
Risk-free rate based on European treasury bonds rate of return – %	(0.184) p.a.	(0.184) p.a.
Fair value per share – €	1.02 ⁽¹⁾	0.46 ⁽²⁾

9. Employee schemes continued

Equity-settled share-based payments continued

August 2022 grant continued

- (1) 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%.
- (2) 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 1 August 2022 is €0.83.

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.

August 2022 grant – the BizSpace Group awards

1,600,000 ordinary share awards were granted under the scheme on 1 August 2022 for certain BizSpace Group employees with a total charge for the award of €1.3m. 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 1 August 2022 SIP grant an expense of €0.4m is recognised in the consolidated income statement to 31 March 2023.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted on 1 August 2022:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.51	1.51
Exercise price – €	n/a	n/a
Expected volatility – %	29.7	29.7
Expected life – years	2.58	2.58
Performance projection period – years	1.66	1.66
Expected dividend yield – %	3.96	3.96
Risk-free rate based on European treasury bonds rate of return – %	(0.184) p.a.	(0.184) p.a.
Fair value per share – €	1.02 ⁽¹⁾	0.46 ⁽²⁾

(1) 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%.

(2) 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 1 August 2022 is €0.83.

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.

Deferred Bonus Plan

The Deferred Bonus Plan ("DBP") is subject to rules approved by the Board and to the Directors' Remuneration Policy (approved by shareholders triennially) for Executive Directors of Sirius Real Estate Limited only.

The Executive Directors consisting of the Chief Executive Officer, the Chief Financial Officer and the Chief Investment Officer of the Company are currently required to participate in the DBP.

The participants are subject to annual performance bonus conditions and objectives to be agreed by the Remuneration Committee. At the end of the applicable financial year, and on receipt of an annual performance bonus, as determined by the Remuneration Committee, 65% or more is awarded as cash with the remainder transferred into shares in the Company. Of the 35%, half is deferred for one year and the remaining half is deferred for two years. The DBP had been previously treated as cash settled as it was not material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

9. Employee schemes continued

Equity-settled share-based payments continued

Number of share awards

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of share awards	Weighted average exercise price €m	Number of share awards	Weighted average exercise price €m
Balance outstanding as at the beginning of the year (nil exercisable)	15,278,619	—	15,584,750	—
Maximum granted during the year	5,353,067	—	7,302,831	—
Forfeited during the year	(1,610,000)	—	(195,000)	—
Exercised during the year	(2,431,714)	—	(4,934,934)	—
Shares surrendered to cover employee tax obligations	(2,111,325)	—	(2,479,028)	—
Balance outstanding as at year end (nil exercisable)	14,478,647	—	15,278,619	—

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 2023 €m	Year ended 31 March 2022 €m
Charge relating to 2018 LTIP – June 2019 grant	—	1.1
Charge relating to 2018 LTIP – June 2020 grant	0.8	0.8
Charge relating to 2021 LTIP – August 2021 grant	1.6	1.1
Charge relating to 2021 LTIP – July 2022 grant	0.6	—
Charge relating to 2019 SIP – August 2019 grant	—	0.6
Charge relating to 2021 SIP – September 2021 grant	1.1	0.6
Charge relating to 2021 SIP – August 2022 grant (including the BizSpace Group awards)	0.4	—
DBP	1.0	—
Total consolidated income statement charge relating to share-based payments	5.5	4.2

An amount of €5.5m (2022: €1.9m) is recognised in other distributable reserves as per the consolidated statement of changes in equity. In addition, an amount of €1.7m has been paid for participants' tax liabilities 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 2023 €m	Year ended 31 March 2022 €m
Bank interest income	0.6	0.1
Finance income from associates	2.2	2.9
Finance income	2.8	3.0
Bank loan interest expense	(13.6)	(11.5)
Interest expense related to lease liabilities (see note 18)	(1.1)	(0.5)
Amortisation of capitalised finance costs	(3.3)	(2.6)
Total interest expense	(18.0)	(14.6)
Bank charges and bank interest expense on deposits	(0.3)	(0.9)
Refinancing costs, exit fees and prepayment penalties	—	(7.8)
Other finance costs	(0.3)	(8.7)
Finance expense	(18.3)	(23.3)
Change in fair value of derivative financial instruments	0.9	1.0
Net finance expense	(14.6)	(19.3)

For the year ended 31 March 2022, included within refinancing costs are exit fees and early prepayment penalties of €6.9m that directly related to the early repayment of loans and cost in relation to the restructuring of debt in the amount of €0.9m.

The change in fair value of derivative financial instruments of €0.9m (2022: €1.0m) reflects the change in the market valuation of these financial instruments.

11. Taxation

Consolidated income statement

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Current income tax		
Current income tax charge	(4.8)	(6.2)
Current income tax charge relating to disposals of investment properties	—	—
Adjustments in respect of prior periods ⁽¹⁾	1.8	0.1
Total current income tax	(3.0)	(6.1)
Deferred tax		
Relating to origination and reversal of temporary differences	(4.3)	(14.8)
Total deferred tax	(4.3)	(14.8)
Income tax charge reported in the income statement	(7.3)	(20.9)

(1) In the current year, the Group identified an error in the accrual of tax liabilities arising in the BizSpace Group as at 31 March 2022, resulting in an overstatement of the tax liability of €5.0m of which €3.0m arose on acquisition. These were assessed as not being material to the 31 March 2022 financial statements and the reduction in the liability has been recorded in the current year financial statements. The amounts have been recorded within administrative expenses under exceptional items and the taxation (see note 11) lines of the income statement.

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 2023 €m	Year ended 31 March 2022 €m
Profit before tax	87.0	168.9
Current tax using the German corporation tax rate of 15.825% (2022: 15.825%)	13.8	26.7
Effects of:		
Deductible interest on internal financing ⁽¹⁾	(4.4)	(5.4)
Tax exempt gain from selling of investments and dividends ⁽²⁾	(0.4)	(1.1)
Non-deductible expenses	(0.3)	0.4
Change in unrecognised deferred tax – tax effect of utilisation of tax losses not previously recognised ⁽³⁾	2.8	(10.5)
Adjustments in respect of prior periods ⁽⁴⁾	(1.8)	(0.1)
German trade tax	0.4	—
Tax exempt income under REIT regime ⁽⁵⁾	(3.7)	—
Goodwill impairment ⁽⁶⁾	—	6.5
Difference in foreign tax rates ⁽⁷⁾	0.9	1.5
Deferred tax – current year movements	—	1.0
Rate difference between current tax and deferred tax	—	1.9
Total income tax charge in the income statement	7.3	20.9

(1) The item refers to intra-group financing and also includes the difference in foreign tax rates within the jurisdiction of the recipient of the interest income and the German corporation tax rate.

(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 derecognition of deferred tax assets and deferred tax liabilities on investment properties as at 31 March 2022. The reconciling item increased as at 31 March 2023 due to the use of previously not recognised tax losses.

(4) To align with tax returns filed for previous years, an adjustment (primarily arising on tax gains on disposal of investment properties) has been made within the financial year.

(5) The BizSpace Group has entered into the UK REIT regime effective from 1 April 2022 which exempts income from property rental business and profits from disposal of assets from UK tax charge.

(6) An impairment of €40.9m in relation to the goodwill was included as a permanent item in the tax reconciliation of last year.

(7) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

11. Taxation continued

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m
Revaluation of investment property	—	—	(99.5)	(95.4)	(99.5)	(95.4)
Rent free adjustments	—	—	(0.7)	(0.6)	(0.7)	(0.6)
Capitalised own works	—	—	(0.1)	(0.1)	(0.1)	(0.1)
Hedging (swaps)	—	—	(0.2)	(0.1)	(0.2)	(0.1)
Fair value adjustment on leased investment properties	3.9	4.1	(3.8)	(4.3)	0.1	(0.2)
Tax losses	20.2	20.3	—	—	20.2	20.3
Fixed asset temporary differences	—	0.2	—	—	—	0.2
Deferred tax assets/(liabilities)	24.1	24.6	(104.3)	(100.5)	(80.2)	(75.9)

For accounting periods beginning on or after 1 January 2023 IASB ED/2019/5 amended the application of the initial recognition exemption for transactions giving rise to offsetting deferred tax assets and deferred tax liabilities. In respect of IFRS 16, the Group adopted the amendments to the initial recognition exemption under IAS 12 already in last year and recognises a deferred tax asset in respect of the IFRS 16 lease liabilities and a deferred tax liability in respect of IFRS 16 right of use, resulting in a net deferred tax asset for the current year.

Movement in deferred tax during the year is as follows:

	31 March 2022 €m	Recognised in income €m	Exchange differences €m	Acquisition of a subsidiary €m	31 March 2023 €m
Revaluation of investment property	(95.4)	(4.1)	—	—	(99.5)
Rent free adjustments	(0.6)	(0.1)	—	—	(0.7)
Capitalised own works	(0.1)	—	—	—	(0.1)
Hedging (swaps)	(0.1)	(0.1)	—	—	(0.2)
Fair value adjustment on leased investment properties	(0.2)	0.3	—	—	0.1
Tax losses	20.3	(0.1)	—	—	20.2
Fixed asset temporary differences	0.2	(0.2)	—	—	—
Other short-term temporary differences	—	—	—	—	—
Total	(75.9)	(4.3)	—	—	(80.2)

	31 March 2021 €m	Recognised in income €m	Exchange differences €m	Acquisition of a subsidiary €m	31 March 2022 €m
Revaluation of investment property	(73.9)	(8.7)	—	(12.8)	(95.4)
Rent free adjustments	(0.6)	—	—	—	(0.6)
Capitalised own works	—	(0.1)	—	—	(0.1)
Hedging (swaps)	0.2	(0.3)	—	—	(0.1)
Fair value adjustment on leased investment properties	—	(5.7)	—	5.5	(0.2)
Tax losses	18.0	2.3	—	—	20.3
Fixed asset temporary differences	—	(1.0)	—	1.2	0.2
Other short-term temporary differences	—	(1.3)	—	1.3	—
Total	(56.3)	(14.8)	—	(4.8)	(75.9)

11. Taxation continued

Deferred tax assets and liabilities continued

The Group has not recognised a deferred tax asset on €240.2m (2022: €256.9m) of tax losses carried forward and future share scheme deductions due to uncertainties over recovery. There is no expiration date on €240.2m of the losses and future share scheme tax deductions will convert to tax losses on realisation.

A change in ownership of the Group may result in restriction on the Group's ability to use tax losses in certain tax jurisdictions.

Recognised and unrecognised temporary differences in the acquired BizSpace Group of €54m were derecognised as at 31 March 2022 following the BizSpace Group's entry to the UK REIT regime effective 1 April 2022. A deferred tax asset of €0.05m 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. For the financial year beginning 1 April 2023 the normal corporation tax rate was increased from 19% to 25%. 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.

A deferred tax liability is recognised on temporary differences of €nil (2022: €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.

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:

	Assets		Liabilities		Net	
	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m
UK	—	0.2	—	—	—	0.2
Germany	24.1	24.4	(104.3)	(100.5)	(80.2)	(76.1)
Cyprus	—	—	—	—	—	—
Deferred tax assets/(liabilities)	24.1	24.6	(104.3)	(100.5)	(80.2)	(75.9)

	Assets		Liabilities		Net	
	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m	31 March 2023 €m	31 March 2022 €m
UK	—	—	(0.4)	(7.3)	(0.4)	(7.3)
Germany	—	—	(4.6)	(2.7)	(4.6)	(2.7)
Cyprus	—	—	(0.4)	(0.4)	(0.4)	(0.4)
Current tax liabilities	—	—	(5.4)	(10.4)	(5.4)	(10.4)

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for the year ended 31 March 2023

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 2023 €m	Year ended 31 March 2022 €m
Earnings attributable to the owners of the Company		
Basic earnings	79.6	147.9
Diluted earnings	79.6	147.9
EPRA earnings	88.2	70.7
Diluted EPRA earnings	88.2	70.7
Headline earnings	89.0	58.4
Diluted headline earnings	89.0	58.4
Adjusted		
Basic earnings	79.6	147.9
Add loss/(deduct gain) on revaluation of investment properties	9.8	(140.9)
(Deduct gain)/add loss on disposal of properties	(4.7)	0.6
Deduct recoveries from prior disposals of subsidiaries (net of related tax)	—	(0.1)
Tax in relation to the revaluation gains/losses of investment properties and gains/losses on disposal of properties above less REIT related tax effects	4.2	14.6
Non-controlling interest ("NCI") relating to revaluation (net of related tax)	—	0.2
Goodwill impairment	—	40.9
Add loss/(deduct gain) on revaluation of investment property relating to associates	0.5	(6.0)
Tax in relation to the revaluation gains/losses on investment property relating to associates above	(0.4)	1.2
Headline earnings after tax	89.0	58.4
Deduct change in fair value of derivative financial instruments (net of related tax and NCI)	(0.8)	(0.8)
Deduct revaluation expense relating to leased investment properties	(1.5)	(5.6)
Add adjusting items (net of related tax and NCI) ⁽¹⁾	6.2	19.1
Adjusted earnings after tax	92.9	71.1
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	1,167,757,975	1,097,082,162
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	1,183,626,763	1,112,360,781
Basic earnings per share	6.82c	13.48c
Diluted earnings per share	6.73c	13.29c
Basic EPRA earnings per share	7.55c	6.44c
Diluted EPRA earnings per share	7.45c	6.36c
Headline earnings per share	7.62c	5.32c
Diluted headline earnings per share	7.52c	5.25c
Adjusted earnings per share	7.96c	6.48c
Adjusted diluted earnings per share	7.85c	6.39c

(1) See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 7.

12. Earnings per share continued

	Notes	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Exceptional items	7	0.7	7.1
Refinancing costs, exit fees and prepayment penalties	10	—	7.8
Share-based payments	7	5.5	4.2
Adjusting items as per note 12		6.2	19.1

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 2023		Year ended 31 March 2022	
	Gross €m	Net €m	Gross €m	Net €m
Basic earnings		79.6		147.9
Add loss/(deduct gain) on revaluation of investment properties	9.8	14.0	(140.9)	(126.3)
(Deduct gain)/add loss on disposal of properties	(4.7)	(4.7)	0.6	0.6
Deduct recoveries from prior disposals of subsidiaries	—	—	(0.1)	(0.1)
NCI relating to revaluation	0.1	—	0.2	0.2
Goodwill impairment	—	—	40.9	40.9
Add loss/(deduct gain) on revaluation of investment property relating to associates	0.5	0.1	(6.0)	(4.8)
Headline earnings		89.0		58.4

EPRA earnings

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Basic and diluted earnings attributable to owners of the Company	79.6	147.9
Add loss/(deduct gain) on revaluation of investment properties	9.8	(140.9)
(Deduct gain)/add loss on disposal of properties (net of related tax)	(4.7)	0.6
Deduct recoveries from prior disposals of subsidiaries (net of related tax)	—	(0.1)
Refinancing costs, exit fees and prepayment penalties	—	7.8
Goodwill impairment	—	40.9
Acquisition costs in relation to business combinations	—	5.3
Change in fair value of derivative financial instruments	(0.9)	(1.0)
Deferred tax in respect of EPRA fair value movements on investment properties	4.3	14.8
NCI relating to revaluation (net of related tax)	—	0.2
Add loss/(deduct gain) on revaluation of investment property relating to associates	0.5	(6.0)
Tax in relation to the revaluation gains/losses on investment property relating to associates	(0.4)	1.2
EPRA earnings	88.2	70.7

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 7,492,763 own shares held (2022: 5,280,308 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 2023	Year ended 31 March 2022
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	1,167,757,975	1,097,082,162
Weighted average effect of grant of LTIP and SIP shares	15,868,789	15,278,619
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	1,183,626,764	1,112,360,781

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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 gains/losses on revaluation of investment properties, gains/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, goodwill impairment, acquisition costs in relation to business combinations, changes in fair value of derivative financial instruments (collectively, the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to revaluation (net of related tax), gains/losses on revaluation of investment property relating to associates and the related tax thereon.

13. Net asset value per share

	31 March 2023 €m	31 March 2022 €m
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	1,197.1	1,190.7
Deferred tax liabilities (see note 11)	80.2	75.9
Derivative financial instruments at fair value	(1.3)	(0.3)
Adjusted net asset value attributable to the owners of the Company	1,276.0	1,266.3
Number of shares		
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	1,168,371,222	1,166,880,684
Number of ordinary shares for the purpose of EPRA NTA per share	1,182,849,869	1,182,159,303
Net asset value per share	102.46c	102.04c
Adjusted net asset value per share	109.21c	108.51c
EPRA NTA per share	108.11c	107.28c

31 March 2023	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic)	1,197.1	1,197.1	1,197.1
Diluted EPRA net asset value at fair value	1,197.1	1,197.1	1,197.1
Group			
Derivative financial instruments at fair value	(1.3)	(1.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties	80.2	80.1⁽¹⁾	n/a
Intangibles as per note 17	n/a	(4.1)	n/a
Fair value of fixed interest rate debt	n/a	n/a	99.2
Real estate transfer tax	164.4	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties	7.0	7.0⁽¹⁾	n/a
Fair value of fixed interest rate debt	n/a	n/a	9.9
Real estate transfer tax	9.3	n/a	n/a
Total EPRA NRV, NTA and NDV	1,456.7	1,278.8	1,306.2
EPRA NRV, NTA and NDV per share	123.15c	108.11c	110.43c

13. Net asset value per share continued

31 March 2022	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic)	1,190.7	1,190.7	1,190.7
Diluted EPRA net asset value at fair value	1,190.7	1,190.7	1,190.7
Group			
Derivative financial instruments at fair value	(0.3)	(0.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties	75.9	75.6 ⁽¹⁾	n/a
Intangibles as per note 17	n/a	(4.3)	n/a
Fair value of fixed interest rate debt	n/a	n/a	(22.2)
Real estate transfer tax	160.7	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties	6.5	6.5 ⁽¹⁾	n/a
Fair value of fixed interest rate debt	n/a	n/a	2.1
Real estate transfer tax	9.1	n/a	n/a
Total EPRA NRV, NTA and NDV	1,442.6	1,268.2	1,170.6
EPRA NRV, NTA and NDV per share	122.03c	107.28c	99.02c

(1) The Group 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 2023	31 March 2022
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	1,168,371,222	1,166,880,684
Effect of grant of LTIP and SIP shares	14,478,647	15,278,619
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	1,182,849,869	1,182,159,303

The number of shares has been reduced by 7,492,763 own shares held (2022: 5,280,308 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 2023 €m	31 March 2022 €m
Total investment properties at book value as at the beginning of the year	2,100.0	1,362.2
Acquisition of a subsidiary (see note 4) ⁽¹⁾	—	421.1
Additions – owned investment properties	44.7	162.8
Additions – leased investment properties	1.4	3.4
Capital expenditure and broker fees	29.9	22.5
Disposals	(17.1)	(1.8)
Reclassified as investment properties held for sale (see note 15)	(8.8)	(13.7)
(Loss)/gain on revaluation above capex and broker fees	(7.7)	147.0
Adjustment in respect of lease incentives	(0.6)	(0.5)
Deficit on revaluation relating to leased investment properties	(1.5)	(5.6)
Foreign exchange differences	(17.3)	2.6
Total investment properties at book value as at year end⁽²⁾	2,123.0	2,100.0

(1) An amount of €12.2m related to leased investment properties.

(2) Excluding assets held for sale.

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14. Investment properties continued

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

	31 March 2023 €m	31 March 2022 €m
Owned investment properties at market value per valuer's report ⁽¹⁾	2,103.1	2,079.1
Adjustment in respect of lease incentives	(4.6)	(4.2)
Leased investment property market value	24.5	25.1
Total investment properties at book value as at year end⁽¹⁾	2,123.0	2,100.0

(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 (2022: Cushman & Wakefield LLP), an independent valuer accredited by the Royal Institute of Chartered Surveyors ("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 2.8 years (2022: 2.9 years). The weighted average lease expiry remaining across the owned portfolio in the UK as at year end was 1.01 years (2022: 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. A sensitivity analysis is not provided on the lease investment properties as the balance is not considered material to the financial statements.

The reconciliation of loss or gain on revaluation above capex as per the consolidated income statement is as follows:

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
(Loss)/gain on revaluation above capex and broker fees	(7.7)	147.0
Adjustment in respect of lease incentives	(0.6)	(0.5)
Deficit on revaluation relating to leased investment properties	(1.5)	(5.6)
(Loss)/gain on revaluation of investment properties reported in the income statement	(9.8)	140.9

Included in the loss or 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 €39.2m and gross losses of €49.0m (2022: gross gains of €160.4m and gross losses of €19.5m).

Other than the capital commitments disclosed in note 32, 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.

14. Investment properties continued

31 March 2023	Market value €m	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	362.0	2.88	8.58	2.67	7.80	64.7	100.0	4.7	9.9	3.7	7.6	4.1	5.8	6	15
Value add	607.6	2.25	6.64	3.58	8.46	26.9	97.4	2.9	9.8	0.8	7.5	4.5	7.1	9	18
Total traditional business parks	969.6	2.25	8.58	2.67	8.46	26.9	100.0	2.9	9.9	0.8	7.6	4.1	7.1	6	18
Modern business parks															
Mature	200.4	5.38	8.64	3.93	8.15	94.3	100.0	3.6	10.5	2.4	9.3	4.1	5.4	6	15
Value add	250.1	2.92	9.76	3.91	10.35	54.5	92.8	5.5	9.4	3.8	7.4	4.8	7.3	9	24
Total modern business parks	450.5	2.92	9.76	3.91	10.35	54.5	10.0	3.6	10.5	2.4	9.3	4.1	7.3	6	24
Office															
Mature	37.5	14.34	14.34	10.78	10.78	92.6	92.6	8.7	8.7	7.3	7.3	4.9	4.9	9	9
Value add	236.4	4.05	10.27	6.42	12.19	49.7	87.5	4.4	9.3	2.4	6.8	5.0	6.9	9	18
Total office	273.9	4.05	14.34	6.42	12.19	49.7	92.6	4.4	9.3	2.4	7.3	4.9	6.9	9	18
Total Germany	1,694.0	2.25	14.34	2.67	12.19	26.9	100.0	2.9	10.5	0.8	9.3	4.1	7.3	6	24

31 March 2023	Market value €m	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	102.4	2.09	20.25	5.46	23.58	42.0	93.3	4.0	10.8	4.00	12.00
Total office	143.7	5.42	33.89	7.94	24.68	50.5	100.0	4.9	23.2	4.00	12.00
Total industrial	171.6	2.23	8.19	2.55	12.99	64.1	100.0	3.8	12.4	4.00	12.00
Total UK	417.7	2.09	33.89	2.55	24.68	42.0	100.0	3.8	23.2	4.00	12.00

31 March 2022	Market value €m	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	329.1	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	625.5	— ⁽¹⁾	8.16	3.49	8.46	— ⁽¹⁾	97.3	— ⁽¹⁾	9.0	(3.7) ⁽¹⁾	6.8	3.9	7.1	9	18
Total traditional business parks	954.6	—⁽¹⁾	8.32	2.65	8.46	—⁽¹⁾	100.0	—⁽¹⁾	9.0	(3.7)⁽¹⁾	6.8	3.6	7.1	6	18
Modern business parks															
Mature	195.8	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	213.1	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	408.9	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	10.2	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	266.9	2.03	11.78	6.15	12.18	40.0	92.0	2.0	9.5	— ⁽¹⁾	7.2	4.6	6.6	9	18
Total office	277.1	2.03	11.78	6.15	12.18	40.0	92.0	2.0	9.5	—⁽¹⁾	7.2	4.5	6.6	9	18
Total Germany	1,640.6	—⁽¹⁾	11.78	2.65	12.18	—⁽¹⁾	100.0	—⁽¹⁾	9.8	(3.7)⁽¹⁾	8.4	3.6	7.3	6	24

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14. Investment properties continued

31 March 2022	Market value €m	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	123.3	1.71	26.49	5.78	23.59	48.6	96.8	3.0	10.0	4	12
Total office	153.1	— ⁽¹⁾	25.38	5.83	26.50	— ⁽¹⁾	100.0	— ⁽¹⁾	10.0	4	12
Total industrial	175.4	1.04	10.94	2.39	11.24	65.1	100.0	3.0	10.0	4	12
Total UK	451.8	— ⁽¹⁾	26.49	2.39	26.50	— ⁽¹⁾	100.0	— ⁽¹⁾	10.0	4	12

(1) The Group acquired vacant investment properties during the year ended 31 March 2022. As a result, the lower range for rental rates, occupancy and yields is 0 or lower.

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 2023	Market value €m	Change of 5% in market rental rates €m		Change of 0.25% in discount rates €m		Change of 0.5% in gross initial yield €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	969.6	48.9	(49.2)	(19.3)	19.1	(73.1)	86.8	(106.6)	109.0
Total modern business parks	450.5	22.0	(21.7)	(8.5)	9.3	(32.2)	37.9	(41.5)	47.4
Total office	273.9	14.0	(14.1)	(5.6)	5.6	(20.8)	24.8	(28.3)	36.8
Market value Germany	1,694.0	84.9	(85.0)	(33.4)	34.0	(126.1)	149.5	(176.4)	193.2

31 March 2023	Market value €m	Change of 5% in market rental rates €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease
Total mixed-use schemes	102.4	(6.2)	7.5	3.8	(3.6)
Total office	143.7	(6.8)	7.8	4.7	(4.5)
Total industrial	171.6	(10.8)	12.7	7.0	(6.6)
Market value UK	417.7	(23.8)	28.0	15.4	(14.8)

31 March 2022	Market value €m	Change of 5% in market rental rates €m		Change of 0.25% in discount rates €m		Change of 0.5% in gross initial yield €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	954.6	48.5	(48.4)	(19.6)	20.1	(84.2)	82.2	(98.0)	126.3
Total modern business parks	408.9	19.2	(19.4)	(8.6)	8.4	(30.9)	36.8	(38.1)	48.1
Total office	277.1	14.5	(14.3)	(5.8)	5.8	(23.0)	28.5	(37.9)	27.8
Market value Germany	1,640.6	82.2	(82.1)	(34.0)	34.3	(138.1)	147.5	(174.0)	202.2

31 March 2022	Market value €m	Change of 5% in market rental rates €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease
Total mixed-use schemes	123.3	4.0	(4.4)	(4.5)	4.4
Total office	153.1	5.8	(5.4)	(4.3)	5.1
Total industrial	175.4	7.1	(6.3)	(5.8)	6.8
Market value UK	451.8	16.9	(16.1)	(14.6)	16.3

15. Assets held for sale

Investment properties held for sale

	31 March 2023 €m	31 March 2022 €m
Magdeburg	—	13.8
Wuppertal	8.8	—
Balance as at year end	8.8	13.8

The disclosures regarding valuation in note 14 are also applicable to assets held for sale.

As at 31 March 2023, an amount of €8.8m relating to the sale of the Wuppertal asset was received prior to the completion date of 1 April 2023 and was included in the cash at bank per note 22. As at 31 March 2022, an amount of €13.8m relating to the sale of the Magdeburg asset was received prior to the completion date of 1 April 2022 and was 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.

16. Plant and equipment

	Plant and equipment €m	Fixtures and fittings €m	Total €m
Cost			
As at 31 March 2022	2.7	8.4	11.1
Additions in year	0.8	3.3	4.1
Disposals in year	(0.8)	(1.4)	(2.2)
Foreign exchange differences	—	(0.2)	(0.2)
As at 31 March 2023	2.7	10.1	12.8
Depreciation			
As at 31 March 2022	(1.1)	(4.5)	(5.6)
Charge for year	(0.6)	(1.5)	(2.1)
Disposals in year	0.8	1.3	2.1
Foreign exchange differences	(0.1)	0.1	—
As at 31 March 2023	(1.0)	(4.6)	(5.6)
Net book value as at 31 March 2023	1.7	5.5	7.2
Cost			
As at 31 March 2021	1.0	6.1	7.1
Acquisition of a subsidiary (see note 4)	0.8	1.8	2.6
Additions in year	0.9	0.5	1.4
Disposals in year	—	—	—
Foreign exchange differences	—	—	—
As at 31 March 2022	2.7	8.4	11.1
Depreciation			
As at 31 March 2021	(0.7)	(3.7)	(4.4)
Charge for year	(0.4)	(0.8)	(1.2)
Disposals in year	—	—	—
Foreign exchange differences	—	—	—
As at 31 March 2022	(1.1)	(4.5)	(5.6)
Net book value as at 31 March 2022	1.6	3.9	5.5

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for the year ended 31 March 2023

17. Intangible assets

	Software and licences with definite useful life €m	Goodwill €m	Total €m
Cost			
As at 31 March 2022	10.5	40.9	51.4
Additions in year	1.1	—	1.1
Disposals in year	—	—	—
Foreign exchange differences	—	—	—
As at 31 March 2023	11.6	40.9	52.5
Amortisation			
As at 31 March 2022	(6.2)	(40.9)	(47.1)
Charge for year	(1.3)	—	(1.3)
Disposals in year	—	—	—
Foreign exchange differences	—	—	—
As at 31 March 2023	(7.5)	(40.9)	(48.4)
Net book value as at 31 March 2023⁽¹⁾	4.1	—	4.1
Cost			
As at 31 March 2021	7.9	3.7	11.6
Acquisition of a subsidiary (see note 4)	0.5	37.2	37.7
Additions in year	2.1	—	2.1
Disposals in year	—	—	—
Foreign exchange differences	—	—	—
As at 31 March 2022	10.5	40.9	51.4
Amortisation			
As at 31 March 2021	(5.0)	—	(5.0)
Charge for year	(1.2)	—	(1.2)
Disposals in year	—	—	—
Impairment	—	(40.9)	(40.9)
Foreign exchange differences	—	—	—
As at 31 March 2022	(6.2)	(40.9)	(47.1)
Net book value as at 31 March 2022⁽¹⁾	4.3	—	4.3

(1) Included in the net book value is an amount of €1.1m relating to intangible assets under development not yet amortised (2022: €2.4m). 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 internalise the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3.7m was recognised. The goodwill was allocated to the cash-generating units comprising the Germany segment.

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 €3.7m being recognised. 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 €37.2m. 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 exceeds 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 between acquisition and the prior year ended 31 March 2022, the properties held by the BizSpace Group and the rent roll of the UK segment increased in value significantly. The Group considered these factors along with the value in use calculation in assessing whether the goodwill was recoverable and concluded that it was 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 concluded that there was 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 €37.2m was recognised for the year ended 31 March 2022. Goodwill which has been impaired may not be reversed in future periods.

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 €m	Total €m
As at 31 March 2021	1.9	1.9
Additions	15.0	15.0
Depreciation expense	(0.8)	(0.8)
Lease modifications ⁽¹⁾	(1.1)	(1.1)
As at 31 March 2022	15.0	15.0
Additions	1.5	1.5
Depreciation expense	(2.1)	(2.1)
As at 31 March 2023	14.4	14.4

(1) 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 €24.5m (2022: €25.1m) are classified as investment properties, of which €2.8m (2022: €4.0m) relate to commercial property.

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

	31 March 2023 €m	31 March 2022 €m
Balance as at the beginning of the year	(38.7)	(15.0)
Acquisition of a subsidiary (see note 4)	—	(12.2)
Accretion of interest	(1.1)	(0.5)
Additions	(2.8)	(18.4)
Lease modifications ⁽¹⁾	—	1.1
Payments	2.3	6.4
Foreign exchange differences	0.7	(0.1)
Balance as at year end	(39.6)	(38.7)
Current lease liabilities as at year end	(2.2)	(1.1)
Non-current lease liabilities as at year end	(37.4)	(37.6)

(1) Lease modifications relate to the early termination of the head office lease.

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities:

	Within 1 year €m	1–5 years €m	5+ years €m	Total €m
31 March 2023				
Commercial property ⁽¹⁾	(0.2)	(1.0)	(0.3)	(1.5)
Long-term leasehold ⁽¹⁾	(0.2)	(1.0)	(20.4)	(21.6)
Office space	(1.8)	(7.5)	(7.2)	(16.5)
Total	(2.2)	(9.5)	(7.9)	(39.6)
31 March 2022				
Commercial property ⁽¹⁾	(0.7)	(0.9)	(0.5)	(2.1)
Long-term leasehold ⁽¹⁾	(0.2)	(1.0)	(19.9)	(21.1)
Office space	(0.2)	(6.3)	(9.0)	(15.5)
Total	(1.1)	(8.2)	(29.4)	(38.7)

(1) 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 2.7% (2022: 2.3%).

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 €0.6m (2022: €0.5m).

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 €2.3m (2022: €6.4m) were incurred for the year and are included in the cash flow from financing activities.

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for the year ended 31 March 2023

19. Other non-current financial assets

	31 March 2023 €m	31 March 2022 €m
Deposits	4.1	4.1
Loans to associates	44.3	44.2
Balance as at year end	48.4	48.3

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2026 and are charged at a fixed interest rate. The expected credit loss has been considered based on multiple factors such as history of repayments, forward-looking budgets and forecasts. Based on the assessment the expected credit loss 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 2023 €m	31 March 2022 €m
Current assets	28.4	20.0
Non-current assets	354.7	349.8
Current liabilities	(15.6)	(10.4)
Non-current liabilities	(296.1)	(294.1)
Equity	71.4	65.3
Unrecognised accumulated losses	4.9	3.7
Subtotal	76.3	69.0
Group's share in equity – 35%	26.7	24.1

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Net operating income	21.1	19.9
(Loss)/gain on revaluation of investment properties	(0.7)	18.9
Administrative expense	(3.7)	(3.0)
Operating profit	16.7	35.8
Net finance costs	(8.8)	(9.8)
Profit before tax	7.9	26.0
Taxation	(1.9)	(4.2)
Unrecognised loss/(profit)	1.3	(2.0)
Total profit and comprehensive income for the year after tax	7.3	19.8
Group's share of profit for the year – 35%	2.6	6.9

Included within the non-current liabilities are shareholder loans amounting to €126.8m (2022: €126.5m). As at year end no contingent liabilities existed (2022: none). The associates had contracted capital expenditure for development and enhancements of €3.4m as at year end (2022: €2.0m).

The following table illustrates the movement in investment in associates:

	31 March 2023 €m	31 March 2022 €m
Balance as at the beginning of the year	24.1	17.2
Dividend received	—	—
Share of profit	2.6	6.9
Balance as at year end	26.7	24.1

21. Trade and other receivables

	31 March 2023 €m	31 March 2022 €m
Gross trade receivables	22.4	18.8
Expected credit loss provision (see note 25)	(8.7)	(7.7)
Net trade receivables	13.7	11.1
Other receivables	14.1	8.9
Prepayments	2.7	4.6
Balance as at year end	30.5	24.6

Other receivables include lease incentives of €4.6m (2022: €4.0m) and accrued service charge income of €nil (2022: €1.0m).

For the year ended 31 March 2022, prepayments included costs of €1.9m relating to the acquisition of a new site in Düsseldorf that was notarised before 31 March 2022.

22. Cash and cash equivalents

	31 March 2023 €m	31 March 2022 €m
Cash at bank	99.2	127.4
Cash restricted under contractual terms:		
Deposit for bank guarantees	1.3	1.4
Deposits received from tenants	23.8	22.2
Balance as at year end	124.3	151.0

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at year end is €124.3m (2022: €151.0m).

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).

Cash is held by reputable banks and the Group assessed the expected credit loss to be immaterial.

23. Trade and other payables

	31 March 2023 €m	31 March 2022 €m
Trade payables	12.0	6.5
Accrued expenses	31.9	25.1
Interest and amortisation payable	5.6	5.6
Tenant deposits	23.8	22.2
Unearned revenue	10.6	7.9
Other payables	17.6	22.0
Balance as at year end	101.5	89.3

Accrued expenses include primarily costs totalling €16.4m (2022: €11.0m) relating to service charge costs, bonuses of €4.5m (2022: €5.7m), costs relating to non-recurring project costs of €2.8m (2022: €2.5m) and administrative expenses of €2.4m (2022: €2.0m) that have not been invoiced to the Group.

Included within other payables are credit balances due to tenants in relation to over collections of service charge in amount of €3.6m (2022: €2.6m). As of 31 March 2023, other payables included €8.8m of proceeds relating to the sale of the Wuppertal asset that is categorised as an asset held for sale at 31 March 2023 in advance of the completion date of 1 April 2023. As at 31 March 2022, other payables included €13.8m 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 €3.1m (2022: €1.2m). 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.

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for the year ended 31 March 2023

24. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	31 March 2023 €m	31 March 2022 €m
Current				
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	58.2	1.9
– fixed rate facility	0.90	31 October 2023	110.4	1.5
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	0.7	0.8
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged ⁽¹⁾	31 December 2023	51.1	1.1
– floating rate facility	Floating ⁽¹⁾	31 December 2023	6.2	0.1
Schuldschein				
– floating rate facility	Floating ⁽²⁾	5 December 2022	—	5.0
– floating rate facility	Floating ⁽²⁾	6 January 2023	—	10.0
– fixed rate facility	1.60	3 July 2023	20.0	—
Capitalised finance charges on all loans			(2.9)	(0.8)
			243.7	19.6
Non-current				
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	—	58.2
– fixed rate facility	0.90	31 October 2023	—	110.4
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	13.5	14.3
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged ⁽¹⁾	31 December 2023	—	51.1
– floating rate facility	Floating ⁽¹⁾	31 December 2023	—	6.2
Schuldschein				
– floating rate facility	Floating ⁽²⁾	6 January 2025	5.0	5.0
– fixed rate facility	1.70	3 March 2025	10.0	10.0
– fixed rate facility	1.60	3 July 2023	—	20.0
Corporate bond I				
– fixed rate	1.125	22 June 2026	400.0	400.0
Corporate bond II				
– fixed rate	1.75	24 November 2028	300.0	300.0
Capitalised finance charges on all loans			(7.8)	(13.3)
			720.7	961.9
Total			964.4	981.5

(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 €19.1m of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%. A €6.5m extension and the tranche 3 related €0.5m arrangement fee are charged with a floating rate of 1.20% over three-month EURIBOR (not less than 0%). The Group has not adopted any hedge accounting.

(2) This unsecured facility has a floating rate of 1.70% over six month EURIBOR (not less than 0%).

The borrowings (excluding capitalised loan issue cost) are repayable as follows:

	31 March 2023 €m	31 March 2022 €m
On demand or within one year	246.6	20.4
In the second year	28.5	246.7
In the third to tenth years inclusive	700.0	728.5
Total	975.1	995.6

The Group has pledged 15 (2022: 15) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 15 (2022: 15) properties had a combined valuation of €510.7m as at year end (2022: €504.7m).

24. Interest-bearing loans and borrowings continued

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 €39.2m on 30 September 2016. The facility totals €70.0m and was scheduled to terminate on 29 October 2023. Amortisation was 2.50% 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 €115.4m. 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.

On 31 August 2022, the Group concluded an agreement with Berlin Hyp AG to refinance the existing facility with a new facility which amounts to €170.0m. The new facility is a separate financial instrument to the existing facility and will come into effect on 1 November 2023 with a term of seven years and a fixed interest rate of 4.26%.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0m. The loan terminates on 28 February 2025. Amortisation is 4.00% 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 2023.

Deutsche Pfandbriefbank AG

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0m. Tranche 1, totalling €21.6m, 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 €0.5m was charged at a fixed interest rate of 1.20%. On 3 April 2019, tranche 2 was drawn down, totalling €14.8m, 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 €19.1m. 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 €6.5m. 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 2.00% 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 2023.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0m. On 25 February 2020, the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0m. In total the unsecured facility amounts to €50.0m 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. The first and second tranches totalling €15.0m were repaid during the twelve month period ended 31 March 2023.

Corporate bond I

On 22 June 2021, the Group raised its inaugural corporate bond for €400.0m. The bond, which is listed at the Luxembourg Stock Exchange, 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 corporate bond 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 2023.

Corporate bond II

On 24 November 2021, the Group issued its second corporate bond for €300.0m. The bond, which is listed at the Luxembourg Stock Exchange, has a term of seven years and an interest rate of 1.75% due annually on its anniversary date, with the principal balance coming due on 24 November 2028. The corporate bond 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 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

24. Interest-bearing loans and borrowings continued

Group debt covenants

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

	31 March 2023 €m	31 March 2022 €m
Carrying amount of interest-bearing loans and borrowings	964.4	981.5
Unamortised borrowing costs	10.7	14.1
Book value of owned investment properties ⁽¹⁾	2,107.3	2,088.7
Gross loan to value ratio	46.3%	47.7%

(1) Includes assets held for sale.

The Group's loans are subject to various covenants, which include interest cover ratio, loan to value, debt service cover, occupancy, etc. as stipulated in the loan agreements.

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 and the Group has a sufficient level of headroom as at year end.

Refer to note 2(d) where the Group discloses forecast covenant compliance with regard to management's going concern assessment.

EPRA loan to value ("LTV")

31 March 2023	Proportionate consolidation		Total €m
	Group €m	Investment in associates €m	
Interest-bearing loans and borrowings ⁽¹⁾	264.4	52.1	316.5
Corporate bonds	700.0	—	700.0
Net payables	71.0	4.5	75.5
Cash and cash equivalents	(124.3)	(8.6)	(132.9)
Net debt (a)	911.1	48.0	959.1
Investment properties	2,123.0	124.2	2,247.2
Assets held for sale	8.8	—	8.8
Plant and equipment	7.2	—	7.2
Intangible assets	4.1	—	4.1
Loan to associates	44.3	—	44.3
Total property value (b)	2,187.4	124.2	2,311.6
EPRA LTV (a/b)	41.7%	38.6%	41.5%

24. Interest-bearing loans and borrowings continued**EPRA loan to value ("LTV")** continued

31 March 2022	Group €m	Proportionate consolidation	Total €m
		Investment in associates €m	
Interest-bearing loans and borrowings ⁽¹⁾	281.5	51.9	333.4
Corporate bonds	700.0	—	700.0
Net payables	70.7	3.1	73.8
Cash and cash equivalents	(151.0)	(6.2)	(157.2)
Net debt (a)	901.2	48.8	950.0
Investment properties	2,100.0	122.4	2,222.4
Assets held for sale	13.8	—	13.8
Plant and equipment	5.5	—	5.5
Intangible assets	4.3	—	4.3
Loan to associates	44.2	—	44.2
Total property value (b)	2,167.8	122.4	2,290.2
EPRA LTV (a/b)	41.6%	39.9%	41.5%

(1) Excludes corporate bonds as shown as a separate line.

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.

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for the year ended 31 March 2023

25. Financial risk management objectives and policies continued

Credit risk continued

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

	31 March 2023 €m	31 March 2022 €m
Net trade receivables	13.7	11.1
Other receivables	13.6	8.8
Loans to associates	44.3	44.2
Derivative financial instruments	1.3	0.3
Cash and cash equivalents	124.3	151.0
Total	197.2	215.4

Included in other receivables are guarantees and deposits in the amount of €4.1m (2022: €4.1m).

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

	31 March 2023		31 March 2022	
	Gross €m	Impairment €m	Gross €m	Impairment €m
0-30 days	13.9	(4.3)	12.1	2.7
31-120 days (past due)	1.3	(0.5)	1.3	(0.4)
More than 120 days	7.2	(3.9)	5.4	(4.6)
Total	22.4	(8.7)	18.8	(7.7)

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

	31 March 2023 €m	31 March 2022 €m
Balance as at the beginning of the year	(7.7)	(5.4)
Expected credit loss recognised	(8.7)	(7.7)
Expected credit loss reversed	7.7	5.4
Balance as at year end	(8.7)	(7.7)

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 €13.7m (2022: €11.1m) 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.

25. Financial risk management objectives and policies continued

Liquidity risk continued

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

	Interest-bearing loans €m	Derivative financial instruments €m	Trade and other payables €m	Lease liabilities €m	Total €m
31 March 2023					
Undiscounted amounts payable in:					
6 months or less	(28.5)	(0.8)	(59.0)	(1.6)	(89.9)
6 months–1 year	(229.4)	(0.4)	—	(1.7)	(231.5)
1–2 years	(38.8)	—	—	(3.3)	(42.1)
2–5 years	(421.3)	—	—	(10.0)	(431.3)
5–10+ years	(303.4)	—	—	(94.7)	(398.1)
	(1,021.4)	(1.2)	(59.0)	(111.3)	(1,192.9)
Interest	46.3	1.2	—	71.7	119.2
	(975.1)	—	(59.0)	(39.6)	(1,073.7)
31 March 2022					
Undiscounted amounts payable in:					
6 months or less	(9.5)	(0.1)	(56.3)	(1.3)	(67.2)
6 months–1 year	(24.5)	(0.1)	—	(0.8)	(25.4)
1–2 years	(258.8)	(0.2)	—	(2.9)	(261.9)
2–5 years	(454.7)	(0.1)	—	(9.0)	(463.8)
5–10+ years	(308.7)	—	—	(92.4)	(401.1)
	(1,056.2)	(0.5)	(56.3)	(106.4)	(1,219.4)
Interest	60.6	0.5	—	67.7	128.8
	(995.6)	—	(56.3)	(38.7)	(1,090.6)

Currency risk

The Group's exposure to currency risk relates primarily to the Group's exposure to the GBP 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 GBP and South African rand. The foreign currency risk in relation to the GBP is mitigated as a result of the BizSpace Group generating GBP denominated income in order to fund its obligations when they come due and, in addition, the Group's GBP 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 €0.04m (2022: €0.3m) (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 €0.04m (2022: €0.3m) (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:

	Within 1 year €m	1–2 years €m	2–3 years €m	3–4 years €m	4+ years €m	Total €m
31 March 2023						
Deutsche Pfandbriefbank AG	(6.2)	—	—	—	—	(6.2)
Schuldschein	—	(5.0)	—	—	—	(5.0)
31 March 2022						
Deutsche Pfandbriefbank AG	(0.1)	(6.2)	—	—	—	(6.3)
Schuldschein	(15.0)	—	(5.0)	—	—	(20.0)

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

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25. Financial risk management objectives and policies continued

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 yield is affected, and it can have an impact on the decision of our investors and banks. 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.

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

Capital management

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 4.8% as at 31 March 2023 (2022: 20.0%) and the net loan to value which was 41.6% as at 31 March 2023 (2022: 41.6%).

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 year (note 2d).

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 2023		31 March 2022	
		Carrying amount €m	Fair value €m	Carrying amount €m	Fair value €m
Fair value hierarchy level					
Financial assets					
Cash and cash equivalents		124.3	124.3	151.0	151.0
Trade and other receivables ⁽¹⁾		27.3	27.3	19.9	19.9
Loans to associates	2	44.3	44.3	44.2	44.2
Derivative financial instruments	2	1.3	1.3	0.3	0.3
Financial liabilities					
Trade and other payables		59.0	59.0	56.3	56.3
Derivative financial instruments	2	—	—	—	—
Interest-bearing loans and borrowings ⁽²⁾					
Floating rate borrowings	2	11.2	11.2	26.3	26.3
Floating rate borrowings – hedged ⁽³⁾	2	51.1	51.1	52.2	52.2
Floating rate borrowings – capped	2	—	—	—	—
Fixed rate borrowings	2	912.8	813.6	917.1	939.3

All amounts in the table above are carried at amortised cost except for derivative financial instruments which are held at fair value.

(1) This is made up of net trade receivables, other receivables (excluding lease incentives) and guarantees and deposits.

(2) Excludes loan issue costs.

(3) 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.

26. Financial instruments continued

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.

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 2023 and 31 March 2022	Unlimited	—
Issued and fully paid	Number of shares	Share capital €
As at 31 March 2021	1,049,132,259	—
Issued ordinary shares	119,344,125	167.4
Transfer of share capital to other distributable reserves	—	(167.4)
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	—
Issued ordinary shares	3,702,993	1.4
Transfer of share capital to other distributable reserves	—	(1.4)
Shares issued to Employee Benefit Trust	(2,500,000)	—
Shares allocated by the Employee Benefit Trust	287,545	—
As at 31 March 2023	1,168,371,222	—

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 13 June 2022, the Company issued 1,271,279 ordinary shares at an issue price of £0.97384 resulting in the Company's overall issued share capital being 1,175,052,364 ordinary shares.

In addition, during the year the Company issued 2,431,714 shares in relation to the exercise of the LTIP 2018 (June 2019 grant) as per note 9. These shares were issued at nil-cost, and the fair value of these shares recorded in the share capital account has been transferred back to the other distributable reserves.

Treasury shares held by the Employee Benefit Trust are disclosed as own shares held. During the year 2,500,000 shares were acquired and 287,545 were allocated by the Employee Benefit Trust. A total of 7,492,763 own shares purchased at an average share price of €1.1185 are held by the Employee Benefit Trust (2022: 5,280,308 own shares purchased at an average share price of €1.1882). The total number of shares with voting rights was 1,175,863,985 (2022: 1,172,160,992). 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 (2022: none) and there are no Treasury Shares held directly by the Company at the year end (2022: none).

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for the year ended 31 March 2023

28. Other reserves

Other distributable reserve

This reserve comprises of amounts in relation to scrip dividend transfers from share capital, share-based payment transactions and share buy-backs. The balance of €516.4m in total at year end (2022: €570.4m) is considered distributable.

Foreign currency translation reserve

The Group holds a foreign currency translation reserve which relates to foreign currency translation effect during the course of the business with the UK segment.

The following table illustrates the movement in the foreign currency translation reserve:

	31 March 2023 €m	31 March 2022 €m
Balance as at the beginning of the year	(1.7)	—
Foreign currency translation	(17.2)	(1.7)
Balance as at year end	(18.9)	(1.7)

The movement in the year of €17.2m deficit is a result of a declining GBP rate which is lower at year end compared with 31 March 2022 (2022: €1.7m deficit).

29. Notes to cash flow

Changes in liabilities arising from financing activities

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2022 €m	Cash flows €m	New leases €m	Acquisition of a subsidiary €m	Changes in fair values €m	Other ⁽¹⁾ €m	31 March 2023 €m
Interest-bearing loans and borrowings	981.5	(20.4)	—	—	—	3.3	964.4
Lease liabilities	38.7	(2.3)	2.8	—	—	0.4	39.6
Derivative financial instruments	(0.3)	—	—	—	(0.9)	(0.1)	(1.3)
Total	1,019.9	(22.7)	2.8	—	(0.9)	3.60	1,002.7
	31 March 2021 €m	Cash flows €m	New leases €m	Acquisition of a subsidiary €m	Changes in fair values €m	Other ⁽¹⁾ €m	31 March 2022 €m
Interest-bearing loans and borrowings	468.1	523.5 ⁽²⁾	—	—	—	(10.1)	981.5
Lease liabilities	15.0	(6.4)	18.4	12.2	—	(0.5)	38.7
Derivative financial instruments	1.2	(0.5)	—	—	(1.0)	—	(0.3)
Total	484.3	516.6	18.4	12.2	(1.0)	(10.6)	1,019.9

(1) Changes in the capitalised finance charges on all loans, foreign exchange differences and accretion of interest on lease liabilities.

(2) The cash flows relating to the interest-bearing loans and borrowings of €523.5m in the year ended 31 March 2022 includes the €153.1m repayment of the AgFe external loan facility as part of the acquisition of Helix Investments Limited on 15 November 2021.

30. Dividends

On 7 June 2021, the Company announced a dividend of 1.98c per share, with a record date of 9 July 2021 for the UK and South African ("SA") 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 €9.3m (€9.2m as at settlement date) while holders of 578,548,801 shares opted for a cash dividend with a value of €11.5m. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11.4m (€11.4m as at settlement date). The total dividend was €20.8m (€20.6m 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 the UK and SA 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 €4.4m (€4.5m as at settlement date) while holders of 953,403,485 shares opted for a cash dividend with a value of €19.4m. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €19.4m (€19.4m as at settlement date). The total dividend was €23.8m (€23.9m as at settlement date).

On 13 June 2022, the Company announced a dividend of 2.37c per share, with a record date of 8 July 2022 for the UK and SA shareholders and payable on 18 August 2022. On the record date, 1,172,160,992 shares were in issue. Since there were no shares held in treasury, 1,172,160,992 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 61,453,275 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €1.4m (€1.4m as at settlement date) while holders of 1,110,707,717 shares opted for a cash dividend with a value of €26.3m. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €26.2m (€26.3m as at settlement date). The total dividend was €27.7m (€27.7m as at settlement date).

On 21 November 2022, the Company announced a dividend of 2.70c per share, with a record date of 9 December 2022 for the UK and SA shareholders and payable on 19 January 2023. On the record date, 1,175,863,985 shares were in issue. Since there were no shares held in treasury, 1,175,863,985 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the total dividend (payable in cash) from €31.7m to €31.5m (€31.5m as at settlement date).

The Group's profit attributable to the equity holders of the Company for the year was €77.2m (2022: €147.9m). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2023 of 2.98c per share representing 65% of FFO, an increase of 25.7% on the equivalent dividend last year, which represented 65% of FFO⁽¹⁾. The total dividend for the year is 5.68c, an increase of 28.8% on the 4.41c total dividend for the year ended 31 March 2022.

It is expected that, for the dividend authorised relating to the six month period ended 31 March 2023, the ex-dividend date will be 12 July 2023 for shareholders on the SA register and 13 July 2023 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 14 July 2023 and the dividend will be paid on 17 August 2023. A detailed dividend announcement was made on 5 June 2023.

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.

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for the year ended 31 March 2023

30. Dividends continued

The dividend per share was calculated as follows:

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Reported profit before tax	87.0	168.9
Adjustments for:		
Loss/(gain) on revaluation of investment properties	9.8	(140.9)
Deficit on revaluation relating to leased investment properties	(1.5)	(5.6)
(Gain)/loss of disposals of properties	(4.7)	0.6
Recoveries from prior disposals of subsidiaries	—	(0.1)
Loss/(gain) on revaluation of investment property from associates and related tax	0.1	(4.8)
Other adjusting items ⁽¹⁾	6.2	19.1
Goodwill impairment	—	40.9
Change in fair value of financial derivatives	(0.9)	(1.0)
Adjusted profit before tax	96.0	77.1
Adjustments for:		
Foreign exchange effects ⁽²⁾	0.2	(1.9)
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	3.4	2.4
Amortisation of financing fees	3.3	2.6
Adjustment in respect of IFRS 16	2.2	0.5
Current taxes incurred (see note 11)	(3.0)	(6.1)
Funds from operations, year ended 31 March	102.1	74.6
Funds from operations, six months ended 30 September	48.5	33.0
Funds from operations, six months ended 31 March	53.6	41.6
Dividend pool, six months ended 30 September	31.5	21.6
Dividend pool, six months ended 31 March ⁽³⁾	34.8	27.6
Dividend per share, six months ended 30 September	2.70c	2.04c
Dividend per share, six months ended 31 March	2.98c	2.37c

(1) Includes the effect of exceptional items, refinancing activity and share awards. See note 12 for details.

(2) Management decided to exclude foreign exchange effects from the funds from operations calculation of €(0.2)m (2022: €1.9m).

(3) Calculated as 65% of FFO of 4.59c per share (2022: 3.64c per share using 65% of FFO) based on average number of shares outstanding of 1,168,134,871 (2022: 1,141,807,790).

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.

31. Related parties

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

Key management personnel

Fees paid to people considered to be key management personnel (the Senior Management Team) of the Group during the year include:

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Directors' fees	0.5	0.5
Salary and employee benefits	5.0	4.4
Share-based payments	3.0	2.6
Total	8.5	7.5

Included within salary and employee benefits are pension contributions amounting to €0.2m (2022: €0.2m).

Directors' emoluments have been disclosed in the Annual report in the Remuneration report under the 'Single figure table' and in the additional disclosures in respect of the single figure table section on pages 122 and 123.

31. Related parties continued

Associates

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

Consolidated statement of financial position	31 March 2023 €m	31 March 2022 €m
Loans to associates	44.3	44.2
Trade and other receivables	4.0	2.6
Total	48.3	46.8

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 expected credit losses have been recognised in the year.

Consolidated income statement	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Services supplied	15.1	13.1
Interest income	2.2	2.9
Total	17.3	16.0

Services provided to associates 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 (2022: €nil).

32. Capital and other commitments

As at year end, the Group had contracted capital expenditure for development and enhancements on existing properties of €14.9m (2022: €7.8m) and capital commitments amounting to €nil (2022: in relation to the notarised asset in Düsseldorf of €35.3m).

The above noted were committed but not yet provided for in the financial statements.

33. 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 2023 €m	31 March 2022 €m
Less than 1 year	125.3	118.1
1–2 years	98.2	96.1
2–3 years	76.6	75.7
3–4 years	58.7	57.7
4–5 years	36.7	35.6
More than 5 years	68.1	68.6
Total	463.6	451.8

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

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for the year ended 31 March 2023

34. List of subsidiary undertakings and investments in associates

The Group consists of 122 subsidiary companies (2022: 122 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 the UK.

Company name	Country of incorporation	Ownership at 31 March 2023 %	Ownership at 31 March 2022 %
BizSpace Acquisitions Ltd	Jersey	100.00	100.00
BizSpace Developments Ltd	UK	100.00	100.00
BizSpace Green Holdings Ltd	UK	100.00	100.00
BizSpace Green Operations Ltd	UK	100.00	100.00
BizSpace Holdings Ltd	UK	100.00	100.00
BizSpace II Ltd	UK	100.00	100.00
BizSpace Ltd	UK	100.00	100.00
BizSpace Property 100 Ltd	Jersey	100.00	100.00
BizSpace Property I Ltd	UK	100.00	100.00
BizSpace Property SSP Ltd	UK	100.00	100.00
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	100.00
Helix Investments Ltd ⁽¹⁾	Jersey	100.00	100.00
Helix Property Ltd	Jersey	100.00	100.00
LB ² Catering and Services GmbH	Germany	100.00	100.00
M25 Business Centres Ltd	UK	100.00	100.00
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. ⁽¹⁾	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

34. List of subsidiary undertakings and investments in associates continued

Company name	Country of incorporation	Ownership at 31 March 2023 %	Ownership at 31 March 2022 %
Sirius Beech B.V.	Netherlands	100.00	100.00
Sirius Birch GmbH & Co. KG	Germany	100.00	100.00
Sirius Coöperatief B.A. ⁽¹⁾	Netherlands	100.00	100.00
Sirius Dahlia GmbH & Co. KG	Germany	100.00	100.00
Sirius Facilities (UK) Ltd ⁽¹⁾	UK	100.00	100.00
Sirius Facilities GmbH	Germany	100.00	100.00
Sirius Finance (Cyprus) Ltd. ⁽¹⁾	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	100.00
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	100.00
Sirius Juniper B.V.	Netherlands	100.00	100.00
Sirius Kale GmbH & Co. KG	Germany	100.00	100.00
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	100.00
Sirius Management One GmbH	Germany	100.00	100.00
Sirius Management Two GmbH	Germany	100.00	100.00
Sirius Management Three GmbH	Germany	100.00	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	100.00
Sirius Oak B.V.	Netherlands	100.00	100.00
Sirius One B.V.	Netherlands	100.00	100.00
Sirius Orange B.V.	Netherlands	100.00	100.00
Sirius Palm B.V.	Netherlands	100.00	100.00
Sirius Pepper GmbH & Co. KG	Germany	100.00	100.00
Sirius Pine B.V.	Netherlands	100.00	100.00
Sirius Renewable Energy GmbH ⁽²⁾	Germany	100.00	n/a
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	100.00
Sirius Tulip B.V.	Netherlands	100.00	100.00
Sirius Two B.V.	Netherlands	100.00	100.00
Sirius UK1 Ltd ⁽¹⁾	UK	100.00	100.00
Sirius UK2 Ltd ⁽¹⁾	UK	100.00	100.00
Sirius Willow B.V.	Netherlands	100.00	100.00
Marba Bonn B.V.	Netherlands	99.73	99.73
Marba Bremen B.V.	Netherlands	99.73	99.73
Marba Brinkmann B.V.	Netherlands	99.73	99.73
Marba Catalpa B.V.	Netherlands	99.73	99.73

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2023

34. List of subsidiary undertakings and investments in associates continued

Company name	Country of incorporation	Ownership at 31 March 2023 %	Ownership at 31 March 2022 %
Marba Cedarwood B.V.	Netherlands	99.73	99.73
Marba Chestnut B.V.	Netherlands	99.73	99.73
Marba Dutch Holdings B.V.	Netherlands	99.73	99.73
Marba Foxglove B.V.	Netherlands	99.73	99.73
Marba HAG B.V.	Netherlands	99.73	99.73
Marba Hornbeam B.V.	Netherlands	99.73	99.73
Marba Königswinter B.V.	Netherlands	99.73	99.73
Marba Maintal B.V.	Netherlands	99.73	99.73
Marba Marigold B.V.	Netherlands	99.73	99.73
Marba Merseburg B.V.	Netherlands	99.73	99.73
Marba Mimosa B.V.	Netherlands	99.73	99.73
Marba Regensburg B.V.	Netherlands	99.73	99.73
Marba Saffron B.V.	Netherlands	99.73	99.73
Marba Troisdorf B.V.	Netherlands	99.73	99.73
Sirius 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	99.73
Sirius Hibiscus GmbH & Co. KG	Germany	99.73	99.73
Sirius Indigo GmbH & Co. KG	Germany	99.73	99.73
Sirius Mayflower GmbH & Co. KG	Germany	99.73	99.73
Sirius Oyster GmbH & Co. KG	Germany	99.73	99.73
Sirius Administration One GmbH & Co KG	Germany	94.80	94.80
Sirius Administration Two GmbH & Co KG	Germany	94.80	94.80
Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH	Germany	94.15	94.15

(1) Subsidiary company directly held by the parent entity, Sirius Real Estate Limited.

(2) New incorporated subsidiary company.

Investment in associates which are accounted for with the equity method:

Company name	Country of incorporation	Ownership at 31 March 2023 %	Ownership at 31 March 2022 %
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
Sirius Pear B.V.	Netherlands	35.00	100.00

35. Post balance sheet events

On 30 December 2022, the Company notarised for the disposal of an asset in Wuppertal for a sale price of €8.8 million. The transaction completed on 1 April 2023.

In May 2023 the Company refinanced its €57.3 million Deutsche Pfandbriefbank (PBB) loan facility, seven months in advance of it falling due on 31 December 2023. The new facility amounting to €58.3 million has a term of seven years at a fixed interest rate of 4.25%.

BUSINESS ANALYSIS (UNAUDITED INFORMATION)

Non-IFRS measures

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Total profit for the year attributable to the owners of the Company	79.6	147.9
Add loss/(deduct gain) on revaluation of investment properties	9.8	(140.9)
(Deduct gain)/add loss on disposal of properties (net of related tax)	(4.7)	0.6
Deduct recoveries from prior disposals of subsidiaries (net of related tax)	—	(0.1)
Add restructuring costs, exit fees and prepayment penalties	—	7.8
Goodwill impairment	—	40.9
Acquisition costs in relation to business combinations	—	5.3
Change in fair value of derivative financial instruments	(0.9)	(1.0)
Deferred tax in respect of EPRA fair value movements on investment properties	4.3	14.8
NCI relating to revaluation (net of related tax)	—	0.2
Add loss/(deduct gain) on revaluation of investment property relating to associates	0.5	(6.0)
Tax in relation to the revaluation gains/losses on investment property relating to associates above	(0.4)	1.2
EPRA earnings	88.2	70.7
Deduct change in deferred tax relating to derivative financial instruments	(0.1)	(0.2)
Add change in fair value of derivative financial instruments	0.9	1.0
Deduct restructuring costs, exit fees and prepayment penalties	—	(7.8)
Deduct acquisition costs in relation to business combinations	—	(5.3)
NCI in respect of the above	—	—
Headline earnings after tax	89.0	58.4
Deduct change in fair value of derivative financial instruments (net of related tax and NCI)	(0.8)	(0.8)
Deduct revaluation expense relating to leased investment properties	(1.5)	(5.6)
Add adjusting items ⁽¹⁾ (net of related tax and NCI)	6.2	19.1
Adjusted earnings after tax	92.9	71.1

(1) See note 12 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
EPRA earnings	88.2	70.7
Weighted average number of ordinary shares	1,167,757,975	1,097,082,162
EPRA earnings per share (cents)	7.55	6.44
Headline earnings after tax	89.0	58.4
Weighted average number of ordinary shares	1,167,757,975	1,097,082,162
Headline earnings per share (cents)	7.62	5.32
Adjusted earnings after tax	92.9	71.1
Weighted average number of ordinary shares	1,167,757,975	1,097,082,162
Adjusted earnings per share (cents)	7.96	6.48

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Geographical property analysis – owned investment properties

Germany

March 2023	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	17	376	84.5%	7.41	28.3	23%	369.9	7.6%	6.9%	2.6	2.5
Berlin	4	104	95.7%	8.57	10.2	8%	166.7	6.1%	5.9%	2.6	2.6
Stuttgart	9	330	91.5%	5.36	19.4	16%	248.5	7.8%	7.3%	3.1	3.4
Cologne	7	127	88.6%	8.58	11.6	9%	158.1	7.3%	7.0%	3.1	3.0
Munich	3	124	82.7%	8.66	10.6	9%	202.8	5.2%	4.7%	2.1	2.2
Düsseldorf	16	386	73.8%	6.27	21.4	17%	290.7	7.4%	6.0%	3.0	3.1
Hamburg	4	91	83.7%	5.43	5.0	4%	64.2	7.8%	7.2%	2.3	2.2
Other	10	255	78.5%	6.91	16.6	13%	196.7	8.4%	7.4%	2.7	2.6
Total Germany	70	1,793	83.4%	6.86	123.1	100%	1,697.6	7.3%	6.5%	2.8	2.8

UK

March 2023	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	55	83.3%	16.02	8.7	16%	65.0	9.0%	0.8	0.8
North	13	73	83.1%	11.58	8.4	15%	65.0	9.0%	0.8	1.0
North East and North	13	91	93.7%	6.69	6.9	13%	60.8	8.0%	1.8	2.3
North West	12	84	87.8%	11.04	9.8	18%	77.9	8.9%	1.1	1.0
South East	10	25	76.5%	31.47	7.3	13%	66.0	7.9%	0.5	1.3
South West	11	62	84.8%	22.46	14.1	26%	83.0	12.0%	1.1	0.8
Total UK	70	390	86.5%	13.66	55.2	100%	417.7	9.3%	1.0	1.3

(1) The Group's UK business charges 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	604,976	33.7%	473,914	31.7%	47.5	38.6%	131,061	8.36
Storage	583,655	32.6%	498,496	33.3%	30.4	24.7%	85,158	5.09
Production	364,201	20.3%	337,942	22.6%	20.8	16.9%	26,259	5.12
Smartspace	112,896	6.3%	74,262	5.0%	8.5	6.9%	38,635	9.55
Other ⁽¹⁾	126,942	7.1%	110,114	7.4%	15.9	12.9%	16,829	12.01
Total Germany	1,792,670	100.0%	1,494,728	100.0%	123.1	100.0%	297,942	6.86

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	122,711	31.5%	98,151	29.2%	33.7	61.1%	24,560	28.65
Workshop	251,510	64.6%	228,076	67.7%	19.8	35.9%	23,434	7.23
Storage	2,070	0.5%	1,376	0.4%	0.3	0.5%	694	17.09
Other ⁽²⁾	13,246	3.4%	9,175	2.7%	1.4	2.5%	4,071	12.55
Total UK	389,537	100.0%	336,778	100.0%	55.2	100.0%	52,759	13.66

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aeriels, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charge licences 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 €m	Production €m	Storage €m	Smartspace €m	Other ⁽¹⁾ €m	Adjustments in relation to lease incentives €m	Total €m
Less than 1 year	42.5	19.6	27.4	3.3	13.6	(0.3)	106.1
Between 1 and 5 years	74.5	36.5	48.7	0.8	24.1	(0.1)	184.5
More than 5 years	11.9	8.4	9.2	—	6.5	—	36.0
Total	128.9	64.5	85.3	4.1	44.2	(0.4)	326.6

Germany by sqm

	Office €m	Production €m	Storage €m	Smartspace €m	Other ⁽¹⁾ €m	Total sqm
Less than 1 year	131,555	46,388	132,915	65,365	22,833	399,056
Between 1 and 5 years	287,951	241,220	305,391	8,897	71,560	915,019
More than 5 years	54,408	50,334	60,190	—	15,721	180,653
Total	473,914	337,942	498,496	74,262	110,114	1,494,728

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

UK by income

	Office €m	Workshop €m	Storage €m	Other ⁽²⁾ €m	Adjustments in relation to lease incentives €m	Total €m
Less than 1 year	8.8	4.5	0.1	0.2	—	13.6
Between 1 and 5 years	18.6	11.4	—	0.4	—	30.4
More than 5 years	5.5	3.6	—	2.9	—	12.0
Total	32.9	19.5	0.1	3.5	—	56.0

UK by sqm

	Office €m	Workshop €m	Storage €m	Other ⁽²⁾ €m	Total sqm
Less than 1 year	65,641	134,958	1,367	3,543	205,509
Between 1 and 5 years	29,043	83,120	9	1,582	113,754
More than 5 years	3,467	14,047	—	1	17,515
Total	98,151	232,125	1,376	5,126	336,778

(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 2023 are subject to contractual uplifts. The average contractual uplift over the coming twelve months split by usage are detailed as follows:

Usage	Increase in %
Office	3.09%
Storage	3.42%
Production	2.82%
Smartspace	7.59%
Other ⁽¹⁾	3.37%
Total	3.25%

(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 2023, approximately 5.1% are subject to contractual uplifts. The average contractual lease contract uplifts over the coming twelve months split by usage are detailed as follows:

Usage	Increase in %
Office	3.34%
Workshop	6.14%
Total	5.13%

Property profile March 2023*

Germany

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other ⁽¹⁾ sqm	Rate psqm €
Aachen I	24,443	12,701	2,246	5,510	3,986	9.31
Aachen II	9,751	1,437	6,610	1,510	194	6.67
Alzenau	66,533	27,702	7,451	24,087	7,293	7.10
Bochum	55,511	12,696	35,970	3,965	2,880	4.71
Bochum II	4,249	3,502	479	12	256	11.41
Bonn	9,030	3,087	2,403	477	3,063	8.21
Bonn - Dransdorf	19,202	5,505	6,891	1,665	5,141	7.63
Buxtehude	28,238	1,120	10,831	13,420	2,867	4.25
Cöln Parc	13,480	6,512	3,386	2,867	715	10.70
Cologne	30,250	2,672	13,509	2,709	11,360	5.83
Dreieich	12,886	7,404	2,929	—	2,553	8.22
Dreieich II	5,514	546	4,543	—	425	4.24
Dresden	57,658	25,925	17,437	11,153	3,143	8.42
Düsseldorf - Süd	21,403	2,814	12,376	1,970	4,243	7.48
Düsseldorf II	9,839	4,433	4,949	—	457	8.16
Düsseldorf III	33,937	22,491	10,611	169	666	10.33
Erfurt	23,184	7,531	11,980	—	3,673	3.59
Essen	15,228	6,075	4,806	2,367	1,980	6.63
Essen II	11,899	8,538	1,829	627	905	7.91
Fellbach	26,214	1,751	16,168	340	7,955	6.05
Fellbach II	9,707	5,023	205	—	4,479	10.54
Frankfurt	4,260	2,260	484	68	1,448	11.39
Frankfurt III	10,141	5,398	1,370	—	3,373	14.16
Frankfurt Röntgenstraße	5,496	3,957	444	36	1,059	12.37
Freiburg Teningen	20,796	7,151	6,108	5,578	1,959	5.19
Frickenhausen	27,859	6,515	8,499	10,742	2,103	5.66
Friedrichsdorf	17,572	6,492	5,475	3,199	2,406	8.14
Gartenfeld	25,453	5,375	10,821	3,297	5,960	9.28
Grasbrunn	14,274	7,269	4,743	—	2,262	11.87
Hallbergmoss	18,384	11,978	3,388	—	3,018	10.59
Hamburg Lademannbogen	10,305	8,081	1,049	—	1,175	10.17
Hanover	22,884	8,030	3,547	6,423	4,884	6.80
Heidenheim	46,843	8,415	15,384	13,864	9,180	4.62
Heiligenhaus	44,485	21,999	7,453	12,467	2,566	3.90
Kassel	8,142	3,312	683	3,875	272	5.76

Property profile March 2023* continued**Germany** continued

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other ⁽¹⁾ sqm	Rate psqm €
Köln Porz	21,086	15,154	2,363	279	3,290	12.32
Krefeld	11,318	7,462	2,533	594	729	8.33
Krefeld II	6,101	2,893	325	2,171	712	7.96
Krefeld III	9,668	4,918	3,342	924	484	8.32
Ludwigsburg	28,351	7,393	10,158	3,585	7,215	6.75
Mahlsdorf	29,333	11,592	10,796	1,963	4,982	8.36
Mahlsdorf II	12,737	5,765	1,263	1,906	3,803	8.14
Maintal	36,509	7,586	14,362	8,289	6,272	6.44
Maintal Mitte	11,016	462	4,523	5,685	346	4.60
Mannheim	68,789	13,378	21,595	27,139	6,677	5.18
Mannheim II	14,316	6,234	4,038	586	3,458	6.61
Mannheim III	3,033	2,276	741	—	16	7.12
Markgröningen	57,312	4,532	30,853	19,921	2,006	3.62
Munich – Neuaubing	91,185	15,991	31,821	29,645	13,728	8.02
Nabern II	5,578	1,620	491	2,376	1,091	8.86
Neckartenzlingen	51,577	15,296	19,466	14,087	2,728	4.73
Neu-Isenburg	8,250	5,752	1,244	—	1,254	9.98
Neuruppin	22,959	1,404	7,629	13,133	793	5.38
Neuss	17,621	13,397	1,284	153	2,787	12.63
Neuss II	33,351	7,957	17,210	6,058	2,126	5.76
Norderstedt	12,627	3,052	7,507	172	1,896	5.47
Nürnberg	14,106	2,323	3,241	7,532	1,010	6.99
Oberhausen	82,891	47,219	26,339	1,739	7,594	5.65
Offenbach Carl Legien-Strasse	45,596	9,844	9,326	17,677	8,749	7.02
Offenbach I	15,044	3,610	2,335	2,351	6,748	6.95
Öhringen	18,761	1,969	7,448	8,772	572	5.60
Pfungstadt	32,662	6,707	12,300	9,786	3,869	6.06
Potsdam	35,863	12,490	12,720	4,956	5,697	8.40
Potsdam II	236	165	71	—	—	—
Rastatt	19,884	5,739	7,280	2,199	4,666	7.05
Rostock	18,640	8,228	1,569	6,606	2,237	6.60
Saarbrücken	46,899	28,752	9,753	2,280	6,114	9.21
Schenefeld	40,250	10,283	26,500	1,961	1,506	5.02
Solingen	13,333	2,475	4,409	4,924	1,525	2.88
Stuttgart – Kirchheim	18,260	14,335	1,261	—	2,664	6.46
Wiesbaden	14,619	855	5,608	3,613	4,543	16.99
Wuppertal	18,260	14,335	1,261	—	2,664	4.41
Total	1,792,670	604,976	583,655	364,201	239,839	6.86

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Property profile March 2023* continued

UK

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other ⁽²⁾ sqm	Rate psqm € ⁽³⁾
Altrincham	4,498	1,442	2,768	—	288	18.74
Ashford	1,823	1,823	—	—	—	39.88
Barnsley	6,637	546	5,929	—	162	7.73
Basingstoke	10,313	10,138	—	—	175	31.67
Birmingham – Tyseley	12,154	805	9,576	1,233	540	9.59
Bradford – Dudley Hill	15,070	5,476	5,436	837	3,321	8.98
Bristol – Equinox	11,282	1,104	10,014	—	164	7.59
Bury	1,304	1,303	—	—	1	47.63
Camberwell – Lomond	2,015	1,243	557	—	215	35.40
Cardiff	4,106	4,105	—	—	1	32.31
Cheadle	1,628	1,600	—	—	28	36.59
Christchurch	2,663	2,058	605	—	—	29.10
Consett	3,094	—	3,094	—	—	4.56
Coventry	1,622	1,622	—	—	—	17.76
Design Works	4,803	3,402	582	—	819	15.95
Didcot	1,021	491	510	—	20	33.01
Dinnington	3,648	1,000	2,648	—	—	11.07
Doncaster	3,040	3,039	—	—	1	24.69
Dorking	2,148	1,406	715	—	27	41.72
Egham	1,001	926	—	—	75	36.83
Fareham	1,758	1,758	—	—	—	43.76
Gateshead	13,160	—	11,927	—	1,233	4.11
Gloucester	20,767	2,989	16,685	—	1,093	5.89
Gloucester – Barnwood	3,402	3,378	24	—	—	37.77
Hartlepool – Oakesway	2,585	—	2,585	—	—	2.48
Hebburn	5,463	—	5,397	—	66	7.32
Hemel Hempstead	4,389	4,387	—	—	2	33.29
Hooton	1,383	1,230	—	—	153	25.64
Hove	2,939	2,194	695	—	50	33.84
Huddersfield – Linthwaite	2,365	—	2,364	—	1	8.08
Leeds – Brooklands	2,133	2,042	—	—	91	23.32
Leeds – Wortley	3,734	—	3,733	—	1	6.86
Letchworth	3,048	2,385	661	—	2	16.49
Littlehampton	1,992	1,991	—	—	1	38.95
London – Colney	1,887	1,767	—	—	120	34.03
M25 Business Centre	3,282	2,151	1,085	—	46	36.03
Maidstone	1,644	1,643	—	—	1	40.81
Manchester – Trafford Park	8,695	—	8,676	—	19	9.51
Manchester – Newton Heath	5,660	2,273	3,353	—	34	17.50
Manchester – Old Trafford	4,578	1,513	2,996	—	69	25.32
Milton Keynes	3,654	3,593	13	—	48	31.14
New Addington – Croydon	6,540	381	6,158	—	1	14.41
Newcastle – Amber Court	4,297	4,297	—	—	—	25.21
Northampton – K2	4,688	57	4,630	—	1	12.46

Property profile March 2023* continued**UK** continued

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other ⁽²⁾ sqm	Rate psqm € ⁽³⁾
Northampton – KG	12,617	910	11,609	—	98	9.56
Nottingham – Arnold	5,547	1,337	4,009	—	201	9.43
Nottingham – Park Row	4,160	4,110	—	—	50	38.41
Nottingham – Roden	4,604	35	4,537	—	32	7.58
Oldham – Hollinwood	5,525	5,496	—	—	29	23.09
Perivale	2,148	543	1,604	—	1	31.66
Peterlee	18,306	—	18,305	—	1	4.19
Poole	6,735	6,586	—	—	149	26.51
Preston	5,341	1,741	3,577	—	23	16.67
Rochdale – Fieldhouse	23,042	527	22,329	—	186	3.98
Rochdale – Moss Mill	15,950	14	14,442	—	1,494	4.20
Rotherham	4,504	1,361	3,112	—	31	13.30
Sandy Business Park	9,261	108	9,152	—	1	8.07
Sheffield – Cricket	1,928	—	1,928	—	—	10.29
Shipley	2,238	2,238	—	—	—	13.22
Solihull	1,715	1,714	—	—	1	55.99
Stanley	3,776	—	3,776	—	—	5.54
Stoke	5,119	—	5,118	—	1	6.01
Sunderland – North Sands	2,819	2,818	—	—	1	18.84
Swindon	6,833	338	6,414	—	81	15.73
Theale	2,765	2,708	—	—	58	57.57
Wakefield	20,703	619	18,443	—	1,641	4.51
Warrington – Craven Court	3,830	—	3,830	—	—	11.08
Wimbledon	3,170	1,459	1,569	—	142	39.01
Wolverhampton – Willenhall	5,077	581	4,340	—	156	9.69
Total	389,537	122,711	251,510	2,070	13,246	13.66

* 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 charges 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 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, EPRA loan to 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 gains/losses on revaluation of investment properties, gains/losses on disposal of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties, goodwill impairment, acquisition costs in relation to business combinations, changes in fair value of derivative financial instruments (collectively, the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to revaluation (net of related tax), gains/losses on revaluation of 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 net deferred tax liability. 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 derivative financial instruments 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 derivative financial instruments and intangible assets as per the note reference in the audited 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 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.
- » EPRA loan to value ("EPRA LTV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA LTV is a definition of loan to value ratio as set out by the European Public Real Estate Association. EPRA LTV represents net debt to total property value as defined in note 24. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value, net debt at nominal value. The reconciliation for EPRA LTV is detailed in table D 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 adjusts for the effect of the gains/losses on revaluation of investment properties, deficit on revaluation relating to leased investment properties, gains/losses on disposal of properties, recoveries from prior disposals of subsidiaries, gains/losses on revaluation of investment property from associates and related tax, other adjusting items, goodwill impairment and change in fair value of derivative financial instruments. The reconciliation for adjusted profit before tax is detailed in table E 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 is adjusted profit before tax. Accordingly, funds from operations exclude 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 E below.

The Non-IFRS Financial Information is presented in accordance with the JSE Listings 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. The Non-IFRS Financial Information required by the JSE Listings Requirements solely relates to Headline Earnings Per Share and not EPRA.

Ernst & Young Inc have issued a reporting accountant's report on the Non-IFRS Financial Information for the year ended 31 March 2023 which is available for inspection at the Group's registered office. The starting point for all the Non-IFRS Financial Information has been extracted, without adjustment, from the audited Group's consolidated financial statements for the year ended 31 March 2023 (the "consolidated financial statements").

Basis of preparation continued

Table A – EPRA earnings

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Basic and diluted earnings attributable to owners of the Company ⁽¹⁾	79.6	147.9
Add loss/(deduct gain) on revaluation of investment properties ⁽²⁾	9.8	(140.9)
(Deduct gain)/add loss on disposal of properties (net of related tax) ⁽³⁾	(4.7)	0.6
Deduct recoveries from prior disposals of subsidiaries (net of related tax) ⁽⁴⁾	—	(0.1)
Refinancing costs, exit fees and prepayment penalties ⁽⁵⁾	—	7.8
Goodwill impairment ⁽⁶⁾	—	40.9
Acquisition costs in relation to business combinations ⁽⁷⁾	—	5.3
Change in fair value of derivative financial instruments ⁽⁸⁾	(0.9)	(1.0)
Deferred tax in respect of EPRA fair value movements on investment properties ⁽⁹⁾	4.3	14.8
NCI relating to revaluation (net of related tax) ⁽¹⁰⁾	—	0.2
Add loss/(deduct gain) on revaluation of investment property relating to associates ⁽¹¹⁾	0.5	(6.0)
Tax in relation to the revaluation gains/losses on investment property relating to associates ⁽¹²⁾	(0.4)	1.2
EPRA earnings⁽¹³⁾	88.2	70.7

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 or loss 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 (net of related tax) which has been extracted from note 12 within the consolidated financial statements.
- (4) Presents the recoveries from prior disposals of subsidiaries (net of related tax) 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.
- (7) Presents the acquisition costs in relation to business combinations which have been extracted from note 4 within the consolidated financial statements.
- (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 fair value movements on investment properties which has been extracted from note 11 within the consolidated financial statements.
- (10) Presents the non-controlling interest relating to revaluation (net of related tax) which has been extracted from note 12 within the consolidated financial statements.
- (11) Presents the gain or loss on revaluation of 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 gains/losses 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.

ANNEX 1- NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table B – Adjusted net asset value

	31 March 2023 €m	31 March 2022 €m
Net asset value		
Net asset value for the purpose of assets per share (total equity attributable to the owners of the company) ⁽¹⁾	1,197.1	1,190.7
Deferred tax liabilities ⁽²⁾	80.2	75.9
Derivative financial instruments at fair value ⁽³⁾	(1.3)	(0.3)
Adjusted net asset value attributable to owners of the Company⁽⁴⁾	1,276.0	1,266.3

Notes:

(1) Presents the net asset value for the purpose of assets per share (total equity 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 the net deferred tax liabilities or assets which have been extracted from the consolidated statement of financial position within the consolidated financial statements relating to valuation movements, derivative financial instruments and LTIP valuation.

(3) Presents current derivative financial instrument assets 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 2023	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic) ⁽¹⁾	1,197.1	1,197.1	1,197.1
Diluted EPRA net asset value at fair value	1,197.1	1,197.1	1,197.1
Group			
Derivative financial instruments at fair value ⁽²⁾	(1.3)	(1.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties ⁽³⁾	80.2	80.1	n/a
Intangibles ⁽⁴⁾	n/a	(4.1)	n/a
Fair value of fixed interest rate debt ⁽⁵⁾	n/a	n/a	99.2
Real estate transfer tax ⁽⁶⁾	164.4	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties ⁽³⁾	7.0	7.0	n/a
Fair value of fixed interest rate debt ⁽⁵⁾	n/a	n/a	9.9
Real estate transfer tax ⁽⁶⁾	9.3	n/a	n/a
Total EPRA NRV, NTA and NDV⁽⁷⁾	1,456.7	1,278.8	1,306.2
31 March 2022	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic) ⁽¹⁾	1,190.7	1,190.7	1,190.7
Diluted EPRA net asset value at fair value	1,190.7	1,190.7	1,190.7
Group			
Derivative financial instruments at fair value ⁽²⁾	(0.3)	(0.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties ⁽³⁾	75.9	75.6*	n/a
Intangibles ⁽⁴⁾	n/a	(4.3)	n/a
Fair value of fixed interest rate debt ⁽⁵⁾	n/a	n/a	(22.2)
Real estate transfer tax ⁽⁶⁾	160.7	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties ⁽³⁾	6.5	6.5*	n/a
Fair value of fixed interest rate debt ⁽⁵⁾	n/a	n/a	2.1
Real estate transfer tax ⁽⁶⁾	9.1	n/a	n/a
Total EPRA NRV, NTA and NDV⁽⁷⁾	1,442.6	1,268.2	1,170.6

* 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.

Basis of preparation continued

Table C – EPRA net asset measures continued

Notes:

- (1) Presents the net asset value for the purpose of assets per share (total equity 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 which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (3) Presents for the Group the net deferred tax liabilities or assets 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 €0.1m (2022: €0.3m). For investment in associates the deferred tax income/(expense) arising on revaluation losses/gains amounted to €0.4m (2022: €6.6m).
- (4) 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.
- (5) Presents the fair value of financial liabilities and assets on the statement of financial position, net of any related deferred tax.
- (6) 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.
- (7) Presents the EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at year end.

Table D – EPRA LTV metric

	Proportionate consolidation		Total €m
	Group €m	Investment in associates €m	
31 March 2023			
Interest-bearing loans and borrowings ⁽¹⁾	264.4	52.1	316.5
Corporate bonds ⁽²⁾	700.0	—	700.0
Net payables ⁽³⁾	71.0	4.5	75.5
Cash and cash equivalents ⁽⁴⁾	(124.3)	(8.6)	(132.9)
Net debt (a)⁽⁵⁾	911.1	48.0	959.1
Investment properties ⁽⁶⁾	2,123.0	124.2	2,247.2
Assets held for sale ⁽⁷⁾	8.8	—	8.8
Plant and equipment ⁽⁸⁾	7.2	—	7.2
Intangible assets ⁽⁹⁾	4.1	—	4.1
Loan to associates ⁽¹⁰⁾	44.3	—	44.3
Total property value (b)⁽¹¹⁾	2,187.4	124.2	2,311.6
EPRA LTV (a/b)⁽¹²⁾	41.7%	38.6%	41.5%

ANNEX 1- NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table D – EPRA LTV metric continued

31 March 2022	Group €m	Proportionate consolidation	Total €m
		Investment in associates €m	
Interest-bearing loans and borrowings ⁽¹⁾	281.5	51.9	333.4
Corporate bonds ⁽²⁾	700.0	—	700.0
Net payables ⁽³⁾	70.7	3.1	73.8
Cash and cash equivalents ⁽⁴⁾	(151.0)	(6.2)	(157.2)
Net debt (a)⁽⁵⁾	901.2	48.8	950.0
Investment properties ⁽⁶⁾	2,100.0	122.4	2,222.4
Assets held for sale ⁽⁷⁾	13.8	—	13.8
Plant and equipment ⁽⁸⁾	5.5	—	5.5
Intangible assets ⁽⁹⁾	4.3	—	4.3
Loan to associates ⁽¹⁰⁾	44.2	—	44.2
Total property value (b)⁽¹¹⁾	2,167.8	122.4	2,290.2
EPRA LTV (a/b)⁽¹²⁾	41.6%	39.9%	41.5%

Notes:

- (1) Presents the interest-bearing loans and borrowings which have been extracted from the consolidated statement of financial position within the consolidated financial statements less the corporate bonds which have been extracted from note 24 within the consolidated financial statements.
- (2) Presents the corporate bonds which have been extracted from note 24 within the consolidated financial statements.
- (3) Presents the net payables, which is the sum of trade and other receivables, derivative financial instruments, trade and other payables, current tax liabilities (all of which have been extracted from the consolidated statement of financial position within the consolidated financial statements) and guarantees and deposits which have been extracted from note 19 within the consolidated financial statements.
- (4) Presents the cash and cash equivalents which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (5) Presents the net debt, which is the sum of interest-bearing loans and borrowings, corporate bonds, net payables, less cash and cash equivalents which have been extracted from note 24 within the consolidated financial statements.
- (6) Presents the investment properties values which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (7) Presents the assets held for sale which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (8) Presents the plant and equipment which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (9) Presents the intangible assets which have been extracted from the consolidated statement of financial position within the consolidated financial statements.
- (10) Presents the loan to associates which has been extracted from note 25 within the consolidated financial statements.
- (11) Presents the total property value, which is the sum of investment properties, assets held for sale, plant and equipment, intangible assets and loan to associates.
- (12) Presents the EPRA LTV which is net debt divided by total property value in percentage.

Basis of preparation continued**Table E – Adjusted profit before tax and funds from operations**

	Year ended 31 March 2023 €m	Year ended 31 March 2022 €m
Reported profit before tax⁽¹⁾	87.0	168.9
Adjustments for:		
Loss/(gain) on revaluation of investment properties ⁽²⁾	9.8	(140.9)
Deficit on revaluation relating to leased investment properties ⁽³⁾	(1.5)	(5.6)
(Gain)/loss on disposals of properties ⁽⁴⁾	(4.7)	0.6
Recoveries from prior disposals of subsidiaries ⁽⁵⁾	—	(0.1)
Loss/(gain) on revaluation of investment property from associates and related tax ⁽⁶⁾	0.1	(4.8)
Other adjusting items ⁽⁷⁾	6.2	19.1
Goodwill impairment ⁽⁸⁾	—	40.9
Change in fair value of financial derivatives ⁽⁹⁾	(0.9)	(1.0)
Adjusted profit before tax⁽¹⁰⁾	96.0	77.1
Adjustments for:		
Foreign exchange effects ⁽¹¹⁾	0.2	(1.9)
Depreciation and amortisation (excluding depreciation relating to IFRS 16) ⁽¹²⁾	3.4	2.4
Amortisation of financing fees ⁽¹³⁾	3.3	2.6
Adjustment in respect of IFRS 16 ⁽¹⁴⁾	2.2	0.5
Current taxes incurred ⁽¹⁵⁾	(3.0)	(6.1)
Funds from operations⁽¹⁶⁾	102.1	74.6

Notes:

- (1) Presents profit before tax which has been extracted from the consolidated income statement within the consolidated financial statements.
- (2) Presents the gain or loss 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 leased investment properties 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 have been extracted from the consolidated income statement within the consolidated financial statements.
- (6) Presents the gain or loss on revaluation of 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 have 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 or losses as included in other administration costs in note 7 within the consolidated financial statements.
- (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 €4.5m (2022: €6.9m) and the actual cash expense recorded in the consolidated statement of cash flows for the year amounting to €2.3m (2022: €6.3m).
- (15) Presents the total current income tax which has been extracted from note 11 within the consolidated financial statements.
- (16) Presents the funds from operations for the year.

GLOSSARY OF TERMS

Adjusted earnings after tax	is the earnings attributable to the owners of the Company, adjusted for the effect of the gains/losses on revaluation of investment properties and related tax, (also to associates net of related tax), gains/losses on disposal of properties and related tax, recoveries from prior disposals of subsidiaries (net of related tax), NCI relating to revaluation (net of related tax), goodwill impairment, changes in fair value of derivative financial instruments (net of related tax and NCI), revaluation expense relating to leased investment properties, adjusting items (net of related tax and NCI)
Adjusted net asset value	is the assets attributable to the owners of the Company adjusted for derivative financial instruments at fair value and net deferred tax liabilities/assets
Adjusted profit before tax	is the reported profit before tax adjusted for the effect of gains/losses on revaluation of investment properties, deficit on revaluation relating to lease investment properties, gains/losses on disposal of properties, recoveries from prior disposals of subsidiaries, gains/losses on revaluation of investment property from associates and related tax, other adjusting items, goodwill impairment and changes in fair value of derivative financial instruments
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	<p>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 2023. Annualised rent roll should not be interpreted or used as a forecast or estimate. Annualised rent roll differs from rental income described in note 5 of the Interim Report and reported within revenue in the audited consolidated income statement for reasons including:</p> <ul style="list-style-type: none"> » 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
Company	is Sirius Real Estate Limited, 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 (primary listing) and the Main Board of the Johannesburg Stock Exchange (primary listing)
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA earnings	is earnings after adjusting for gains/losses on revaluation of investment properties, gains/losses on disposal of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties, goodwill impairment, acquisition costs in relation to business combinations, changes in fair value of derivative financial instruments (collectively, the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to revaluation (net of related tax), gains/losses on revaluation of investment property relating to associates and the related tax thereon
EPRA loan to value	is the ratio of net debt to total property value as defined in note 24. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value, net debt at nominal value
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 derivative financial instruments 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 derivative financial instruments and intangible assets as per the note reference in the audited consolidated statement of financial position, including the amounts of the above related to the investment in associates. It also takes into account the effect of the granting of shares relating to long-term incentive plans

EPRA net disposal value	is the net asset value after adjusting for 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 reporting 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 differences, adjustment in respect of IFRS 16 and current tax excluding tax on disposals
Gearred 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
Group	comprises that of the Company and its subsidiaries
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 in contractual terms, to the aggregate value of investment property
Net operating income	is the rental, service charge and other income generated from investment and managed properties 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, gains/losses on disposal of properties, recoveries from prior disposals of subsidiaries, administrative expenses 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 88 of the Group's Annual Report and Accounts 2023
Sirius	comprises that of the Company and its subsidiaries
Total debt	is the aggregate amount of the 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

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(Incorporated in Guernsey)
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LSE (GBP) Share Code: SRE
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ISIN Code: GG00B1W3VF54

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Registered number

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