Sirius Real Estate Limited
Annual Report and Accounts 2020

Our highlights

Continued organic and acquisition growth

Continued excellent organic rental income growth
The Company delivered total revenue of €150.0 million, up from €140.1 million from last year driven by like for like annualised rent roll growth of 6.1% in the period. The Company has now recorded increases in like for like annualised rent roll in excess of 5.0% for six consecutive years highlighting the capability of the Company's internal operating platform combined with strong market demand. Total annualised rent roll as at 31 March 2020 was €90.3 million.

Asset recycling
The combination of the proceeds raised from the completion of the Titanium venture with AXA Investment Managers – Real Assets and financing activity provided the Group with approximately €190.0 million of funds for investment. As at 31 March 2020, the Group had acquired seven assets totalling €120.0 million and invested €20.6 million more into Titanium for the acquisition of one asset. Additionally, Sirius notarised for sale one asset for €10.1 million which completed on April 1 2020. The Group intends to continue sourcing attractive acquisition opportunities once the full extent and impact of Covid-19 becomes clearer.

Financing
During the period under review the Group agreed three new debt facilities amounting to €171.9 million, which included two extensions with existing lenders and a Schuldschein loan, the first unsecured debt instrument the Group has issued. The Group's weighted average cost of debt reduced to 1.49% (2019:2.00%)

· €115.4 million increase to an existing facility with BerlinHyp which matures in October 2023. The extension incurs an all-in fixed interest rate of 0.9%.

· €6.5 million extension of the existing facility with Deutsche Pfandbriefbank which matures in December 2023 with a floating interest rate of 1.20% above 3-Month Euribor (floored at zero).

· €50.0 million unsecured Schuldschein debt facility at a blended interest rate of 1.60%, with an average maturity of 3.7 years.

Balance sheet strength
As at 31 March 2020, Sirius had €129.7 million of free cash (including €33.1 million of undrawn debt facilities) and a net LTV of 32.8%, which remains comfortably within its stated target of 40%. Furthermore, increases in net operating income increased the Group's interest cover from 10.1x to 11.0x in the period and the Company holds €118.5 million of unencumbered assets. With a weighted average debt expiry of 3.6 years (2019: 4.3 years), only one facility reaching maturity in the next 24 months (€23.1 million Bayern LB facility in October 2020), the Company has a strong balance sheet to deal with any challenges that it may face as well as take advantage of opportunities as they arise.

€110.8m
-23.4%
Profit before tax at 31 March 2020
20 110.8

19 144.7

€5.98
+3.5%
Average rate per sqm
20 5.98

19 5.78

€1,186.2m
+4.7%
Portfolio book value – owned investment properties
20 1,186.2

19 1,132.5

3.57c
+6.3%
Total dividend for the year
20 3.57

19 3.36

77.35c

8.9%

NAV per share

20 77.35

19 71.01

32.8%

+0.3%

Net loan to value ratio

20 32.8

19 32.5

80.62c

+7.8%

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

20 80.62

19 74.82

€90.3m

+2.8%

Annualised rent roll at 31 March 2020

20 90.3

19 87.8

85.3%

-0.9%

Occupancy

20 85.3

19 86.1

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.

Our business at a glance

Conventional and flexible workspace

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

Sirius applies a high-return, value-add business model to investments in industrial, warehouse and office properties in Germany. The Company derives value using its in-house asset and property management platform through a stringent acquisitions process 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. When assets have been fully transformed some are held for their stable income and some are recycled into opportunistic assets with value-add potential.

As at 31 March 2020, the Group owned 57 and managed 2 additional business parks as well as 6 business parks owned within Titanium. The owned portfolio were valued at €1.19 billion. The portfolio can be split into three categories:

1) traditional industrial business parks – 55.6% of annualised rent roll;

2) modern mixed-use business parks – 27.5% of annualised rent roll; and

3) office buildings – 16.9% of annualised rent roll.

The usage split within the Group's portfolio is a mixture of production space, offices, warehouses and storage. Most sites have a combination of anchor tenants which provide secure long-term income, SME tenants on a combination of conventional and flexible lease terms and Smartspace tenants which comprise a wide variety of companies and individuals using our self-storage, serviced office and workbox products. The stability of the anchor tenants is important for banks and planned disposals whereas the high-yielding Smartspace products, which are generally created from sub-optimal space which is acquired for very low cost, provides a substantial boost to the income returns that are achieved.

Our workspace

The Group has a well-diversified income and tenant profile from large multinational corporations working within a broad range of industries to smaller SMEs and retail customers. These tenants use several types of workspace on both long-term and flexible leases.

Much of the workspace is created through the Company's capex investment programmes, which transform vacant and sub-optimal space into high-quality conventional production, storage and office facilities as well as the innovative range of flexible Smartspace products. We are therefore able to attract a wide variety of tenants and increase footfall on our sites whilst generating higher income and capital growth from space that would often be considered structural vacancy and remain empty or be rented at low rates.

Offices

The office space within the portfolio comprises office areas and buildings on industrial business parks, office buildings attached to warehouses and stand-alone office buildings in more traditional office areas. Within these office types we offer a wide range of conventional and flexible office solutions on either long or short-term leases. Some business centres offer service packages such as furniture, IT and conferencing as well as co-working areas and virtual offices.

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

Conventional offices
Smartspace office
Officepods
Virtual office
42.6% of Group annualised rent roll
34.3% of total sqm
€7.63: average rate per sqm

Storage

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

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

Classical storage spaces
Smartspace storage
Flexistorage
26.1% of Group annualised rent roll
35.3% of total sqm
€4.52: average rate per sqm

Production, warehouses and workshops
Large production areas form the base of many Sirius business parks; however, smaller workshop areas complement these, giving clients optionality as they start their businesses or their business needs change. Additionally, the modern business parks often have large warehouse spaces which can be used for many different purposes.

Large scale production spaces

Warehouse spaces

Smartspace workbox

18.2% of Group annualised rent roll

22.4% of total sqm

€4.54: average rate per sqm

Our assets

The Company owns 57 and manages an additional 2 assets all located in Germany, as well as 6 assets held through Titanium. Our assets typically provide our tenants with a combination of conventional and flexible workspace.

Traditional business parks
The majority of our traditional business parks were originally constructed by owner occupiers with many having construction dates going back to the early to mid-1900s. Traditional business parks typically comprise multiple mixed-use buildings and contain in excess of 30,000sqm of workspace. The original design and set-up of these sites were generally for manufacturing and industrial usage and over time they have undergone significant investment in order to reconfigure to cater for multi-tenants. After the Sirius transformation, our traditional business parks offer conventional large-scale industrial, storage and office facilities as well as flexible serviced office, self-storage and workbox options which are created from the more difficult areas of the building sites.

These business parks are home to large blue-chip industrial tenants such as GKN, Bopp & Reuther and Borsig as well as a significant number of SME and retail tenants that together create thriving business communities.

Multi-tenanted

Long-term leases

Production, storage and office space

Large multinational companies

1.5 million
Lettable sqm

5,031
Tenants

65
Total number of properties owned or managed

Our locations

Location split by city
Berlin
Cologne
Düsseldorf
Frankfurt
Hamburg
Munich
Stuttgart
Other
Managed

Modern business parks
Modern business parks have a construction date post 1990 and typically contain a combination of warehouse and office buildings across a site with a total area in excess of 20,000sqm. The quality and look of the modern business parks are usually of a higher standard and whilst they are easier to manage than traditional industrial business parks due to a higher proportion of office space, the value-add potential that can be extracted from the assets within the Sirius business model is good.

Multi-tenanted

Long and short-term leases

Warehouse, storage and office space

SMEs and retail customers

Office buildings
The pure office buildings we buy are usually well located on the periphery of major economic centres and offer both conventional and flexible office space to SMEs and larger corporates seeking a cost effective alternative to city centre locations. Typically constructed post 1990 our office buildings provide high-quality space that can be quickly adapted to meet the changing needs of and working practices of our tenants.

Single and multi-tenanted

Office space

SMEs

Long and short-term leases

Our top tenants

The majority of our business parks are a mixture of office, storage and production space. Whilst retaining the major core anchor industrial tenants, many of our business parks are restructured to enhance the working environment of the tenants.

73%

of revenue is created in the top five German cities

Frankfurt	25%
Berlin	10%
Stuttgart	15%
Cologne	11%
Düsseldorf	12%

Total portfolio split

Office	34%
Storage	35%
Production	22%
Other	9%

Tenant split by revenue

Top 50 anchor tenants	43%
Smartspace SME tenants	6%
Other SME tenants	51%

Investment review

Attractive mix of stable income and value-add opportunity

Acquired in the period

May 2019

Buxtehude
Total acquisition cost
€8,690,000
Tenants
0
Lettable space
28,532 sqm
Occupancy
0%
Annualised rent roll
€0
Vacant space
28,532 sqm
Rate per sqm
€0.00

June 2019

Teningen
Total acquisition cost
€6,497,000
Tenants
8
Lettable space
20,062 sqm
Occupancy
88%
Annualised rent roll
€806,000
Vacant space
2,486 sqm
Rate per sqm
€3.82

September 2019

Bochum II
Total acquisition cost
€6,686,000
Tenants
3

Lettable space
4,231sqm
Occupancy
100%
Annualised rent roll
€428,000
Vacant space
0 sqm
Rate per sqm
€8.00

December 2019

Hallbergmoos
Total acquisition cost
€20,173,000
Tenants
29
Lettable space
19,582 sqm
Occupancy
54%
Annualised rent roll
€ 957,000
Vacant space
8,652 sqm
Rate per sqm
€6.53

December 2019

Alzenau
Total acquisition cost
€44,458,000
Tenants
16
Lettable space
59,925 sqm
Occupancy
94%
Annualised rent roll
€4,072,000
Vacant space
3,897 sqm
Rate per sqm
€5.51

January 2020

Neuss II
Total acquisition cost
€19,135,000
Tenants
16
Lettable space
34,000 sqm
Occupancy
81%
Annualised rent roll
€1,300,000

Vacant space
6,291sqm
Rate per sqm
€3.84

January 2020

Neuruppin
Total acquisition cost
€14,337,000
Tenants
1
Lettable space
22,362 sqm
Occupancy
100%
Annualised rent roll
€1,333,000
Vacant space
0 sqm
Rate per sqm
€4.97

March 2020

Hilden (Titanium)
Total acquisition cost
€58,857,000
Tenants
57
Lettable space
39,127 sqm
Occupancy
72%
Annualised rent roll
€3,152,000
Vacant space
11,090 sqm
Rate per sqm
€8.62

Disposals

On 5 September 2019, the Company notarised for disposal an office building in Stuttgart-Weilimdorf for a sale price of €10.1 million. The property comprised a net lettable area of 6,766 sqm, which was predominantly office space. The property is 100% let to a single tenant producing around €690,000 of annual net operating income with the remaining lease being 4.0 years. The transaction completed on 1 April 2020.

Chairman's statement

Empowering business, unlocking potential

Our core 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 social and financial value.

Overview

This is my second annual report as Chairman and I am delighted to be able to share another period of operational and strategic success for the business, with results for the period in line with market expectations.

There were two very notable milestones in the period. In September 2019 the Company entered the FTSE 250 for the first time and in July 2019 successfully completed the Titanium venture with AXA Investment Managers – Real Assets. The entry into the FTSE 250 is testament to Sirius' long-standing leadership team and the successful execution of the core strategy. Titanium further demonstrates the external recognition of the professionalism and expertise to be found at Sirius.

It is already clear that the year ahead is going to be more challenging than the previous period. We face a time of uncertainty as governments, businesses and societies across the world grapple with the challenge that Covid-19 presents and this is already having an impact on the market in which we operate. At the time of writing the German state appears to be managing the crisis more effectively than most although it remains to be seen how significant any economic downturn might be.

Nevertheless, the Company is well positioned to manage through the economic headwinds with a strong balance sheet and undrawn debt facilities available. As we enter a new financial year we are well placed to meet the challenges ahead, and remain confident that we will continue to deliver attractive and sustainable returns for shareholders in the future.

Executing the strategy

The core strategy continues to focus on the acquisition of business parks in Germany which have either attractive yields, value-add potential, or both. Sirius transforms these business parks into higher-quality assets through investment and intensive asset management. Once sites are mature and net income and values have been optimised, Sirius may then refinance the sites to release capital for investment in new sites or consider the disposal of sites in order to recycle equity into assets which present greater opportunity to deploy the Sirius team's asset management skills. The capex investment programmes upgrade and transform space that would often be considered as structural void and, in doing so, aim to deliver excellent returns by growing income and capital values.

The primary focus remains on Germany's seven largest cities: Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich, with a secondary focus on a selection of key border towns such as Aachen, Saarbrücken and Freiburg. Sirius seeks mixed-use properties, primarily light industrial units, business parks or office buildings outside city centres, or on the edge of towns, in neighbourhoods which have a high density of commercial and industrial activity and good transport links. The Company has over 5,000 tenants across the 57 properties that it owns and approximately a further 500 through the 6 parks owned by Titanium and managed by Sirius.

Shareholder returns

The Company's stated policy is to pay out 65% of the Group's funds from operations ("FFO") to shareholders as dividends but, as has happened previously, the Board will consider higher pay-out ratios in order to maintain the positive dividend growth that would have been achieved had it not been for the asset recycling and equity raising activities. Absent such circumstances, the Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019. The Group has not received any direct state financial assistance in connection with the Covid-19 crisis.

The Sirius business model continues to deliver not only progressive income returns but also attractive capital growth as measured by adjusted net asset value ("adjusted NAV") per share. Combining the growth in adjusted NAV which excludes deferred tax and derivative financial instruments, and dividends paid, the Company has delivered an annual total shareholder accounting return in excess of 13.1% for the year to 31 March 2020. While dividend distributions have typically contributed approximately 30% and adjusted NAV growth 70% of these returns, it is pleasing to note that the valuation movement of our investment properties is derived predominantly from organic increases in income rather than yield movement. This focus on growing income at property level positions the Company well for the future.

Sustainability

Creating sustainable impact and long-term social and financial value is at the heart of Sirius' Company purpose. Both the Board and Management Team know that to achieve this the Group needs to unlock the potential of its people, its properties and the communities in which it operates. We know that long-term economic success comes hand-in-hand with positively impacting social, environmental and ethical sustainability.

As a real estate company with a large physical footprint, we understand our role in the collective approach to environmental challenges. Fundamentally, our business is built on the recycling of spaces. By refurbishing and revitalising older buildings to fit modern needs and environmental standards, we generate fewer emissions and use less material than firms which create new buildings from scratch.

Our environmental sustainability strategy extends to our resource footprint too, and we are proud that the carbon emissions from across our business are lower than the national average and that we source over 85% of our own energy from renewable sources, significantly above the German average of 38%. In spite of the already high input from renewable sources, we will continue to strive for further improvements. Our Mannheim II business park is a good example of what is possible. Mannheim operates with 100% renewable energy and is a great example of what we can achieve together with our tenants when both parties focus on sustainability.

Coupled with our commitment to sustainable spaces, I am also proud that the Company truly puts people at the heart of its operations. Sirius is supporting local communities across Germany, whether through contributing to local charities, sponsoring local sports teams, or encouraging colleagues to volunteer for causes they feel strongly about. Critically, our model of refurbishing and revitalising buildings brings renewed energy to neighbourhoods and communities in towns in Germany that are typically on the outskirts of Germany's largest cities, where we can make more of a difference.

Governance and culture

We welcome Caroline Britton and Kelly Cleveland to the Board as independent Non-Executive Directors, who will join us on 1 June 2020. Both will present themselves for election by shareholders at the 2020 AGM. Justin Atkinson and Jill May will step down from the Board at the close of the 2020 AGM, enabling them to focus on their various roles and further opportunities with other organisations. The Board is very grateful for the expertise they brought to us during a time of significant change. Further information relating to these Board changes is provided in the Corporate governance report on page [●] and in the Nomination Committee report on page [●].

The Board is fully committed to compliance with the UK Corporate Governance Code (the "2018 Code") as published in July 2018 by the Financial Reporting Council. Under a dispensation issued by the Johannesburg Stock Exchange, the Company is not required to apply the King IV Code on Governance™ for South Africa 2016. A detailed description of our governance and leadership arrangements, and how we have complied with the principles and provisions of the 2018 Code, is provided in the Corporate governance report on page [●]. This includes a new section which explains the link between the Board's decision-making and the Group's purpose and strategy, as well how stakeholder interests and the other matters set out in section 172 of the UK Companies Act 2006 have been considered in the Board's discussions and decision making.

Information on the Group's culture can be found on page [●] of the Corporate governance report.

Thank you and outlook

On behalf of the Board I would like to thank all those connected to Sirius for their efforts and hard work that has together allowed the Company to record such an impressive year yet again.

As we enter the next period, Sirius is well placed to meet the challenges of Covid-19 which are described in more detail on pages [●] and [●] of the Annual Report and Accounts 2020, and will continue to focus on improving the assets that it owns and manages, as well as seeking new opportunities as we expect will arise. The Company completed the financial year with a strong balance sheet supported by total unrestricted cash balances and undrawn facilities of €129.7 million and saw positive rent and service charge income collection results for April and May. This positions the Company well into the new financial year and beyond.

CEO Q&A

1. What are your key financial highlights from the financial year?

This has been another impressive year of growth for Sirius. We have continued to execute our strategy effectively, and further built on the successful foundations we have laid over the past decade. This year's performance was underpinned by a number of significant achievements.

Notably we have continued to see strong tenant demand, with like for like occupancy rates improving for the third consecutive year by 2% to 87% during the period. At the same time, our intensive approach to asset management has generated another year of above inflation rental growth, and the average like for like rate across our portfolio has increased to €6.07 per sqm per month from €5.83 per sqm per month.

This financial year also saw the completion of our Titanium venture with AXA Investment Managers – Real Assets, a significant milestone for Sirius. The sale of 65% of our interest in five business parks at an implied property value of €168.0 million generated net proceeds for Sirius in excess of €70.0 million and demonstrated our position to the market as a trusted partner to a major real estate investment fund.

In March 2020, Titanium completed the acquisition of a business park in Hilden near Düsseldorf, for €58.9 million. This marked the first external acquisition for Titanium, which now owns over €225.0 million of assets and has drawn down on €84.0 million of debt.

We continue to have a particularly strong and well-capitalised balance sheet with €121.3 million in cash at 31 March 2020, €96.6 million of which is unrestricted. We have eight lending facilities, all of which are within their covenants, and in addition, in March 2020 we issued a €50.0m unsecured Schuldschein debt facility, the first by a UK-listed real estate business and our first unsecured debt facility. €30.0m of this new unsecured facility was drawn down as of 31 March 2020. As at 31 March 2020 we had €33.1 million in undrawn facilities. Despite an increase in total debt our weighted average cost of debt reduced to 1.49% and our net LTV remained within our 40% guideline at 32.8%.

The combination of Titanium and new debt facilities provided us with approximately €190.0 million of financial resources for acquisitions. During the year we acquired seven business parks with total acquisition costs of €120.0 million and invested a further €20.6 million into Titanium. These acquisitions represent an attractive mix of stable income and value-add opportunity in locations in and around where Sirius already has a strong presence.

It has been another busy and eventful year for Sirius, and I would like to thank our outstanding Senior Management Team and all our colleagues for their professionalism and energy.

2. How do you anticipate Covid-19 impacting the business in the short, medium and long term?

At the time of writing the outlook for emergence from lockdown looks uncertain for Germany as with much of the rest of the world, so we cannot give definitive predictions for the impact on the business in the longer-term.

What has been absolutely clear though, is that the top priority for Sirius during this crisis has been protecting the health of its workforce, its customers and the broader community. As such we have taken all necessary precautions including enacting remote working for all colleagues where practical and taking steps to ensure employee and customer safety at all of our sites.

Since the beginning of the crisis letting enquiry levels understandably have decreased, which has had an impact on viewings and new lettings. However,18,681 sqm of new lettings were completed between 1 March 2020 and the end of April 2020, generating €1.6 million of annualised rent roll. The collection of rent and service charge income for the month of April and May 2020 remained robust and in line with the normal working pattern. There are a small number of tenants who are facing Covid-19 related difficulties who have requested deferral of rental and service charge payments and these cases have been addressed on a case by case basis.

What I can assure you of is that Sirius is a fundamentally resilient business with a diversified portfolio and tenant base and has a robust balance sheet. While the Sirius portfolio has over 5,000 tenants, the top 50 tenants make up 42% of the rent roll and include some of the world's best known multi-national companies. 7% of its tenants are government agencies, and 33% of the portfolio is storage space, where an increase in enquiries has been seen since the start of the crisis.

Additionally, a large portion of the rent roll comes from Germany's Mittelstand (SMEs) which operate across a wide range of industries and these are the companies that the German Government's funding package is intended to support. While it is expected that some rent payments for the next few months will be deferred, the Company is using its extensive platform across Germany to manage the impact to cash flow and will work with tenants to minimise any long-term impact to profits.

As such, we are confident in the long-term ability of Sirius and its tenant base to weather the crisis and be well-placed to capitalise on the opportunities that arise on the other side.

3.How is the commercial real estate market currently evolving in Germany?

At the time of writing the market in Germany has slowed significantly, as buyers and lenders wait to establish the new trajectory of the market.

We expect a six-month period of suppressed activity, before cash buyers begin to enter the market again and lenders follow suit once they regain confidence. Based on our current confidence in Germany's management of the Covid-19 outbreak and the strength of the government support package for Mittelstand firms, we are anticipating a strong recovery whilst also keeping an eye out for opportunities that may arise.

A degree of yield expansion is to be expected in the coming months due to fluctuating property valuations, however for Sirius we will aim to balance this with increasing revenue generation through our flexible operating platform and capex investment programmes.

Over the past years of meticulous market research in support of our acquisitions, Sirius has developed a database and contact book of thousands of potential properties across Germany. Thanks to this and our strong cash reserves, we will be well-placed to act fast if significantly attractive transactions emerge from the crisis.

4.Finally, what can we expect in the year ahead?

Our strategy will be to approach the next six months with caution, taking stock of the full impact of Covid-19 before looking to the new opportunities that may have arisen as a result of the market upheavals.

As with any organisation in the current climate, there will be challenges for our business ahead. There may of course be opportunities too, and with our strong balance sheet, we're well placed to take advantage of these should they arise.

Our business model is resilient and a model for all weathers. We have deep expertise in adapting physical space to the specific needs of a variety of businesses. Take for example, our Smartspace product range, which addresses this directly. Smartspace caters for the smaller micro SME business and in the last downturn we found as larger core SME businesses might require less space, demand from smaller micro SMEs increased. When there is contraction in the economy, we have the capacity to double the amount of Smartspace product on offer thereby playing to the increased demand from the smaller micro SME who typically pay higher rates for the space they occupy. This is just one example of how our ability to adapt our physical space can enable Sirius to maintain good returns for shareholders throughout the economic cycle. We are also already seeing increased demand for our wide range of storage options whilst businesses take stock.

It has been ten years since I and much of Sirius' Senior Management Team took charge. As I look back on the past decade as CEO, I am proud of the strength of the business today and of what we have achieved together. Over the coming year, we will continue to apply the same focus on fine-tuning our successful business model, carefully deploying equity to maximise shareholder returns, and being agile and opportunistic where the right transactions become available. Working with such a strong team of individuals is a real privilege and we look forward to continuing our stewardship of this high-performing business.

Our business model

We bring our platform and property together

Key drivers for our operating platform

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

Market environment
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.

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 experience in property markets, especially in Germany and 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.

Sirius' cycle

Enhancing rental and capital value through active portfolio management.

[Insert diagram]

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

Transformation and conversion of space
- Utilisation of structural vacancy
- Highly accretive capex investment programmes
- Experienced development team

Active tenant and lettings management
- Sophisticated internet-based marketing
- Substantial marketing and sales teams

- Structured sales process and mystery shopping
- Comprehensive customer database

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

Value created for our stakeholders

» People   » Shareholders   » Local communities   » Suppliers   » Employees

Strategy

Delivering our strategy

The Group's core strategy is the acquisition of business parks at attractive yields and/or with value-add potential which are transformed through investment and asset management to become higher-quality real estate assets.

This transformation includes the reconfiguration and upgrade of existing and vacant space to appeal to the local market, branding of the site and extensive asset management, which includes extending anchor tenants, letting up vacancy and significantly improving service charge cost recovery.

Our five value drivers

Active portfolio management
Sirius' main objective is to maximise the income and value of all assets by way of active asset management throughout the period in which they are owned. The Group's asset management platform is predominantly in house and focused on key drivers such as property and tenant management, new lettings, service charge recovery, lease management, tenant renewals and debt collection.

The main asset management initiatives are designed to convert properties into improved, more efficient, higher yielding conventional and flexible workspaces.

Links to risk: 1 5 6 9

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

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 original capex investment programme commenced in January 2014 and was focused on just over 200,000sqm of sub-optimal space and delivers a return on cost of over 50%. The acquisitions capex investment programme commenced in January 2017 and is focused on approximately 170,000sqm of sub-optimal or vacant space. Due to the nature of transformation included in the acquisition capex programme the income returns are slightly lower than the original programme which delivered a return in excess of 50% on cost, however the valuation gains are expected to be higher. The programme has been expanded to address recently vacated space to improve its rental value.

Links to risk: 5

Occupancy and rental growth
The internal asset management platform remains a key differentiator for Sirius over its competitors and plays an integral role in driving occupancy and rental growth. The internal marketing team has developed a significant internet presence over the last ten years and consistently drives on average in excess of 1,000 leads per month predominantly from the Company's website and the internet portals upon which vacancies are advertised. Once leads have been generated, a dedicated call centre immediately deals with all enquiries and converts approximately 75% of all enquiries into viewings. The on-site sales teams use a structured sales process, which translates to approximately a 14% conversion rate of all enquiries into new lettings.

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

Links to risk: 6 9

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

- developing utilities metering and consolidating purchasing power to negotiate better utilities deals and improve consumption allocation;
- creating detailed equipment lists and matrices to manage maintenance programmes better and improve allocation of these costs;

- increasing service charge prepayments to reduce the need to chase balancing payments at the end of each year; and
- improving the overall cost allocation and recovery process.

The Company has developed the ability to achieve a cost-recovery percentage that is higher than occupancy, which it believes represents best-in-class performance. Sirius is committed to achieving this high level of recovery on all of its assets.

Links to risk: 5 6

Growth through acquisition and recycling

Sirius has been active in growing its portfolio through acquisitions over the last three years, which it has been funding through a combination of share placings, attractively priced long-term bank 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 our internal operating platform.

The new Titanium venture established with AXA IM – Real Assets that completed in July 2019 provides further growth potential for the Company as the partnership develops and new investment opportunities are considered.

Links to risk: 1 2 3 4

“The Group continues to be focused on growing both organically and acquisitively as well as recycling mature and non-core assets to free up capital to be used to acquire assets which it can transform and add greater value to.”

Our portfolio

Strategy in action

Traditional business park Heidenheim – September 2015

Strategy in action

- Traditional business park with 46,909sqm acquired on attractive net initial yield of 8.2% and with high service charge costs.
- Financed by a five year fully hedged facility at an interest rate of 1.66% maturing in October 2020
- Increased occupancy to 87% and reduced non recovered service charge costs by 40%
- Initial equity substantially returned through retained profit in 4.5 year period of ownership
- Total return of €15.0 million equating to a 30% geared IRR and 15% ungeared IRR
- Site is generating €1.8 million of annual net operating income on a total investment of €19.7 million (acquisition cost plus capex) resulting in a 9.1% running NOI yield

	Acquisition €m	As at 31 March 2020 €m	Total improvement €m
Total acquisition cost/valuation	18.3	26.8	8.5
Invested equity	7.3	—	—
Annualised rent roll	1.8	2.0	0.2
Annualised net operating income	1.5	1.8	0.3
Occupancy	82%	87%	5%
EPRA net yield(1)	8.2%	6.2%	—

	Total return to 31 March 2020 €m
Retained profit(2)	7.1
Valuation increase	8.5
Capex	(1.4)
Cumulative total return	**14.2**

(1) Includes purchaser acquisition costs.
(2) Retained profit calculated as net operating income less bank interest.

Actual returns

Geared annualised IRR	30%
Ungeared annualised IRR	15%

Office building Neu-Isenburg – September 2017

Strategy in action

- Well-located office building in close proximity to Frankfurt providing 8,259sqm of lettable space with opportunity to grow occupancy from 41% at acquisition date
- Financed by a seven year fully hedged facility at an interest rate of 2.52%, maturing in October 2024
- As at 31 March 2020, occupancy had increased to 77% with annualised rent roll increasing to €0.8 million from €0.5 million
- Business plan expectation to increase occupancy to 90% in year to 31 March 2021 and realise further income and capital growth

	Acquisition €m	As at 31 March 2020 €m	Business plan target to 31 March 2021 €m	Total expected improvement €m
Total acquisition cost/valuation	9.6	11.8	14.5	4.9
Invested equity	4.7	—	—	—
Annualised rent roll	0.5	0.8	1.0	0.5
Annualised net operating income	0.3	0.7	0.8	0.5
Occupancy	41%	77%	90%	49%
EPRA net yield(1)	3.6%	5.9%	5.9%	—

	Expected total return - Acquisition date to 31 March 2021 €m
Retained profit(2)	1.6
Valuation increase	4.9
Capex	(1.0)
Cumulative total return	5.6

(1) Includes purchaser acquisition costs.
(2) Retained profit calculated as net operating income less bank interest.

Expected returns at maturity

Geared annualised IRR	24%
Ungeared annualised IRR	14%

Our Markets

Introduction
Sirius continues to operate solely in Germany with a focus on value-add and opportunistic assets with asset management potential. The primary focus is to build a 'critical mass' around Germany's 'big seven' cities: 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. As of 31 March 2020, 88% of the value and 85% of the income generated by the Group relates to these markets. In total, the Group owns 57 assets and of which 30 are traditional industrial business parks, 14 are modern warehouse business parks and 13 are pure office buildings. It also manages two assets and holds an interest in six others through Titanium.

The majority of Sirius assets are industrial property units, the Company also invests in the secondary office and modern warehouse market. The major usage of the assets is light manufacturing and production, storage space and offices. To maximise the utilisation of space, Sirius has developed serviced offices, self-storage and workbox products which have their own Smartspace brand and are particularly popular with tenants seeking flexible solutions to their accommodation needs. The products are usually created from space that other owners may regard as structural void by investing into these spaces and using the capability of the inhouse sales and marketing teams to let these at premium rental rates.

The Company's tenant base is diverse – its largest tenants are typically industrial, storage or conventional office tenants on long-term leases and typically have been on site for many years. Although the Sirius portfolio has in place lease agreements with around 5,000 tenants, the top 50 tenants make up 43% of the rent roll and include some of the world's best known multi-national companies, it is also worth noting that 7% of the Group's tenants are government agencies.

The German Economy
Leaving Covid-19 aside, Germany's economy recorded its tenth consecutive year of growth in 2019, the longest period of growth since the country was reunited. There had been much speculation that the German economy was heading into a recession but that did not materialise. The reason for lower growth was a small downturn in Germany's manufacturing sector, where slowing global growth and wider uncertainty, particularly in the automotive sector, made the environment more challenging. It is worth noting that contrary to popular belief, the German industrial sector accounts for around 23% of total GDP – meaning that 77% of the German economy is in fact non-industrial. So, while the manufacturing sector growth slowed there was still plenty of growth in the services sector.

Germany remains the most resilient economy in Europe, owing to its positive balance of trade and strong balance sheet. Indeed, the German Bundesbank has more scope to look at a financial stimulus to kick start the economy than anywhere else in Europe as we all manage through the Covid-19 situation. In recent years the German economy has benefited from strengthened domestic demand and export performance, and it has long been considered a relative 'safe haven' which has resulted in significant capital inflows. This has been supported by low interest rates and rising business investment which, before the Covid 19 outbreak, drove unemployment to historic lows. The fundamentals of the German economy remain, its balance sheet is stronger than any other European country and it has a wider range of options in terms of financial stimulus. It does also appear, at the time of writing, to be managing Covid-19 more effectively than many other European states.

The German Commercial Real Estate Market
2019 was another record year for the commercial real estate investment market in Germany, with €67.5 billion channelled into the commercial real estate sector. The previous record year of 2015 was exceeded by around 8%. National and international investors continue to focus on the German market, underlining its status as one of the most desired locations in the world for commercial real estate. This is driven by the strong labour market and stable income development. Investors have continued to focus on Germany's top 7 locations, 62% of commercial investment volume was allocated to Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Munich, Cologne and Stuttgart. The large influx of investors has meant that competition for assets has remained high and this has had further impacts on pricing over the last year. In particular, industrial, logistics and office assets have seen the largest increases in demand over recent years and this has been reflected in the yield movements within these asset classes. Despite the ongoing yield compression of recent years, cash on cash returns remain highly attractive within the asset classes Sirius invests in because of the good long-term banking deals that Sirius has been able to take advantage of.

It is too early to speculate on what the long term impact of Covid 19 might be on the market but clearly Germany has taken unprecedented steps to deal with the crisis and its "Kurzarbeit," or "short-time work" programme (under Germany's system workers are sent home or see their hours cut but are paid around two-thirds of their salary by the state), has set an example to the world as to how deal with this crisis from an economic perspective. A similar approach was taken during the 2008/2009 global financial crisis and enabled Germany to keep unemployment low and return to growth more quickly than most other markets. The package of support for business coupled with the state's effective programme for managing new cases of the virus may well partly insulate the commercial real estate market from as deep a downturn as may be experienced in other countries.

German industrial real estate market
The 2019 calendar year saw record investment activity into the German "Unternehmensimmobilien" market (a distinct asset class of German mixed-use and multi-let commercial properties, that is the heart of the Germany economy), with transaction volume of approximately €3.1 billion being recorded. The market for this asset class is increasingly characterised by a diverse investor landscape. We again saw high levels of inward capital from private equity, sovereign wealth, insurance companies, private investors, asset managers, public companies and funds managed by banks active in the industrial and logistics asset class. The continued broadening of the investor base of these assets demonstrates that the appeal of the sector continues to increase and that with the right operating platform sustainable and attractive risk-adjusted returns are deliverable. Among the most sought-after assets in this class are business parks which attract the largest investment volumes. The average sum annually invested in

business parks in recent years totals approximately €1.05 billion. The growing investor interest in the broader asset class has had implications for purchase price and has squeezed yields, the yield compression for 'Unternehmensimmobilien' assets has been subject to a modest time lag compared to other real estate asset classes and places further emphasis on the need for Sirius to buy well and to deploy its specialist platform for intensive asset management. It should be noted that although there is increasing reliable data on this asset class, asset management in this sector requires specialist know-how compared to other real estate classes. Not every investor is as well placed as Sirius and is unlikely to have the specialised local knowledge needed to maximise returns.

In 2019 transactions and activity were dispersed throughout Germany but two clear markets stand out: Munich and Berlin. For many years Munich has been a hotspot for investment, but in the last calendar year more than half a billion euros was invested in its 'Unternehmensimmobilien' sector. In recent years, investment in this asset class in the Berlin area has significantly increased and in 2019, accounted for over €444 million of transactions, the second-largest share of transactions across Germany's key cities and related mainly to business parks and conversion properties. Transaction volumes in 2019 were down on the previous year, which was more due to a lack of supply than a lack of demand.

Sources
C&W Market Summary
https://www.bulwiengesa.de/sites/default/files/iui_marktbericht12.pdf
http://cbre.vo.llnwd.net/grgservices/secure/Germany%20Investment%20H2%202019.pdf?e=1588863195&h=cdebb11a10cc583145f3f143b32172d8

KPIs

Measuring our progress

KPI

Adjusted profit before tax (€m)

Reported profit before tax adjusted for property revaluation, gains and losses relating to disposal of properties, gains and losses relating to loss of control of subsidiaries, changes in fair value of derivative financial instruments and other adjusting items including 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.

KPI measure

€54.9m +18.8%

20 54.9

19 46.2

18 36.7

17 35.3

16 22.9

Commentary

Adjusted profit before tax for the year ended 31 March 2020 was €54.9 million, representing an increase of 18.8% on the same period the previous year. A strong contribution to earnings from recently acquired assets together with excellent organic growth more than offset the drag on earnings due to the completion of the Titanium venture.

FY20/21 ambition

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

Link to strategy

1 2 3 4 5

KPI

EPRA earnings per share (c)

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

KPI measure

5.44c +21.7%

20 5.44

19 4.47

18 3.04

17 3.18

16 1.88

Commentary

EPRA earnings per share for the year ended 31 March 2020 was 5.44c, representing an increase of 21.7% on the previous year. The development in EPRA earnings per share is mainly due to strong organic growth, the contribution to earnings of assets that were acquired in the prior year and within the year under review and the increase in number of shares in issue.

FY20/21 ambition

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

Link to strategy

1 2 3 4 5

KPI

Dividend per share (c)

Total dividend for the reporting period which is calculated as a percentage of funds from operations (“FFO”). The Company has chosen to pay out 67% of FFO in relation to the dividend for the first half of the financial year and 65% of FFO in relation to the dividend for the second half of the financial year ended 31 March 2020. 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.

KPI measure

3.57c +6.3%

20 3.57

19 3.36

18 3.16

17 2.92

16 2.22

Commentary

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019. The Group has not received any direct state financial assistance in connection with the Covid-19 crisis.

The Company continues to offer shareholders through a scrip dividend alternative the ability to receive some or all of their dividend in shares rather than cash.

FY20/21 ambition

To grow the dividend primarily through the accretive impact on earnings of acquisitions and the continued roll-out of the capex investment programmes, which are key drivers of organic growth. The Company remains committed to its policy of paying shareholders at least 65% of FFO semi-annually.

Link to strategy

1 2 3 4 5

KPI

Property valuation – owned properties (€m)

The book value of owned investment property including that categorised as held for sale as derived from an independent valuation performed by Cushman & Wakefield LLP.

KPI measure

€1,186.2 +4.7%

20 1,186.2

19 1,132.5

18 931.2

17 823.3

16 687.5

Commentary

The book value of the Group's owned investment property increased by 4.7% as a result of the net effect of asset recycling and organic growth. The like-for-like portfolio increased in book value by €96.3 million or 9.9%. The portfolio is now valued at an average gross yield of 7.6% (31 March 2019: 7.8%) and net yield of 6.8% (31 March 2019: 6.8%).

FY20/21 ambition

To continue to grow the value of the Group's portfolio through acquisitions and valuation increases through increases in income across the portfolio. Valuation gains are expected to come partly from contracted rental increases and uplifts on renewals but more importantly through the development and letting up of sub-optimal and vacant space through the Group's capex investment programmes.

Link to strategy

1 2 3

KPI

EPRA NAV per share (c)

EPRA NAV per share is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NAV represents net assets after adjusting for derivative financial instruments and deferred tax relating to valuation movements and derivatives. EPRA NAV per share also takes into account the effect of the granting of shares relating to long-term incentive plans.

KPI measure

80.62c +7.8%

20 80.62

19 74.82

18 64.18

17 57.84

16 52.72

Commentary
EPRA NAV per share increased in the period by 7.8% to 80.62c (31 March 2019: 74.82c). The increase is attributable to the valuation increases seen in the year as well as the retention of a portion of FFO which is generated.

FY20/21 ambition
To grow EPRA net tangible assets per share (“EPRA NTA”), which will replace EPRA NAV per share in the new financial year through the continued execution of the Group’s asset management initiatives relating to organic growth and asset recycling.

Link to strategy
1 3

KPI

Average rate per sqm (€)

Average letting rate per sqm for the total portfolio.

KPI measure
€5.98 +3.5%
20 5.98

19 5.78

18 5.46

17 5.27

16 5.06

Commentary
The average rate per sqm increased to €5.98 at 31 March 2020 from €5.78 at the same point of the previous year, representing an increase of 3.5%.

FY20/21 ambition
To continue to grow average rate and rental income whilst also improving the quality of the sites through investment and management of the tenant base.

Link to strategy
1 2 3

KPI

Occupancy (%)

Percentage of total lettable space occupied as at reporting date.

KPI measure
85.3% -0.9%
20 85.3

19 86.1

18 79.7

17 80.5

16 80.1

Commentary
Occupancy decreased marginally to 85.3% in the period due to the impact of the disposal of high occupancy assets into Titanium and acquisition of assets with higher volumes of vacant space. Like-for-like occupancy increased from 85.8% to 87.1%.

FY20/21 ambition
To reduce vacancy relating to sub-optimal space by the continued transformation of this space into higher-quality conventional space and flexible workspace, increasing occupancy in recently acquired sites with significant vacancy as well as continuing to refuel the vacancy opportunity through asset recycling.

Link to strategy
1 2 3

Strategic priorities
1 Active portfolio management

2 Transformation and conversion of vacant space

3 Occupancy and rental growth

4 Improvement in service charge recovery

Asset management review

Introduction

The Sirius business model is based on active asset and property management and its operating platform is key to delivering attractive returns to shareholders. This platform has been developed over the last ten years and has involved major investment into systems and processes as well as the development of people. The major benefit of this investment is that Sirius can develop and let up space within industrial and office business parks in many more ways than the typical owner of this asset class and, as a result, has been able to create a high yielding, well diversified and stable portfolio. The business is broadly split equally into offices, production and storage but within each of those segments we offer many different types of product and different lease lengths catering for as wide a customer base as possible. Sirius has over 5,000 tenants, yet 43% of the rent roll comes from the top 50 tenants, amongst whom are some of the world's largest companies and 7% of the rent roll comes from German government agencies. This wide and flexible strategy, underpinned by a well-diversified tenant base, significantly enhances the returns that can be made from industrial and office assets as well as the sustainability of these returns in both strong and weak economic conditions. In uncertain times the Company continues to benefit from the specialist knowledge and skills that it has built across multiple functions including acquisitions, disposals, financing, capital investment and development, lettings, service charge recovery, supplier management, debt collection, lease management and financial reporting. The year under review has seen further improvements across these disciplines and the Company has continued to grow profits and add value to the portfolio.

€190.0m

firepower generated from completion of Titanium, financing activity and asset recycling

€120.0m

of new asset acquisitions completed in the period

€90.3m

total annualised rent roll

€5.98

average rate per sqm

Acquisitions and disposals

During the year to 31 March 2020 a total of €190.0 million was generated through the completion of the sale of five assets to the Titanium venture with AXA Investment Managers – Real Assets (approximately €70.0 million) and financing activity (approximately €120.0 million). The Company has been selective in its deployment of these resources and to date has invested €120.0 million into seven acquisitions offering an attractive mix of stable income and opportunity in locations where Sirius already has a strong presence. Additionally, it has invested €20.6 million into Titanium to fund its 35% share of the venture's first external acquisition, in Hilden near Düsseldorf, which completed in March 2020. This acquisition was funded fully from equity and the venture will look to finance the asset in due course.

A summary of the acquisitions that completed in the year is detailed in the table below:

	Total investment (incl. acquisition costs) €000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rent roll* €000	Acquisition non-recoverable service charge costs €000	Acquisition maintenance costs €000	Annualised acquisition NOI* €	EPRA net initial yield*[1] %
Sirius									
Teningen	6,497	20,062	88	2,486	806	(244)	(20)	542	8.3
Buxtehude	8,690	28,532	—	28,532	—	(428)	(51)	(479)	(5.5)
Bochum II	6,686	4,231	100	—	428	(54)	(4)	369	5.5
Alzenau	44,458	59,925	94	3,897	4,072	(552)	(65)	3,455	7.8
Hallbergmoos	20,173	19,582	56	8,652	957	(254)	(18)	686	3.4
Neuss II	19,135	34,000	81	6,291	1,300	(231)	(31)	1,038	5.4
Neuruppin	14,337	22,362	100	—	1,333	(95)	—	1,238	8.6
Subtotal	**119,976**	**188,694**	**74**	**49,858**	**8,896**	**(1,858)**	**(189)**	**6,849**	**5.7**
Titanium									
Hilden	58,857	39,127	72	11,090	3,152	(367)	(35)	2,750	4.7
Subtotal	**58,857**	**39,127**	**72**	**11,090**	**3,152**	**(367)**	**(35)**	**2,750**	**4.7**
Total	**178,833**	**227,821**	**73**	**60,948**	**12,048**	**(2,225)**	**(224)**	**9,599**	**5.4**

1 Includes purchaser costs.

* See glossary section of the Annual Report and Accounts 2020.

Four of the acquisition assets (Teningen, Bochum II, Alzenau and Neuruppin) provide high occupancy, stable income whereas the other three assets (Buxtehude, Hallbergmoos and Neuss II) provide substantial value-add opportunity. Together the seven assets provide approximately 50,000 sqm of vacant space into which the Company will invest in order to increase income and capital values. A summary of the opportunities and characteristics of each asset acquired in the period is detailed below:

- The Teningen acquisition is located near Freiburg close to the border of Germany, France and Switzerland. This asset was acquired with a high gross yield and provides stable income with value-add potential in the vacancy and improvement in cost recovery. This is Sirius' first acquisition in the Freiburg area, which is a strong location that benefits from significant cross border business.
- The Buxtehude acquisition is a fully vacant former bottling plant with significant value-add potential. The 28,500 sqm property was acquired for around €300 per sqm (total acquisition costs), significantly below replacement cost. Because of its excellent location in a well-established industrial area near Hamburg, the Company is hopeful of realising its full potential within three years. As at 31 March 2020, around 4,500 sqm of space was either let or agreed to be let at an average rental rate of €4.50 per sqm and there were several promising enquiries relating to the other vacant space. Sirius expects to invest around €3.4 million in capex to achieve full occupancy at this site and given the rental rates being achieved, the asset is expected to generate substantial income and valuation gains over the next few years.
- The Bochum II property is a high-quality office building directly adjacent to the existing Bochum site which was purchased by Sirius in March 2019. This office building is fully occupied by two tenants of which one has expanded into 1,396 sqm of space on the original Bochum site. Owning both parts of this business park has many benefits including having control over all the space and tenants.
- The Alzenau asset is a well-located mixed-use property to the east of Frankfurt close to a number of other Sirius sites. The property was acquired with 94% occupancy with all the vacancy being within a large high-quality office building which plays into Sirius' and the area's strengths. The business park houses two long-term anchor tenants, with which one of whom Sirius is currently negotiating a long-term extension. Once secured the existing income will have been stabilised and the opportunity within the vacancy well on the way to completion.
- The Hallbergmoos asset is an office property located near Munich Airport in an area that Sirius has been closely watching for several years. Most of the existing tenants are on leases with significant under-rents and the 8,652 sqm of vacant space provides excellent value-add opportunity which the Company will look to realise through its proven capex investment programme.
- The Neuss II asset is a multi-tenant, mixed-use property located in one of Düsseldorf's well-developed and improving suburbs and follows the acquisition of the Neuss I property that completed last year. This business park also has a combination of stable income and value-add opportunity within the 6,291 sqm of vacant space.
- The Neuruppin asset is a fully occupied single-tenant production facility providing stable income at an attractive acquisition yield. The property is let to a well covenanted tenant with 5.5 years remaining on their lease and is in a location between Berlin and Hamburg which will benefit from the A10/A24 motorway widening project that is currently underway.

In addition to the five assets sold to the Titanium venture with AXA IM – Real Assets, the Company notarised for sale its property located in Weilimdorf for €10.1 million, which completed on 1 April 2020. Sirius successfully re-let the entire property to a well-known German sports car manufacturer after the existing tenant vacated in August 2019. The sale represents a 6.5% EPRA net initial yield and 11% premium to book value at date of notarisation.

A summary of the disposal activity in the year to 31 March 2020 is included in the table below:

Notarised for sale

Site	Total proceeds €000	Sqm	Annualised rent roll* €000	Annualised NOI €000	EPRA net initial yield*[1] %	Occupancy %*
Weilimdorf	10,100	6,766	700	690	6.3	100
Subtotal	**10,100**	**6,766**	**700**	**690**	**6.3**	**100**

Completed sales – Titanium

Site	Total proceeds €000	Sqm	Annualised rent roll*[2] €000	Annualised NOI[2] €000	Gross yield %	Occupancy[2] %*
Bayreuth	**22,584**	**22,871**	**1,385**	**1,370**	**6.1**	**99**
Berlin Borsig	**49,481**	**79,058**	**3,337**	**3,208**	**6.7**	**89**
Berlin Tempelhof	**32,239**	**25,003**	**1,472**	**1,461**	**4.6**	**93**
Mainz	**36,074**	**27,874**	**2,563**	**2,491**	**7.1**	**89**
Nuremburg	**27,621**	**36,343**	**1,692**	**1,646**	**6.1**	**85**
Sub total	**168,000**	**191,149**	**10,449**	**10,177**	**6.2**	**90**
Total	**178,100**	**197,915**	**11,149**	**10,867**	**—**	**—**

1 Includes estimated purchaser costs.
2 As at date of notarisation.
* See glossary section of the Annual Report and Accounts 2020.

The Company continues to plan on using its available resources to acquire another €70.0 million of property once the picture following the Covid-19 crisis becomes clearer and expects to be able to source attractive opportunities, especially if the previously very strong market softens.

Lettings and rental growth

The Company recorded a like-for-like increase in annualised rent roll of 6.1% to €81.2 million (31 March 2019: €76.5 million) in the period despite the impact of the large expected move-outs on recently acquired sites amounting to more than 30,000 sqm of space in the first half of the year. This is the sixth successive year that Sirius has recorded in excess of 5% like-for-like annualised rent roll growth and, when considering that this has occurred in a low inflationary environment, is a pleasing achievement and evidence of the success of our operational efforts and targeted investment.

Encouragingly a large part of the like-for-like rental growth came more from price, where average rental rates increased by 4.1% to €6.07 from €5.83, than occupancy, which increased to 87% from 85%. On a total portfolio basis the average rental rate increased by 3.5% to €5.98 from €5.78 with occupancy decreasing from 86% to 85% due to the net effect of the sale of highly occupied sites into Titanium and higher vacancy rates within sites acquired in the period.

The year under review saw like-for-like total move-outs of 154,258 sqm that were generating €10.8 million of annualised rent roll at an average rate of €5.85 per sqm compared to like-for-like total move-ins of 174,028 sqm generating €13.8 million of annualised rent roll at an average rate of €6.62 per sqm. Additionally, contracted rental increases and uplifts on renewals added €1.7 million to the ending annualised rent roll. Acquisitions contributed €9.0 million, which offset the majority of the €11.2 million of annualised rent roll sold into Titanium. The movement in annualised rent roll is illustrated in the table below:

	€'m
Annualised rent roll 31 March 2019	**87.8**
Sale of assets to Titanium	(11.2)
Move-outs	(10.8)
Move-ins	13.8
Contracted uplifts	1.7
Acquisitions	9.0
Annualised rent roll 31 March 2020	**90.3**

The high number of new lettings achieved by the Company in the period reflects continued strong occupier demand combined with the deal sourcing capabilities of Sirius' operating platform. This performance is highlighted by a new lettings conversion rate of 14% on the 14,795 enquiries received (2019: 14% on 14,338 enquiries). The consistency in performance illustrates how demand in the period continued despite some negative economic indicators on the German economy being reported, albeit Sirius has limited exposure to the car manufacturing businesses that have been a key factor in those indicators.

Capex investment programmes

The Group's capex investment programmes continue to be one of the main drivers of rental income and valuation growth. As at 31 March 2020, the space that was subject to the original capex investment programme, which commenced in 2015, was generating €12.7 million of annualised rent roll at 83% occupancy on an investment of €24.3 million representing a return on cost in excess of 50%, ignoring any impact on valuations. The original capex investment programme has also generated significant improvements to service charge cost recovery through higher occupancy and the conversion and upgrade of sub-optimal space into a variety of quality workspaces has also significantly benefited valuations.

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

Original capex investment programme progress	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to March 2020 €m**	Occupancy budgeted %	**Occupancy achieved to March 2020 %**	Rate per sqm budgeted €	**Rate per sqm achieved to March 2020 €**
Completed	200,564	26.0	24.2	10.5	**12.7**	81	**83**	5.38	**6.35**
In progress	1,332	0.4	0.1	0.1	**—**	80	**—**	4.60	**—**
To commence in next financial year	1,889	0.8	—	0.1	**—**	86	**—**	6.50	**—**
Total	203,785	27.2	24.3	10.7	**12.7**	81	**—**	5.38	**—**

* See glossary section of the Annual Report and Accounts 2020.

Whilst the original capex investment programme was based on all assets acquired prior to April 2016 and is now substantially complete the acquisition capex investment programme applies to assets acquired since April 2016. The programme now includes 26 sites and a total of 169,664 sqm of sub-optimal vacant space. The programme is expected to generate €12.0 million of annualised rent roll on a budgeted investment of €41.7 million. Whilst the income returns associated with the acquisition capex investment programme are expected to be less than those of the original programme, the extent of transformative work involved may have a more pronounced impact on valuations.

As at 31 March 2020, a total of 102,353 sqm of space had been fully converted under the acquisition capex investment programme with an investment of €18.5 million and was generating annualised rent roll of €6.6 million on occupancy of 69%.

In addition to the space that has been completed and let or currently being marketed, a total of 67,311 sqm of space within the acquisition capex investment programme is either in progress or awaiting approval to commence. A further €15.6 million is expected to be invested into this space, on top of the €2.7 million already spent, and, based on achieving budgeted occupancy, incremental annualised rent roll in the region of €4.7 million is expected to be generated.

Further details on the new acquisitions capex investment programme are set out in the table below:

New acquisitions capex investment programme progress	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to March 2020 €m**	Occupancy budgeted %	**Occupancy achieved to March 2020 %**	Rate per sqm budgeted €	**Rate per sqm achieved to March 2020 €**
Completed	102,353	23.5	18.5	7.3	**6.6**	89	**69**	6.70	**7.80**
In progress	18,313	7.8	2.7	1.7	**0.4**	90	**—**	8.80	**—**
To commence in next financial year	48,998	10.4	—	3.0	**—**	82	**—**	6.21	**—**
Total	169,664	41.7	21.2	12.0	**7.0**	87	**—**	6.80	**—**

* See glossary section of the Annual Report and Accounts 2020.

The tables above show that the capex investment programmes have been one of the key income and valuation growth drivers over the last few years. Sirius has continued to acquire assets with sub-optimal vacancy to refuel these highly accretive programmes in order to help sustain the returns that the Company has been achieving. In the year to 31 March 2020 a total of 48,124 sqm of space within sites acquired was added to this capex investment programme. Much of this space was acquired for a very low cost because of the difficulty to unlock income and value from it. However, through the transformation of this sub-optimal space into both higher-quality conventional space and flexible workspace and utilising Sirius' operating platform including experienced marketing, sales and development professionals to unlock this value, the Company has far greater options in terms of developing this space than others.

In addition to the original and acquisition capex investment programmes Sirius also looks for opportunities to upgrade space that is returned each year as a result of move-outs. Within the existing vacancy as at 31 March 2020, the Company has identified approximately 32,000 sqm of poor quality space that was recently vacated, which it believes it can upgrade with an investment of around €9.1 million in order to generate income of around €2.2 million whilst significantly enhancing the value of the space. Furthermore, the Company expects to receive an estimated 28,000 sqm of space back in the new financial year, which is currently generating €2.1 million of annualised rent roll and which Sirius intends to upgrade with an investment of around €6.8 million in order to increase the annualised rent roll to around €3.0 million whilst also significantly increasing the value of the space. These investments are also expected to contribute substantially to the Company's growth over the next few years.

The Company's headline 85% occupancy rate means that in total 217,521 sqm of space is vacant as at the financial year end. When excluding the vacancy, which is subject to capex investment programmes (7% 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 around 94%.

The analysis below details the sub-optimal space and vacancy at 31 March 2020 and highlights the opportunity from developing this space.

Vacancy analysis – March 2020	
Total space (sqm)	1,475,715
Occupied space (sqm)	1,258,194
Vacant space (sqm)	217,521
Occupancy	85%

	% of total space	Sqm	Capex Investment €m	ERV* (post investment)
Subject to original capex investment programme	0%	3,221	(1.0)	0.2
Subject to acquisition capex investment programme	5%	67,311	(18.3)	5.0
Subject to other vacancy capex investment programme	2%	31,814	(9.1)	2.2
Total space subject to investment	7%	102,346	(28.4)	7.4
Structural vacancy	2%	30,748		
Lettable vacancy				
Smartspace vacancy	1%	20,323		1.5
Other vacancy	5%	64,103		5.1
Total lettable space	6%	84,426		6.6
Total vacancy	15%	217,521	(28.4)	14.0

* See glossary section of the Annual Report and Accounts 2020.

The opportunity within the vacant space as at 31 March 2020 can be summarised as follows:

- 102,346 sqm of sub-optimal space, which requires €28.4 million of capex and will have an ERV of €7.4 million when completed; and
- 84,426 sqm of lettable space with an ERV of €6.6 million that is ready to let.

Considering the Group is operating at around 94% occupancy on readily lettable space, once all investment programmes are completed, a further 96,000 sqm of space could be let adding approximately €7.0 million to the Company's annualised rent roll and potentially close to €100.0 million to the value of the portfolio.

It is worth noting that Sirius' strategy extends beyond filling up vacant space. The strategy will continue to focus on acquiring assets with vacancy as well as investing into and upgrading space vacated through tenant churn. Combined these initiatives will allow the

Company to re-fuel its capex investment programmes. The Company continually reviews its mature assets for potential disposal or refinancing in order to generate funds for investment whilst maintaining a balance of core assets to secure attractive financing terms. Based on current market and wider economic conditions this strategy remains the most accretive way of growing the business and improving shareholder returns.

Well-diversified income and tenant base

As the number of assets the Company owns has increased, the well-diversified characteristic of the Company's rental income has strategically remained consistent. A total of 43% of annualised rent roll comes from the top 50 anchor tenants who are predominantly multi-national companies occupying production, storage and related office spaces. A total of 51% of annualised rent roll comes from 2,498 SME[1] tenants operating across a wide range of industries and the remaining 6% of annualised rent roll comes from the flexible Smartspace tenants, which are discussed in more detail in the next section of this report. SME tenants remain a key target group which the Group's internal operating platform has demonstrated an ability to attract in significant volumes. The Company's largest single tenant contributes 2.6% of total annualised rent roll and 7% of its annualised rent roll comes from government tenants.

The wide range of tenants that the Sirius lettings and marketing team is able to attract is a key competitive advantage for the Company and results in a significantly de-risked real estate portfolio than would typically be associated with the asset class and the headline 2.9 year weighted average lease expiry.

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

	No. of tenants as at 31 March 2020	Occupied sqm	Annualised rent roll* €m	% of total annualised rent roll* %	Rate per sqm €
Top 50 anchor tenants(1)	**50**	572,415	38.3	43	5.58
Smartspace SME tenants(2)	**2,498**	60,601	5.7	6	7.89
Other SME tenants(3)	**2,483**	625,178	46.2	51	6.16
Total	**5,031**	1,258,194	90.3	100	5.98

(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 retail tenants.
* See glossary section of the Annual Report and Accounts 2020.

Smartspace and First Choice

Sirius' Smartspace products are designed with flexibility in mind and tenants also benefit from a fixed cost which has proven to be desirable in all market conditions. Rather than leaving the cheaply acquired sub-optimal space vacant like most other operators running a multi-tenant strategy on industrial business parks, where appropriate Sirius converts it into quality Smartspace products which are typically let at significantly higher rents than the rest of the business park and, as a result, are highly accretive to value.

During the period 8,332 sqm of Smartspace product was created through the capex investment programmes and 9,059 sqm of Smartspace was sold into Titanium. The total amount of Smartspace in the portfolio (excluding Titanium) at the year end stood at 80,041 sqm (31 March 2019: 80,953 sqm), generating €5.7 million (31 March 2019: €5.5 million) of annualised rent roll at 76% occupancy (31 March 2019: 74%), which equates to 6.3% of the Company's total annualised rent roll. Like-for-like average rate per sqm increased by 2.5% to €7.89 (31 March 2019: €7.70) and reflects the popularity of the product and the Company's ability to achieve positive rate movement organically.

It is particularly pleasing to report that within the first five-star premium First Choice Business Centre ("FCBC") located in Wiesbaden, the occupancy rate reached 100% by the year end. Following this success, a second FCBC has now been added to the recently acquired Neuss property. Totalling 1,278 sqm, this business centre has reached 40% occupancy in the 18 months since opening. The reported blended occupancy of the two FCBCs at 31 March 2020 is 71%.

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €000	% of total Smartspace annualised rent roll* %	Rate* per sqm (excl. service charge) €
First Choice office	2,677	1,912	71	463	8	20.16
SMSP office	28,828	23,535	82	2,474	43	8.76
SMSP workbox	5,872	5,727	98	372	6	5.42
SMSP storage	35,636	26,609	75	2,207	38	6.91
SMSP subtotal	**73,014**	**57,782**	**79**	5,516	**96**	**7.96**
SMSP FlexiLager	7,027	2,819	40	222	4	6.57
SMSP total	**80,041**	**60,601**	**76**	**5,738**	**100**	**7.89**

* See glossary section of the Annual Report and Accounts 2020.

[1] SMEs in Germany are called the Mittelstand and typically is defined as companies with revenues of up to €50 million and up to 500 employees.

Sustainability

Our Sustainability Framework

Economic sustainability is at the heart of our sustainability framework. This refers to the Sirius practices that support long-term economic success of the company whilst at the same time positively impacting social, environmental, and ethical aspects of the ecosystem.
We understand that environmental quality; ethical practices, and happy, healthy engaged people are essential for the Company to perform and thrive in the long-term. Equally, we know that this relationship is symbiotic. Only a financially sustainable business can contribute positively to social, ethical end environmental challenges.

INSERT SIRIUS SUSTAINABILITY STRATEGIC FRAMEWORK GRAPHIC

In 2019, we were recognised for our approach to environmental, social and governance factors with an A rating for ESG by MSCI. In line with our Purpose and our strategy, we will continue to strive for a sustainable future for the business, our people and the communities in which we operate.
"As of 2018, Sirius Real Estate Ltd received an MSCI ESG Rating of A." 1

1. The use by Sirius Real Estate of any MSCI ESG Research LLC data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Sirius Real Estate by MSCI or any of its affiliates. MSCI services and data are the property of MSCI or its information providers. MSCI and MSCI ESG Research names and logos are trademarks or service marks of MSCI or its affiliates.

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.

Environmental

We continue to look for ways through which we can encourage sustainability and reduce our environmental impact and footprint. As a major property owner across Germany, we recognise our own responsibility to contribute towards global efforts to address climate change, and to minimise the impact the Company's operations have on the environment around us.

We are committed to playing our part in responding to climate change and are proud that carbon emissions across the business are lower than the German average of 38%, this is partly due to Sirius sourcing over 85% of energy from renewable sources. Our Mannheim II business park is a good example of what is possible. Mannheim operates with 100% renewable energy and is a great example of what we can achieve together with our tenants when both parties focus on sustainability.

Our sustainable strategy of maintaining and refurbishing existing buildings means that we can help minimise urban sprawl and contribute to protecting undeveloped land. By recycling existing properties, Sirius conserves resources and minimises the use of materials and energy required to construct new properties.

We understand that climate change cannot be solved by one group alone. That is why we are working closely with a variety of partners, including local and national government, tenants, and communities in which we operate. We aim to equip our tenants with the ability to monitor and manage their energy consumption and have continued to make progress by installing meters to allow them to do this across all sites. This allows tenants to actively measure and identify where efficiencies can be found.

Ultimately, we believe that business and environmental interests are aligned when it comes to climate change. A sustainable real estate sector delivers value for clients, shareholders, and helps protect the planet, and integrating sustainability into our business delivers better long-term value for our shareholders.

People

We value every single one of our colleagues and recognise that the success of our business is built on the efforts and achievements of the workforce as a whole. We were pleased that the number of colleagues able to directly benefit from the Company's success has grown again during the year, and there are now 111 shareholders working for the Group.

Training and development
We are committed to providing a useful and engaging onboarding process for all new colleagues. Each new joiner attends a two-day onboarding programme in Berlin, including a welcome dinner, and is assigned a buddy for their first four months as a Sirius colleague.

Similarly, we are committed to providing ongoing personal and professional opportunities for all our people. Each colleague has regular performance appraisals and is encouraged to attend the many training programmes on offer. 14 % of the workforce have comprehensive personal development plans to help them actualize more of their true potential and capitalize on their existing skills and capabilities.

The Sirius Akademie internal training programme offers training for key colleagues across a range of topics including communication, finance and facility management, and since 2016 over 400 members of staff have taken part in over 40 courses. Nine programmes for a total of 108 people took place in the year to 31 March 2020. The Akademie held courses in topics ranging from sales processes to property management, P&L management, professional development, communication, healthcare, self-awareness and self-defence.

In addition, two leadership programmes, each with 25 managers participating, took place during the reporting period. Personal development is encouraged and we have an in-house language programme offering both English and German language lessons to managers and colleagues and where appropriate for the business will sponsor additional learning initiatives for long-standing colleagues.

Employee wellbeing and engagement
The mental and physical wellbeing of colleagues is of critical importance to the Company. During the Covid-19 outbreak we took all steps necessary to ensure the safety of our people including transitioning all of the workforce to remote working where possible. Colleagues continue to benefit from our flexible work policy and if required are able to optimise and adjust their workstations to support their physical health. Regular sport and relaxation events are hosted including beach volleyball, running and weekly yoga classes held at the head office. 20 members of our head office staff have free daily access to a local gym within walking distance of their workplace.
We carry out an annual employee engagement survey and are committed to communicating the findings to colleagues and acting on the feedback. In 2019, over 85% of colleagues participated in the colleague survey, and both Chairman Danny Kitchen and CEO Andrew Coombs held a series of active engagement sessions across Germany involving the majority of colleagues. All the feedback received through the survey and the subsequent roadshow has been acted upon.

Community
When the communities local to our business parks thrive, Sirius thrives too. We take great pride in supporting the communities in which we operate and take seriously our responsibility as a local employer and good neighbour.
We take pride in undertaking events and sponsoring programmes providing for sporting events and contributing to local charities. In 2019, we supported charities across Germany from small regional organisations to larger national organisations. The approach to charity work continues to put our colleagues' personal causes and experiences at the heart of the work that is undertaken. This ensures a deep commitment to the charities that the business supports.

During the reporting period, colleagues voted on the three charities to which they wanted to donate. These were the social enterprise Students for Tanzania Exchange Programs Africa (STEP Africa), the association for seriously ill children and adolescents Herzenswünsche e.V., and the animal shelter Tierheim. The money raised for these charities was then doubled by the members of the Senior Management Team.

We also supported campaigns for organ and blood donations, as well as supporting blood cancer charity DKMS. Another initiative was the "Christmas in a Shoebox" appeal, where Sirius colleagues packed and donated shoeboxes full of gifts for children in need around the world.

Ethical
Culture and policies
Every employee undertakes training in understanding diversity and adhering to the Sirius code of conduct, which explains the expectations of everyone working for the Group in terms of the responsibility to each other and to our business partners and stakeholders. Additionally, the Board approved policies relating to modern slavery, and anti-bribery and corruption on 30 March 2020.

Diversity & inclusion
We are committed to providing an inclusive environment for all colleagues, and continue to encourage diversity throughout the Group. As signatories to the German Charter of Diversity we pride ourselves on the fact we have created a culture of inclusion across all levels and departments across the business. In line with the Charter, we ensure all colleagues undertake basic training relating to equal rights in the workplace (Allgemeines Gleichstellungsgesetz) and to take steps to ensure this culture transcends all colleagues, as well as the providers of services to our business parks.

Diversity at Sirius refers to the fact we employ a workforce comprised of individuals of varying gender, religion, race, age, ethnicity, sexual orientation, education and other attributes. We now have a broadly gender balanced workforce of 51% women and 49% men, with every third manager being female, and a workforce comprising 24 nationalities with an age range from 19 to 69 years of age.

We encourage a culture that is open, communicative, inviting, and that recognises and incorporates individual talents and ideas, encouraging connection amongst colleagues, empowerment, inspiring every colleague and their productive potential. Diversity increases the improvement of decision-making abilities and we believe that the diversity of our workforce can create many problem-solving options upon which decisions can be made quickly and concisely.

The current generation of colleagues seek more than a 9-to-5 job that pays well. They're looking for a space where they can grow, feel accepted and included and be challenged. As we embrace diversity, we believe this attracts a wider range of candidates who are looking for a progressive place to work therefore we are set to attract the best talent. We believe a heterogeneous group of colleagues will contribute unique perspectives that can lead to breakthroughs in thought and we actively encourage the diverse opinions and thoughts of our workforce.

Financial review

Strong accounting returns and robust balance sheet

"The Company is well placed to navigate through the challenges of Covid-19 and continues to provide workspace and a range of services across all sectors of the Germany economy."

Further organic growth, successful capital recycling and a strong balance sheet
The Company delivered another strong financial performance in the year ended 31 March 2020 with the initial reduction in income through capital recycling (mainly through the sale of assets to Titanium) being offset by reinvestment into new acquisitions and capex investment combined with another excellent year for like-for-like annualised rent roll growth.

As described in the asset management review section of this report, the year under review was characterised by high transactional volume with seven asset acquisitions, six asset disposals (five to Titanium and one completed on 1 April 2020) and three new loan facilities agreed including the Company's first unsecured loan facility, and a major facility extension at a record low interest rate for Sirius, of 0.9%. The Company had €96.6 million of free cash on the balance sheet as at 31 March 2020 along with €33.1 million of undrawn facilities which, whilst allowing for the continuation of our capex investment programmes and normal cash headroom, would ordinarily provide the financial capability to acquire €70.0 million of new unencumbered assets. Further asset acquisition activity is being held back whilst the full extent of the Covid-19 situation becomes clear. The Company also had 12 unencumbered assets as at the year end, with a combined value of €118.5 million.

Trading performance and earnings
The Company reported a profit before tax in the year ended 31 March 2020 of €110.8 million (31 March 2019: €144.7 million), including €59.7 million (31 March 2019: €99.9 million) of gains from property revaluations (excluding movements relating to leased investment properties in accordance with IFRS 16) net of capex and adjustments in respect of lease incentives and broker fees, the prior year having seen some particularly strong valuation gains.

Funds from operations[1] ("FFO"), which is our key measure of operational performance, increased by 15.1% to €55.7 million (31 March 2019: €48.4 million) the majority of which came from strong organic growth within the existing portfolio with the remainder relating to the net impact of acquisitions over disposals. The organic growth came predominantly from another strong improvement in the Group's like-for-like annualised rent roll amounting to 6.1% which was partly supported by the capex investment programmes but was also derived from contracted escalations, uplifts on renewals and other asset management initiatives. When combined with the acquisitions in the period the Company starts the new financial year with annualised rent roll of €90.3 million, a Company record.

1 Refer to note 28 in the Annual Report.

On a per share basis, basic EPS showed a 25.3% decrease to 9.55c per share, reflecting the strong valuation gains recorded in the prior year whilst adjusted EPS increased by 14.4% to 5.24c per share reflecting the positive operational performance in the year.

	Earnings €000	No. of shares	31 March 2020 cents per share	Earnings €000	No. of shares	31 March 2019 cents per share	Change %
Basic EPS	98,136	1,027,881,515	9.55	128,657	1,006,966,788	12.78	-25.3
Diluted EPS	98,136	1,039,816,265	9.44	128,657	1,011,666,788	12.72	-25.8
Adjusted EPS*	53,911	1,027,881,515	5.24	46,096	1,006,966,788	4.58	+14.4
Basic EPRA EPS	55,882	1,027,881,515	5.44	44,995	1,006,966,788	4.47	+21.7
Diluted EPRA EPS	55,882	1,039,816,265	5.37	44,995	1,011,666,788	4.45	+20.7

* See note 11 and business analysis sections of the Annual Report and Accounts 2020.

Total revenue, which comprises rent, fee income relating to Titanium, other income from investment properties, and service charge income, increased from €140.1 million to €150.0 million in the period. Total annualised rent roll at the end of the period increased by 2.8% from €87.8 million to €90.3 million despite €11.2 million of annualised rent roll being sold into Titanium. The movement in annualised rent roll is described in more detail in the asset management review within this report.

Looking forward, notwithstanding the potential impact of Covid-19, with a starting rent roll for the new year of €90.3 million, financial resources to acquire more assets once the Covid-19 picture becomes clearer, the continuation of the Company's capex investment programmes and the potential to grow revenue streams through Titanium, the Company is well positioned to grow annualised rent roll and FFO through the new financial year.

Portfolio valuation and net asset value
The portfolio of owned assets, including assets held for sale, was independently valued at €1,189.5 million by Cushman & Wakefield LLP at 31 March 2020 (31 March 2019: €1,136.2 million), which converts to a book value of €1,186.2 million after the

provision for tenant incentives. Including investment property relating to leased assets the total investment property book value at 31 March 2020 was €1,204.0 million. The increase in the investment property book value of the portfolio of €71.5 million in the period is illustrated in the following table.

	Investment property – owned €000	Investment property – leased €000	Investment property – total €000
Investment properties at book value as at 31 March 2019(1)	**1,132,488**	**—**	**1,132,488**
Additions	**120,434**	**—**	**120,434**
Additions relating to leased investment properties	**—**	**21,748**	**21,748**
Capex investment and capitalised broker fees	**33,176**	**—**	**33,176**
Disposals relating to Titanium venture	**(159,620)**	**—**	**(159,620)**
Surplus on revaluation above capex investment and broker fees	**59,939**	**—**	**59,939**
Deficit on revaluation relating to leased investment properties	**—**	**(3,916)**	**(3,916)**
Adjustment in respect of lease incentives	**(234)**	**—**	**(234)**
Investment properties at book value as at 31 March 2020(1)	**1,186,183**	**17,832**	**1,204,015**

(1) Includes assets held for sale.

Movement in investment property relating to owned assets of €53.7 million was made up of €120.4 million of acquisitions, €159.6 million of disposals, a €93.1 million valuation uplift and a €0.2 million adjustment in respect of lease incentives.

On adoption of IFRS 16, the Group has recognised lease liabilities of €21.7 million relating to ground leases on assets meeting the definition of investment property. Accordingly, an expense of €3.9 million representing the fair value adjustment in the year was recorded in the statement of comprehensive income. The valuation gain recorded in the consolidated statement of comprehensive income of €55.8 million includes movements relating to both owned and leased investment property and is stated net of capex investment, broker fees and adjustments in respect of lease incentives.

Focusing on the like-for-like portfolio that was owned for the full period, the book value of these assets increased by €96.3 million or 9.9% from €972.9 million to €1,069.2 million. The increase in book value for the period was driven by approximately 26 bps of yield compression and rent roll growth of €4.7 million. The increase in book value in the first half of the financial year was predominantly driven by yield movement with the second half relating primarily to increases in income. The assets that were acquired during the period were revalued at an increase of €4.6 million over the net purchase prices paid which covered most of the related acquisition costs incurred. This increase in value is indicative that the Company continues to be disciplined in its investment decisions despite the market having become increasingly competitive in the period.

The portfolio of owned properties, which excludes managed properties including those within Titanium, comprised 57 assets at 31 March 2020 and the reconciliation of book value to the independent Cushman & Wakefield LLP valuation is as follows:

	31 March 2020 €m	31 March 2019 €m
Investment properties at market value[1]	**1,189.5**	1,136.2
Uplift in respect of assets held for sale	**—**	—
Adjustment in respect of lease incentives	**(3.3)**	(3.7)
Book value as at 31 March 2020(1)	**1,186.2**	1,132.5

(1) Includes assets held for sale.

The development of Sirius' portfolio valuations over the last five years can be seen in the table below:

	March 2015	March 2016	March 2017	March 2018	March 2019	**March 2020**
Portfolio book valuation (€m)	545.6	687.4	823.3	967.3(1)	1,132.5	**1,186.2**
Annualised rent roll* (€m)	50.0	60.5	71.0	79.5	87.8	**90.3**
Gross yield* (%)	9.2	8.8	8.6	8.2	7.8	**7.6**
Like-for-like annualised rent roll increase* (%)	5.2	5.9	5.1	6.2	7.1	**6.1**
Like-for-like valuation increase (%)	6.4	10.9	8.5	11.6	13.3	**9.9**
Occupancy* (%)	79.0	80.0	80.5	79.2	86.1	**85.3**
Rate* (€sqm)	4.8	5.1	5.3	5.5	5.8	**6.0**

(1) Including two acquisitions that completed 1 April 2018..
* See glossary section of the Annual Report and Accounts 2020.

The 31 March 2020 book value of owned properties of €1,186.2 million represents an average gross yield of 7.6% (31 March 2019: 7.8%), which translates to a net yield of 6.8% (31 March 2019: 6.8%) and an EPRA net yield (including purchaser costs) of 6.3% (31 March 2019: 6.3%).

Despite yields on these assets tightening slightly in the period, the average gross yield of the portfolio of 7.6% still appears conservative when compared to transactions that have completed over the last year in our sector. This is a key point to consider when reviewing the strength of the Company's balance sheet and its ability to withstand the potentially substantial economic impact of Covid-19.

As can be seen from the table below the percentage of value-add assets within the total portfolio is 57% and with average occupancy of 80.1% and valued at a gross yield of 8.0%, providing plenty of opportunity for further earnings and value enhancement. The average occupancy of the mature assets has now increased to 95.3% and, at a gross yield of 7.0%, are valued at a yield that is 100bps lower than the value-add assets.

	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	54.7	680.0	47.8	674	8.0%	7.0%	193,891	5.83	80.1%
Mature assets	35.6	506.2	34.4	969	7.0%	6.8%	23,630	6.22	95.3%
Other	—	—	(1.2)	—	—	—	—	—	—
Total	90.3	1,186.2	81.1	775	7.6%	6.8%	217,521	5.98	85.3%

The average capital value per sqm of the entire portfolio of €775 (31 March 2019: €731) remains well below replacement cost and further illustrates the excellent opportunity to upgrade vacant space through the Company's capex investment programmes and crystallise earnings and valuation increases when the space is let. This remains a major competitive advantage for Sirius, especially if the economy and market were to turn, and is one of the main reasons that its business model is able to produce higher returns with lower risk than the typical operator of light industrial and office business parks in Germany. The full details of the capex programmes are detailed in the asset management section of this report.

The valuation increases along with profit retention resulted in an increase in net asset value per share to 77.35c at 31 March 2020, an uplift of 8.9% from 71.01c as at 31 March 2019. Similarly, the adjusted net asset value(1) per share increased to 81.54c at 31 March 2020, an uplift of 8.5% from 75.17c as at 31 March 2019. In addition, the Company has paid out 3.50c per share of dividends during the financial year, which equates to around 65% of FFO, giving a total shareholder accounting return (adjusted NAV growth plus dividends paid) of 13.1% (31 March 2019: 19.3%). The movement in NAV per share is explained in the following table:

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

	Cents per share
NAV per share as at 31 March 2019	71.01
Recurring profit after tax	5.20
Surplus on revaluation	5.76
Deferred tax charge	(1.13)
Scrip and cash dividend paid	(3.32)
Share awards and adjusting items	(0.17)
NAV per share at 31 March 2020	77.35
Deferred tax and derivatives	4.19
Adjusted NAV per share at 31 March 2020(1)	81.54
EPRA adjustments(1)	(0.92)
EPRA NAV per share at 31 March 2020(1)	80.62

(1) See appendix for further details.

The EPRA NAV per share, which, like adjusted NAV per share, excludes the provisions for deferred tax and derivative financial instruments but also includes the potential impact of shares issued in relation to the Company's long-term incentive programmes, was 80.62c (31 March 2019: 74.82c).

Financing

The Company is always seeking to optimise its financing structure and it continued to take advantage of the favourable lending conditions that were available in the market over the last year. During the period under review the Group agreed three new debt facilities amounting to €171.9 million which included two extensions with existing lenders and a Schuldschein loan, the first unsecured debt instrument the Group has issued. Whilst this had the effect of increasing the Group's debt in the period, net LTV remains well below the stated 40% threshold.

Details of the three new debt facilities agreed in the period are as follows:

- €115.4 million increase to an existing facility with Berlin Hyp, which matures in October 2023. The extension incurs an all-in fixed interest rate of 0.9% (a record low rate for Sirius) and requires amortisation payments of 1.25% per annum;
- €6.5 million extension of the existing facility with Deutsche Pfandbriefbank which matures in December 2023 with a floating interest rate of 1.20% above three month EURIBOR (floored at zero), which requires 2.0% amortisation per annum; and
- €50.0 million* unsecured Schuldschein debt facility at a blended interest rate of 1.60%, with an average maturity of 3.7 years and no amortisation.

* €20 million to be drawn down in July 2020.

The terms and conditions of these new debt facilities reflect the quality of the relationships that Sirius has with its financiers and the confidence that they have in its management capabilities. Furthermore, the issuance of the Company's first unsecured corporate debt facility to a number of German and international investors is a landmark which the Group has been pursuing in recent years.

Consequently, total debt increased by €99.6 million in the period to €485.8 million (2019: €386.1 million) representing the net effect of €187.8 million of drawdowns offset by €77.8 million of repayments, relating to the completion of Titanium, and scheduled amortisation of €10.3 million. A summary of the movements in debt during in the year to 31 March 2020 is detailed below:

€000

Total debt as at 31 March 2019	386,096
Drawdown of Deutsche Pfandbriefbank AG facility	40,402
Drawdown of SEB 2 capex facility	2,000
Drawdown of Berlin Hyp extension	115,365
Drawdown of Schuldschein	30,000
Repayment of K-Bonds facility	(47,000)
Repayment of Deutsche Genossenschafts-Hypothekenbank AG facility	(14,040)
Partial repayment of Berlin Hyp AG/Deutsche Pfandbriefbank AG facility	(16,749)
Scheduled amortisation	(10,319)
Total debt as at 31 March 2020	485,755

The result of these initiatives is that the Company has reduced its weighted average cost of debt to 1.49% (2019: 2.0%) as at year end and despite the increase in total debt the Group's annual interest charge has reduced. Additionally, the number of unencumbered properties has increased from seven to twelve with a book value of €118.5 million.

As at 31 March 2020, Sirius has a net LTV of 32.8%, which remains comfortably within its stated target of 40%. This calculation includes the unrestricted cash balances held by the Group of €96.6 million. The uplift in net operating income seen in the period, driven by the annualised rent roll growth and further improvements to service charge recovery, has increased the Group's interest cover from 10.1x to 11.0x in the period.

With a weighted average debt expiry of 3.6 years (2019: 4.3 years), only one facility reaching maturity in the next 24 months (€23.1 million Bayern LB facility in October 2020) and €129.7 million of cash resources (including €33.1 million of undrawn debt facilities), the Company believes it has a strong enough balance sheet to be able to deal with any challenges that it may face as well as take advantage of opportunities as they arise. It is the intention of the Company to continue to pursue more flexible unsecured debt where appropriate.

Dividend

The Board communicated in the Annual Report three years ago that it would consider temporarily increasing the Company's dividend pay-out ratio above the 65% of FFO policy when material asset recycling or equity raise activity occurs in order to offset the impact from the time lag to invest or reinvest. In the financial year to 31 March 2018 the Board decided to increase the pay-out ratio to 75% of FFO due to the asset recycling relating to the disposal of €103.0 million of assets early in the period. For the year ending 31 March 2019 the Board decided to pay out 70% of FFO in order to offset the timing impact of investing funds from a capital raise and further disposals in the period. For the year to 31 March 2020, the Board has decided to move over the course of the year back to its stated pay-out policy of 65% of FFO as the Company has managed the time lag between the completion of the disposal of assets to Titanium and successful redeployment of €120.0 million of funds into new acquisitions. The Board will continue to consider the Company's dividend pay-out ratio going forward, with the aim of continuing the dividend progression of recent years, provided it is supported by the overall business performance.

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019. The Group has not received any direct state financial assistance in connection with the Covid-19 crisis.

The table below shows the dividends paid and full year pay-out ratios over the last five years.

	First half dividend per share (cents)	Second half dividend per share (cents)	Total dividend per share (cents)	Blended pay-out ratio (% of FFO)
Year ending March 2016	0.92	1.30	2.22	65%
Year ending March 2017	1.39	1.53	2.92	65%
Year ending March 2018	1.56	1.60	3.16	75%
Year ending March 2019	1.63	1.73	3.36	70%
Year ending March 2020*	1.77	1.80	3.57	66%

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

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2020, the ex-dividend date will be 8 July 2020 for shareholders on the South African register and 9 July 2020 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 10 July 2020 and the dividend will be paid on 20 August 2020. A detailed dividend announcement was made on 1 June 2020, including details of a scrip dividend alternative.

Outlook

The year to 31 March 2020 was another successful one boosted once more by excellent organic growth and progress on asset acquisitions despite a challenging market in which to find assets that met the Company's return expectations. The 6.1% like-for-like annualised rent roll increase was supported by the continued upgrading of space as a result of the capex investment programmes, which have led to valuation gains being recorded across the portfolio. The agreement of Titanium with AXA Investment Managers – Real Assets realised significant value for Sirius with the Hilden asset acquired in March resulting in Titanium owning in excess of €225.0 million of property as well as the establishment of a further income stream for Sirius from its ongoing management of the assets.

Looking forward the focus is understandably on the impact of Covid-19. The economic and fiscal responses in Germany have, thus far, included significant state support in the form of grants and loans, the availability of subsidies aimed at maintaining employment and a range of additional allowances including flexibility on the timing of tax payments. Whilst significant uncertainty still exists, businesses in Germany have reacted positively to the raft of support measures made available to them as evidenced in statistics that show large numbers of businesses successfully accessing various modes of state support.

The impact of Covid-19 to date on the Company has, thus far, been manageable and related mainly to a small number of requests for rent deferrals. The Company has not sought to access any form of state support and, through its team of over 250 employees throughout Germany, is in close contact with its tenants and approaching any such requests for assistance on an individual basis. Whilst there remains significant uncertainty in terms of how the virus might impact German business in the future, Sirius can be considered well placed to endure the economic difficulties through its wide range of products and well-diversified tenant base but also to take advantage of opportunities with its strong balance sheet and cash resources.

The Company's focus remains on delivering attractive risk-adjusted returns by way of active asset management throughout the property cycle. With acquisition firepower available, further vacancy to develop and reversion potential to capture the Company is well positioned to meet the challenges ahead and continue to deliver attractive and sustainable returns for shareholders in the future.

Alistair Marks
Chief Financial Officer
29 May 2020

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, 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.

Following this process risks are categorised into twelve primary areas:

1. Corporate strategy – the risk the Group does not meet its objectives and becomes unattractive to shareholders and investors.
2. Asset management – the risk the Group's asset management strategy does not maximise income and capital values.
3. Acquisitions and disposals – the risk of being prevented from making investments or not optimising returns.
4. Operational processes – the risk of sub-optimal processes and controls impacting financial performance.
5. Regulatory Compliance – the risk of non-compliance with laws, regulations and accepted practices.
6. Tax – the risk the Group's tax position is inefficient, non-compliant or unable to adapt to changes in tax regulations.
7. Financing – the risks associated with external borrowing including that where assets act as security.
8. Fraud – the risk the Group's assets are misappropriated or subject to fraud.
9. ESG – the risk the Group does not comply with or report appropriately in relation to environmental, social and governance issues ("ESG").
10. People – the risks associated with failing to attract and retain talent.
11. Data and systems – the risks associated with loss of data and business continuity.
12. Covid-19 – the risk associated with the Covid-19 outbreak.

Following categorisation, 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
[Insert 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
[Insert diagram]

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

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

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

Senior Management Team & Company Secretary
- Defines risk management responsibilities at operational and key initiative level.
- Ensures risk is considered in all business decision making.
- Continuously identifies risks, provides assurance and self-assesses.

Principal risks summary

Risk area	**Principal risk(s)**
1 Financing	• Availability and pricing of debt • Compliance with facility covenants • Availability and pricing of equity capital • Increased reputational risk
2 Valuation	• Property inherently difficult to value • Susceptibility of property market to change in value
3 Market	• Reliance on Germany and the German economy • Reliance on specific industries and SME market
4 Acquisitive growth	• Decrease in number of acquisition opportunities coming to market • Failure to acquire suitable properties with desired returns
5 Organic growth	• Failure to deliver capex investment programmes • Failure to refuel capex investment programmes • Failure to achieve targeted returns from investments
6 Customer	• Decline in demand for space • Significant tenant move-outs or insolvencies • Exposure to tenants' inability to meet rental and other lease commitments
7 Regulatory and tax	• Non-compliance with tax or regulatory obligations
8 People	• Inability to recruit and retain people with the appropriate skillset to deliver the Group strategy
9 Systems and data	• System failures and loss of data • Security breaches • Data protection
10 Covid-19	• Reduction in occupancy due to insolvencies

	• Delays in cash collection • Impact on business continuity and well being of colleagues

Current assessment of principal business risks post mitigation
[Insert diagram]

Previous assessment of principal business risks post mitigation
[Insert diagram]

Risk key
No change Increased risk Decreased risk

1 Financing

Increased risk

Principal risks

- Reduced availability of bank financing
- Increased cost of debt
- A breach of banking facility covenants.
- Reputational risk.

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 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 into 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.

Developments in the year

- Completed two extensions of existing loan facilities totalling €121.9 million at an attractive low interest rate.
- All bank covenants were met in full during the year with the Group increasing its interest covenant Group net operating income level to 11.0 times.
- 87.0% of the total borrowings of €485.8 million have been fixed with a fixed interest rate or swap and 13.0% are floating or hedged with an interest rate cap.
- The weighted average cost of debt reduced to 1.49%.
- Weighted average debt expiry of 3.6 years is slightly down from 4.3 years at 31 March 2019.
- The Group's gross LTV ratio at 31 March 2020 was 41.0%. The gross yield of the asset valuations upon which this ratio is based is 7.6%.
- The Group's recorded a net LTV ratio, which includes unrestricted cash balances of 32.8%.
- The Group increased its number of unencumbered assets from 7 to 12 with a book value of €118.5 million.

- The Group holds unencumbered assets which are more liquid to sell or could be injected into bank security pools if necessary.

2 Valuation — Increased risk

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 demand for the different asset classes, macroeconomic and other external factors, such as political change, and the availability and cost of debt.

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, reputable major corporation in the property sector.
- 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 property market and transactions are continually monitored by the Group and independent research has been developed to analyse transactions within the Group's asset class in Germany.
- The Group operates a value-add business model, which involves significant investment into its assets with the intention of enhancing income and property value even in buildings with vacant or sub-optimal space.
- All acquisition, investment and disposal decisions are made strategically, incorporating market analysis and conditions.

Developments in the year

- Average gross yield of the portfolio remained broadly flat at 7.6%
- The existing portfolio book valuation increase of €96.3 million or 9.9% for the year was predominantly as a result of the Group's investment and asset management initiatives.

3 Market — Increased risk

Principal risks

- The Group's property portfolio consists only of assets in the commercial real estate sector of Germany.
- Dependency on the German market and economy.
- Concentration of value in key locations.
- Reliance on the German industrial sector and SME market.
- Whilst the Group has a diversified offering 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 German economy.
- Profits and cash flows may reduce from lower demand for the Group's space offerings from things such as contraction of the German SME market, manufacturing operations moving out of Germany and significant reductions in demand for office space in secondary and tertiary locations around Germany's major cities.
- 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 and secondary office assets in Germany.

Mitigation

- The Group offers a wide range of products to a broad range of tenants, from major blue-chip corporations to private individuals. Many of the Company's flexible 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.
- 43% of the Group's annualised rent roll comes from its top 50 tenants, which are generally highly invested and embedded on the sites that they occupy. In the last market downturn there was relatively low movement within this group.

Developments in the year

- The German economy, the largest in Europe, continued to grow despite a drop off in some economic indicators towards the end of the calendar year. Monetary policy continued to support business activity and consumer spending which provides stimulus for the real estate sector.
- The Group is not materially dependent on any single economic sector with the largest tenant representing 2.6% of total annualised rent roll and the top ten tenants representing 18.1% of total annualised rent roll.
- The SME market, which the Group considers to be its core tenant base, has remained strong during the period under review with strong occupier demand.

• Most of the Group's assets are concentrated around the key economic areas of Germany which are expected to be more resilient in a downturn given their locations that are underpinned by strong supply and demand fundamentals.	• 7% of the Group's annualised rent roll 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 — Increased risk

Principal risks	Potential impact
• Inability to source and complete on assets that meet the Group's return expectations.	• 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 is unable to acquire value-add opportunities thereby reducing future shareholder accounting returns from current levels.

Mitigation	Developments in the year
• The Group's operating platform includes an acquisition team which is focused specifically on sourcing potential acquisition opportunities, analysing their suitability for purchase and presenting those assets to the Board for further review and consideration. • The Group's acquisition team has several years of experience within the markets in which the Group operates and over this time has grown its market networks and understanding significantly. This experience and network provide the Group with deep access to potential investment opportunities and hence is able to source acquisitions from many different sources including agents, brokers, banks, equity and debt funds as well as directly from owners. • The Group has an excellent track record of completing acquisition transactions over the last 13 years in Germany and is seen in the market as a very reliable and desirable purchaser.	• During the year under review the Group received and reviewed over 808 investment opportunities which consisted of both on and off-market opportunities. • A total of seven assets were acquired in the reporting period with these proceeds totalling €120.0 million and one asset notarised for disposal post period end totalling €10.1 million. • The Company completed the seeding of its venture with AXA Investment Managers – Real Assets by selling 65% of five subsidiary entities and made its first acquisition within the venture in March 2020.

5 Organic growth — Increased risk

Principal risks	Potential impact
• Failure to identify and create capex investment programmes. • Failure to complete investments into 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 re-fuel the capex programme through value-add acquisitions and asset recycling.	• 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	Developments in the year
• Sirius has 13 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	• As at 31 March 2020, the original capex investment programme that commenced in 2015 is substantially complete. A total of €24.2 million has been invested into the completed space and, at 83% occupancy, this space is generating €12.7 million of annualised rent roll. • The Company commenced a new capex investment programme on acquisitions that completed from April 2016. As at 31 March 2020, a total of 102,353sqm of space had been fully refurbished for an investment of €18.5 million and is currently generating incremental annualised rent roll of €6.6 million on 69% occupancy.

each project meets local demands and returns are realistic.

- The Group is continuing to invest in its internal operating platform, which ensures the delivery of all aspects of projects including development, marketing, lettings, renewals, service charge recovery and collections.

- For more details on our organic growth programme, see the case studies within this report.

6 Customer

Increased risk

Principal risks

- Reduced tenant demand for the Group's offerings and lower take-up of vacant space.
- Substantial amount of vacating tenants or tenants becoming insolvent.
- Tenants failing 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 bank covenant breaches should net operating income or property values reduce significantly from vacating or defaulting tenants.
- Tenant defaults result in loss of income and an increase in void costs and bad debts.
- Profit growth targets/expectations may not be met from inability to let up vacant space.
- Downward pressure on earnings and NAV.

Mitigation

- The Group has a large and active internal marketing and lettings team working within the German market and is not reliant on third parties with potentially competing clients to sign new and renew existing tenants. On average 80% of the Group's enquiries are generated from the internet and the dedicated call centre and on-site teams convert on average 14% of these leads into new lettings. The ability to self-generate this much interest in letting its space gives the Company much more diversity in space configuration as well as mitigating much of the cyclical risk in tenant demand in the downturn.
- Each major site has full-time on-site management who are employees of the Group and focused on tenant needs and ensuring that their experience on a Sirius business park is as good as possible. This significantly mitigates the risk of tenants leaving.
- Additionally, dedicated relationship managers who continually engage with major tenants also mitigate the risk of move-outs. The close relationships that have been developed with tenants help us to understand their businesses and meet their changing space requirements.
- Due to the industrial nature of most of the Group's major tenants, they are generally highly invested on site and have been there for many years. This significantly reduces the chances of these tenants vacating even during the difficult times.
- All prospective tenants go through a robust credit check to provide comfort over their suitability and financial state and, where significant risks are established, tenants are either not taken on or rent deposits are increased accordingly.
- All lease agreements require tenants to provide deposits and/or bank guarantees.
- Service charge costs are subject to prepayments which are adjusted each year to reflect future expectations of actual costs.

Developments in the year

- The Group recorded a renewal rate of75% for the year ended 31 March 2020.
- The Group generated 14,795 letting enquiries, of which 14% were converted into new deals. 78% of enquiries came from the Company's internet presence, its own website and other internet portals.
- There were no unexpected major move-outs in the year.
- Bad debt write-offs remained less than 1.0% of total revenues.
- Like-for-like occupancy, which adjusts for the impact of acquisitions and disposals, increased to 87.1% in the period.
- As at 31 March 2020, 43% of rental income was contracted to the top 50 tenants.
- As at 31 March 2020, €10.9 million was held in escrow accounts for tenant deposits.

7 Regulatory and tax

No change

Principal risks	Potential impact
• Change of tax laws or practices as a result of base erosion and profit shifting initiatives ("BEPS"). • Creation of permanent establishment for the property SPVs in Germany. • Change of tax rules relating to controlled foreign companies. • Forfeiture of tax losses due to change of ownership. • Change of tax rates or accounting practices applicable to the Company. • The non-compliance with laws, regulations and accepted practices.	• 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	Developments in the year
• 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. • 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.	• No changes to accounting standards, tax law or accepted practice have been identified as material to the Group's performance and results in the period. • The Group continues to have tax losses that are potentially available for offset against future profits of its subsidiaries. As at 31 March 2020, tax losses amounted to €351.3 million. • The Company engaged external specialist tax advisers regarding the existing Group structure and operations to ensure that the Company is correctly assessing and minimising its tax risks and liabilities.

8 People

No change

Principal risks	Potential impact
• 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.	• 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	Developments in the year
• 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.	• Mark Cherry was appointed to the Board as independent non-executive Director in June 2019. • A new share-based incentive plan for the Group's top 50 employees was approved in August 2019. • The Group grew the numbers of employees who have shareholdings in the Company to 109. • The Executive Directors and Senior Management Team have an average term of service of nine years at the Company. • Completion of an externally managed 360-degree feedback programme for staff holding positions with management responsibility.

- Continued commitment to the training and development of staff through the Sirius Academy training programme and Company leadership programme,
- Shareholdings in the Company are a very significant part of the Executive Directors and Senior Management Teams personal wealth.

9 Systems and data No change

Principal risks	Potential impact
• System interruption or breakdown. • Data protection breach. • Financial loss due to security breach or fraudulent activity. • Cyber-attacks.	• Impeded access to core systems for internal and external customers. • Loss of business-critical data. • Penalties and potential litigation. • Reputational damage.

Mitigation	Developments in the year
• 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.	• External assessment of IT related risks completed in the period. • The Group's IT strategy was presented to the Board and subject to full review. • Cyber security upgrades completed in the period. • Appointment of an internal data protection representative in addition to the full-time data protection officer that was appointed in the 2019 financial year. • Additional exception reporting relating to core financial processes including payment processing implemented following conclusion of external review. • Replaced or upgraded core infrastructure technologies.

10 Covid-19

Principal risks	Potential impact
• Reductions in occupancy due to significant move outs or insolvencies • Loss of income resulting in loan covenant breaches • Delays in cash collection due to deferral of rent and service charge income • Significant business disruption leading to continuity challenges • Uncertainty in the market leads to downward pressure on asset values.	• Loss or delay in receipt of income resulting in reduced profits and unexpected variability in cashflows • Breach of loan covenants resulting in cash trap or loan repayment • Reduction in asset valuations leading to downward pressure on NAV • Inability of the workforce to continue daily operations

Mitigation	Developments in the year
• 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 meet the requirements of a variety of tenants. • The Group's properties are predominately situated in 'out of town' locations across Germany and competitively priced versus alternative accommodation options.	• The Group successfully rolled out its business continuity plan in early April 2020 with approximately 70% of the workforce working remotely. • As at 31 March 2020, the Group had over 5,000 tenants with 43% of income coming from Top 50 tenants, 51% from SME tenants and 6% relating to Smartspace tenants. • In April 2020 the German government announced a raft of support measures in light of Covid-19 that include low interest loans, participation in syndicated financing for investment and working capital purposes and moratoriums and deferrals of certain payment obligations. Furthermore, new measures facilitate employers in applying for, granting,

• The Group has an in-house operating platform that includes a team of experienced and dedicated collection professionals. • 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	and implementing short-time work (Kurzarbeit) thus enabling businesses to temporarily reduce personnel costs without reducing headcount. • The Group monitors its cash collection performance on a daily basis with its April and May cash collection broadly in line with normal working practice. • As at 31 March 2020, the Group had cash balances amounting to €121.3 million of which €96.6 million is unrestricted cash. In addition, the Group has €33.1 million of committed but undrawn facilities available and a total of 12 unencumbered assets with a book value of €118.5 million. • The Group's loan covenant position at 31 March 2020 supports significant headroom across both LTV and income related covenants and has undergone stress testing as part of regular internal risk management activities. • Revised cashflow forecasts have been prepared and presented that incorporate a variety of stress scenarios that form the basis of the Group's going concern assessment and viability statement.

Viability statement

The Group's business activities and strategy are central to assessing its future prospects. These, together with factors likely to impact its future performance, are set out in the Strategic Report on pages x to x of the Annual Report and Accounts 2020. The financial position of the Group and information relating to cash flows and liquidity are highlighted in the Financial Review on pages x to x of the Annual Report and Accounts 2020. The Group manages its financing by utilising a range of funding sources, securing loan facilities with long term maturities whilst maintaining appropriate levels of liquidity.

The Group's prospects are assessed through the regular preparation and review of a detailed forecasting model which considers profitability, cash flows, committed funding, liquidity positions and any applicable future funding requirements. The forecasting model is underpinned by a detailed business plans of the Group's property assets. The key assumptions underpinning the plan are:

- growth in rental income, principally from organic growth supported by the delivery of the capex investment programmes and acquisitions;
- a gradual decrease in irrecoverable service charges as a result of an increase in occupancy rates and recovery; and
- the broadly fixed nature of overheads which consist primarily of central management costs.

The Directors consider the principal risks impacting the Group's viability to relate to sustainability of rental income, market cyclicality, refinancing requirements, potential valuation movements and the Group's ability to deliver its capex investment programmes as well as the impact of the Covid-19 outbreak.

The forecasting model is prepared by the Senior Management Team and presented to and reviewed by the Board of Directors. Within their review the Board of Directors consider the appropriateness of any key assumptions within the forecast and the extent to which the Group's principal risks and uncertainties impact the Group's viability.

Assessment period

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period longer than the twelve months from the sign off date of the Annual Report and Accounts required by the "going concern" provision.

The Directors have determined that the three years to March 2023 is an appropriate period over which to provide its viability statement. A three-year period is consistent with that used for asset level business planning and reflects the Directors best estimate of the future prospects of the business taking into consideration business planning requirements and the ability to make accurate estimations.

Viability assessment

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 x to x on the assumptions made in the Group's forecasts. The Directors considered it prudent to assess viability using what they consider to be an extreme stress scenario that results from a major impact relating to Covid-19. This scenario was incorporated into the Group forecast in order to assess the impact of one or more such scenarios eventuating.

Whilst all principal risks and uncertainties set out on pages x to x 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 implications of Covid-19, existing and planned financial commitments, financing arrangements including compliance as well as broader macroeconomic considerations.

A summary of the extreme scenarios considered, linked to the corresponding principal risks and uncertainties set out on pages x to x is 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 20%.	Organic growth Customer Covid-19
A reduction in asset values following declines in occupancy and market uncertainty of 20%.	Customer Valuation Market Covid-19
An increase in operating costs as a result of unforeseen expenditure.	Organic growth

The Directors consider the likelihood of the extreme scenarios outlined above eventuating as remote due to a combination of factors including the location of the Group's assets within Germany, the light industrial nature of its assets, the diversity of its tenant base, its multiple product offerings and its management teams experience of the global financial crisis during which many of the Group's asset management strategies were developed.

Included in the viability assessment is the assumed refinancing of €83.8 million of maturing debt during the three-year period on existing terms, of which €23.1m are due in year ending 31 March 2021 and the rest in following years. Note 23 to the financial statements sets out the maturity profile of the Group's debt. The Directors expect this to be possible considering the Group's overall LTV and the expected availability of financing from debt markets. 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 extreme scenarios set out above no income related covenants were breached whilst the breach of two hard LTV covenants would require a repayment amounting to €14.3 million in order to remedy.

Based on unrestricted cash at 31 March 2020 amounting to €96.6 million, fully committed but as yet undrawn facilities amounting to €33.1 million, the assumed Group's ability to refinance the debt maturing in the viability period, the forecast cash availability in the scenarios and the exclusion of the impact of any mitigating actions, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this scenario.

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

Should such scenarios arise the Group has a variety of options in order to maintain liquidity and continue in operation. Options that could be considered in order to preserve or increase liquidity include reducing any non-essential capital and operating expenditure, suspending dividend payments, drawing down on committed but undrawn loan facilities and arranging finance against or selling 12 unencumbered assets with a value €118.5 million as at 31 March 2020.

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 2023.

Board of Directors

Introduction to the Board

[IMAGES]

Danny Kitchen[1]
Non-Executive Chairman

Age	68
Appointed	2018
Committees	N* R

Experience
Danny Kitchen brings more than 25 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. He is currently non- executive chairman of Hibernia REIT plc, Applegreen PLC and Workspace Group PLC. He has confirmed his intention to leave the Workspace board in July 2020. Danny was appointed chairman of Irish Nationwide Building Society between 2008 and 2011 and is a Director of the Irish Takeover Panel.

Andrew Coombs
Chief Executive Officer

Age	55
Appointed	2014
Committees	S*

Experience
Andrew Coombs joined the Sirius Facilities group in January 2010 from the 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
Chief Financial Officer

Age 51
Appointed 2014

Experience
Alistair Marks joined the Sirius Facilities group in 2007 from MWB Business Exchange Plc just before Sirius's 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 is responsible for the Company's financial management and control across the Group, including its banking relationships. He is also responsible for the Group's operations and oversees Sirius's capex investment and service charge recovery programmes.

Mark Cherry
Independent Non-Executive Director

Age 61
Appointed 2019
Committees A N R S

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 10 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 GAM International Management Ltd as their advisor to the Real Estate lending team. He holds no further listed non-executive directorship positions.

Justin Atkinson*
Independent Non-Executive Director

Age 59
Appointed 2017
Committees A* N R

Experience
Justin Atkinson was the chief executive of Keller Group plc from April 2004 to May 2015. Previously, Justin had been Keller's group finance director and its chief operating officer. Justin trained and qualified as an accountant with Deloitte Haskins & Sells, now part of PwC, and spent the early part of his career with Thomson Reuters, before joining Keller Group in 1990. Justin has significant experience of audit and risk management. He is currently senior independent director of Kier Group plc, chair of the audit committee at James Fisher plc and chairman and chair of the nomination committee of Forterra plc. Justin is also a member of the National Trust audit Committee. Justin will step down from the Board at the close of the Company's Annual General Meeting on 31 July 2020.

Jill May*
Independent Non-Executive Director

Age 58
Appointed 2017
Committees A N R S

Experience
Jill's executive career in investment banking spanned 24 years, 13 years in M&A at S.G.Warburg & Co. Ltd and 12 as a Managing Director focused on strategy and organisational change at UBS. She was also a Non-Executive Director of the UBS UK Pension Scheme. She has extensive knowledge of investment banking, asset management and private banking across EMEA. She is an External Member of the Prudential Regulation Committee of the Bank of England, and a Non-Executive Director of three other

listed investment companies. Jill will step down from the Board at the close of the Company's Annual General Meeting on 31 July 2020.

James Peggie
Senior Independent Director

Age	49
Appointed	2012
Committees	A N R* S

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

* Caroline Britton and Kelly Cleveland will join the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both will be appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May will step down from the Board at the close of the Company's Annual General Meeting on 31 July 2020 and Caroline will be appointed as Chair of the Audit Committee. Further information relating to these Board changes is provided in the Corporate governance report, which includes biographical details for the new Non-Executive Directors, on page [●] and in the Nomination Committee report on page [●].

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

Committee membership
A Audit Committee

R Remuneration Committee

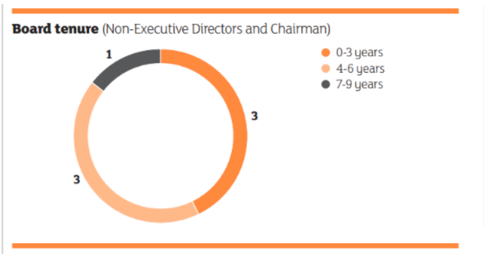
N Nomination Committee

S Sustainability and Ethics Committee

***** Committee Chair

Board composition

[Style:]



Board composition [donut]

Non-Executive Directors	5
Executive Directors	2

Age

49 Ave 58 68

Board tenure (Chairman and Non-Executive Directors) [donut]

0-3 years:	3
4-7 years	1
7-9 years:	1

The tenure for both Executive Directors is 6 years

Note: As at 29 May 2020

Sirius Facilities Senior Management Team

[IMAGES]

Andrew Coombs
Chief Executive Officer
See page [●]

Committees AM*

Alistair Marks
Chief Financial Officer
See page [●]

Committees AM

Rüdiger Swoboda
Managing Director

Age 56
Joined 2010
Committees AM HR

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.

Craig Hoskins
Asset Management Director

Age 49
Joined 2006
Committees AM ESG HR*

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

Stuart Gale
Information Technology Director

Age 42
Joined 2019
Committees AM TEC

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

Diarmuid Kelly
Finance Director

Age 39
Joined 2015
Committees AM ESG TEC

Experience
Diarmuid holds a MSc in International Business as well as a BA in History and Economics, from the University of Exeter. Diarmuid is a Fellow Member of the Association of Chartered Certified Accountants and is the Finance Director for Sirius Facilities GmbH.

Previously he held various international positions, including Head of Financial Control – Hospitality Real Estate for the Abu Dhabi Investment Authority and Senior Fund Analyst for the private equity firm Livingbridge.

Anthony Payne
Director of Yield Management and Information Services

Age	52
Joined	2010
Committees	AM TEC*

Experience
Anthony holds a BSc in Accounting and Finance from Brighton University and is a qualified Chartered Management Accountant. Anthony is the Director of Yield Management, Information & Technology Services for Sirius Facilities GmbH. Previously 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.

Kremena Wissel
Marketing Director

Age	41
Joined	2006
Committees	AM ESG* HR

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, United Kingdom, China, Vietnam and South Africa. Previously she worked for Media ProSieben, the leading media production company, and now works as Marketing Director at Sirius Facilities GmbH. She was awarded a lifetime membership of Beta Gamma Sigma, the international business school society.

Committee membership

AM Asset Management Committee

ESG Environmental, Social and Governance Committee

HR Human Resources Committee

TEC Technology Committee

***** Committee Chair

Corporate governance

[Image of Danny Kitchen]

Dear Shareholder

Since joining Sirius in 2018, I have been impressed with the dynamism of this business, which is ably led by Andrew Coombs and Alistair Marks. This is a business which operates entrepreneurially in a way where each individual is valued and opinions can be expressed openly and frankly. The dynamics of the Group are evident from the bottom up: a disciplined numerical focus contributing to the success of the business, a keen eye for efficiency and effectiveness, and a sense of belonging where achievement is recognised.

Sirius moved from AIM to the Main Market of the London Stock Exchange and from AltX to the Main Board of the Johannesburg Stock Exchange in 2017 and, in just over two years, the Company moved into the FTSE 250 index in September 2019. Accordingly, we have been adapting our governance to reflect the Group's inclusion within the FTSE 250 over a very short timeframe. Strong relationships with our shareholders have been central to our success to date and, at the 2019 Annual General Meeting ("AGM") through their votes, some shareholders expressed specific views on three particular issues. Since then we have continued to engage with them to address their concerns. An update on these areas is provided in the Stakeholder engagement section of this report on page [●].

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have been taking measured steps towards broadening boardroom diversity since then. I am delighted, therefore, to welcome Caroline Britton and Kelly Cleveland to the Board, who will join us on 1 June 2020 as independent Non-Executive Directors. Caroline 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 and Investment Committee at Make a Wish Foundation International. Kelly also 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 FTSE100 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. I am confident that they both will add considerable insights and value to our decisions. Justin Atkinson and Jill May will step down from the Board at the close of the 2020 AGM, enabling them to focus on their various roles and further opportunities with other organisations. The Board is very grateful for the expertise they brought to us during a time of significant change. Caroline Britton will take over from Justin as Chair of the Audit Committee following the 2020 AGM.

In March 2020, we relaunched the Social and Ethics Committee as the Sustainability and Ethics Committee. This was in recognition of a greater focus on the impact of climate change on our business, and the impact of our business on climate change. The Committee's core mandate is to improve the Group's economic sustainability and ethical performance. We have established a strategic framework to take us forward. While we will also need our suppliers and tenants to work with us if we are to make meaningful inroads, we recognise that Covid-19 will remain foremost in all minds for the immediate future. Nonetheless, we look forward to engaging with them in a spirit of partnership over the next few years, and we will report to you on our progress in future reports.

My priorities for the coming year are to support the Executive Directors as they seek to navigate the business successfully through the Covid-19 crisis, and to integrate our new Non-Executive Directors quickly into a high-performing Board.

The Annual General Meeting will be held at 11.00 a.m. (UK time) on Friday, 31 July 2020 at 33 St James' Square, London SW1Y 4JS. I draw your attention to the Shareholder Circular and Notice of Meeting which accompanies this Annual Report and Accounts, where you will find more details.

Danny Kitchen
Chairman

Statement of compliance

Sirius is a property company incorporated in Guernsey and listed on the premium segment of the Main Market of the London Stock Exchange ("LSE") and the Main Board of the Johannesburg Stock Exchange ("JSE"). It is a leading operator of branded business parks providing conventional space and flexible workspace in Germany. Pursuant to a standing dispensation issued in 2018 by the JSE, the Company is not required to apply the King IV Code on Governance™ for South Africa 2016.

Except as described below, 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 2020, a copy of which can be found at www.frc.org.uk.

Due to the timing of the Covid-19 crisis which took precedence at a key time in the Board's annual programme, the Company did not comply with the 2018 Code in the ways described below. The Board is confident that these areas will be addressed in the 2021 Financial Year.

1. The Chairman did not hold a meeting during the financial year with the Non-Executive Directors without the Executive Directors present. However, the Chairman held individual meetings with each Non-Executive Director.
2. The opportunity formally to review the succession plan for the Executive Directors and other members of the Senior Management Team was deferred to the May 2020 meeting of the Nomination Committee.
3. A strategy paper was presented to the Board in the 2019 Financial Year. Due in the 2020 Financial Year, the formal review of the alignment of culture and values with strategy and risk was deferred.

Corporate governance

Leadership and Purpose

How Sirius is governed

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

Anthony Gallagher
Company Secretary

Executive Leadership

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

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

Asset Management Committee
Oversees the delivery of the strategic plan and operational performance in-line with plans approved by the Board

Environmental, Social and Governance Committee
Oversees the ESG aspects of the business in Germany in collaboration with the Sustainability and Ethics Committee and the Company Secretary

Human Resources Committee
Oversees the HR aspects of the business in Germany

Technology Committee
Oversees the technology and information systems of the business

Independent

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

Justin Atkinson*
Non-Executive Director
Qualified accountant and former CEO of a FTSE 250 company

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

Jill May*
Non-Executive Director
Former investment banker and external member of Bank of England PRC

Audit Committee *Page [●]*

- *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 *Page [●]*

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

Remuneration Committee *Page [●]*

- *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*

Sustainability and Ethics Committee *Page [●]*

- *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*

Note: As at 29 May 2020
* aroline Britton and Kelly Cleveland will join the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both will be appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May will step down from the Board at the close of the Company's Annual General Meeting on 31 July 2020 and Caroline will be appointed as Chair of the Audit Committee.

Board Committees

Executive Committees

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.

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 [●] and [●].

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 2020 financial year, the Company continued to review and develop the Group's culture and its alignment with our purpose and strategy. This work is ongoing and over the next year will be particularly focused on the Group's first and second-line managers who, together with the Senior Management Team, have the biggest impact on the business's culture. We expect to report on these areas in the 2021 Annual Report and Accounts.

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 Danny Kitchen	Responsible for leading the Board and the quality of its performance. Provides guidance to the Chief Executive Officer when requested. Sets the Board's programme of work. Ensures that the Directors understand the views of shareholders and other stakeholders on relevant topics. Promotes a culture of openness and debate in the boardroom and constructive relations between the executive and non-executive elements of the Board. Ensures that the Board receives accurate, timely and clear information.
Chief Executive Officer Andrew Coombs	Formulates and proposes strategy for the Board's approval. Responsible for executing the strategy and the day-to-day management of the Group. Shapes a business culture which is aligned with the delivery of the strategy and the overall values set by the Board. Allocates resources and creates direction and momentum to deliver success for the Group within the agreed risk framework set by the Board.
Chief Financial Officer Alistair Marks	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 and operational performance of the business.
Senior Independent Director James Peggie	In addition to the responsibilities of a Non-Executive Director outlined below, acts as a sounding board for the Chairman and serves as a trusted intermediary for the other Directors. Available to discuss with shareholders any concerns that cannot be resolved through the normal channels of communication with the Chairman or the Executive Directors. Annually appraises the Chairman's performance.
Other Independent Non-Executive Directors* Justin Atkinson Mark Cherry Jill May	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.

* Caroline Britton and Kelly Cleveland will join the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both will be appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May will step down from the Board at the close of the Company's Annual General Meeting on 31 July 2020 and Caroline will be appointed as Chair of the Audit Committee. Further information relating to these Board changes is provided in the Nomination Committee report on page [●].

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.

In addition to four scheduled Board meetings in the financial year, there was a Board visit to several sites in Germany and a number of unscheduled meetings, often at short notice, which were very well attended by all members of the Board. The following table sets out the Directors' attendance at scheduled Board and Committee meetings during the 2020 financial year:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability and Ethics Committee(3)
Total meetings	4	3	2	3	1
Danny Kitchen (Non-Executive Chairman)	4/4 ●		2/2 ●	3/3 ○	
Justin Atkinson (Non-Executive Director)	4/4 ○	3/3 ●	2/2 ○	3/3 ○	1/1 ○
Mark Cherry(1) (Non-Executive Director)	3/3 ○	1/1 ○	1/1 ○	2/2 ○	1/1 ○
Jill May(2) (Non-Executive Director)	4/4 ○	3/3 ○	1/2 ○	3/3 ○	1/1 ○
James Peggie (Senior Independent Director)	4/4 ○	3/3 ○	2/2 ○	3/3 ●	1/1 ○
Andrew Coombs (Chief Executive Officer)	4/4 ○				1/1 ●
Alistair Marks (Chief Financial Officer)	4/4 ○				

● Chairman of Committee
○ Committee member

(1) Mark Cherry joined the Board on 14 June 2019. He was appointed as a member of the Remuneration Committee on 20 September 2019 and of the remaining Committees on 30 March 2020.
(2) Jill May was unable to attend one Nomination Committee meeting on 30 March 2020 because she was called to a telephone meeting at very short notice for another organisation at a key time during the emerging Covid-19 crisis.
(3) On 30 March 2020 as part of its reconstitution, Justin Atkinson stood down from the Sustainability and Ethics Committee and the minimum number of meetings of the Committee was increased from one to two.

Key focus areas

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

Area	Subject	Link to Group Purpose and Strategy	Relevant Section 172 Considerations*
Strategic	Core portfolio: • Acquisition of seven properties of mixed-use space totalling almost 200,000 sqm for €120.0 million • Organic growth programme focusing capital on the most accretive opportunities • Notarisation for disposal of a property in Weilimdorf for €10.1 million • Transfer of 65% interest in five business parks to seed into Titanium generating net proceeds of €70.0m Titanium portfolio: • Acquisition of a business park in Hilden near Düsseldorf for €58.9m, resulting in Titanium owning in excess of €225.0 million of property at 31 March 2020.	Follows the Group's stated drivers of value creation (see page [●]): • 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 • Highly accretive capex investment programmes	These strategic decisions were made with the longer-term success of the Company foremost in the Board's thinking. Considerations included advancing the successful relationship with AXA Investment Managers – Real Assets, the suitability of provision to current and potential tenants, and the efficient deployment of our field colleagues who serve the core and Titanium portfolios.
Emerging Risk	Intensive review of Covid-19 crisis, including: • colleagues' welfare and safety • immediate business continuity arrangements • Group's financial resilience and related stress testing with sensitivities based on extreme and realistic variables, including the potential impact on banking covenants and available cures • assessment of tenant resilience and red flag indicators • potential impact on valuations • impact on planned strategic and tactical initiatives, including capex investment programmes • impact on Group's financial performance for 2020 financial year and forecasts for 2021 financial year • potential impact on dividend sustainability • potential impact on Group's planned reporting timetable	Prioritises colleagues' health and financial welfare and the social effects on the communities in which they live Enables tenants to continue functioning as far as possible Preserves the business to emerge through the Covid-19 crisis in a position of strength and ready to respond to opportunities	A broad range of considerations were addressed during the Executive Directors' presentations and the Board's discussions. These included: • how best to preserve long-term value and capability within the business to serve the interests of colleagues who rely on the business to support their families, and investors • how to support workforce wellbeing and practical deployment to maintain a good service to tenants • maintaining supplier relationships and continuity of supply • the Group's readiness to respond to opportunities as they may arise • the ethics of receiving German Government support while expecting to pay a dividend to shareholders. German Government support to Sirius was considered and dismissed early in the process as it was unlikely to be material and the Company's balance sheet was considered to be strong enough to support the business through the crisis. A range of potential mitigations were agreed, subject to trading experience in April and beyond. It was decided not to seek any salary reductions or to reduce headcount, but recruitment was frozen in relation to current vacancies and those arising through natural attrition.
Business	• Detailed review of Titanium launch and monitoring its implementation • Approved property acquisitions and disposals • Considered asset management plans • Review of site development potential • Reviewed Group's IT strategy as a driver of people performance and sales • Monitored movements in estate valuations, yields and other key business metrics, and the underlying drivers	Follows the Group's stated drivers of value creation (see page [●]): • 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 • Advanced IT systems	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. The Board wished to understand how the IT strategy enables each colleague to increase the value they add to the Group's performance and how it reduces business risk. The IT strategy directly contributed to the smooth transition to remote working during the Covid-19 crisis.

Financial	• Approved new unsecured Schuldschein facility • Decision to pay a dividend for the second half of the 2019 financial year above normal policy but in-line with expectations • Early repayment in full of the K-bonds and DG Hyp facilities, and the partial repayment of the Berlin Hyp AG / Deutsche Pfandbriefbank facility • Entered into extension of the BerlinHyp facility • Considered investor demand for interest cover ratio metric • Raised the capex threshold requiring a Board decision to €2.0 million, reporting capex investment over €500,000.	Follows the Group's stated drivers of value creation (see page [●]): • Strong banking relationships • Utilisation of "structural" vacancy • Improvement of service charge recovery • Highly accretive capex investment programmes	Capital efficiency and flexibility has a direct effect on the Group's current and future success and improves its management of risk. Entering into the unsecured Schuldschein facility augmented the number and value of unencumbered assets. This significant step has enabled the Company to be confident in its ability to navigate any financial crisis more flexibly, as unencumbered assets can be applied to cure any banking covenant issues in the Group's secured debt facilities should the need arise.
Stakeholders	• SID report on engagement with dissenting investors following adverse AGM votes • Appointed Danny Kitchen as the designated Non-Executive Director with responsibility for engaging with the workforce and received subsequent reports 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 capital markets days and ad hoc meetings with investors and analysts • Received market updates from the Company's UK brokers and South African sponsor	Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. The health of these relationships are critical to the Group's ongoing success.	By continually developing its understanding of investors' and colleagues' view on a range of issues, the Board is able to make better decisions with wider considerations in mind. Practically, these perspectives came to the fore during the Covid-19 crisis Board calls, where the impact on colleagues and tenants in addition to investors were taken into consideration.
Sustainability	• Considered climate change as an emerging financial risk • Review of the business's environmental, social and governance programmes in Germany	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 terms. 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.
Governance	• Considered Hampton-Alexander diversity targets for FTSE 250 companies • Conducted an internal board evaluation • Debated implications of a step increase in audit fee • Approved new Modern Slavery Statement and Anti-Bribery and Corruption Statement and Procedures • Various post-committee updates from Committee chairs • Re-constituted Committees and Terms of Reference	Builds and maintains the trust and confidence of investors, colleagues, tenants and local communities in the Board and Senior Management Team. Directly contributes to effective decision-making and stewardship.	The Board is committed to a process of continual improvement, which is served by addressing these various governance matters. The Company believes that modern slavery and bribery and corruption risks to the Group are relatively low. Nonetheless, the Board considers these and other activities are central to the Company's sense of corporate citizenship.

* This element of the table has been prepared in compliance with Provision 5 of the 2018 Code. While Provision 5 requires issuers to describe in the annual report how stakeholder interests and the matters set out in section 172 of the Companies Act 2006 (the "UK Act") have been considered in board discussions and decision-making, the Company is not subject to the UK Act or related regulations. Further information relating to stakeholder engagement and how such engagement has influenced the Company's decisions, environmental considerations, and 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 [●], on pages [●] and [●] of the Sustainability and Ethics Committee Report, and on pages [●] and [●] 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 as between members of the company.

Germany Site Visits

In February 2020, the Board visited five sites in the Essen and Düsseldorf areas over two days, which included properties owned by the Group and the new business park in Hilden which was acquired by Titanium. These visits enable the Non-Executive Directors to develop their understanding of the business and provides context to the implementation of the strategy. The opportunity was also taken to spend time with site managers and to receive business presentations from members of the Senior Management Team on IT security, workforce compensation and the work of the executive ESG Committee. During the first evening, the Directors had an informal Board dinner together.

Diversity - our journey so far

Boardroom diversity

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

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

The importance of taking measured steps towards broadening boardroom diversity in all its forms has been important in the Board's thinking during Board appointments over recent years. Since 2017, we have been progressively working towards greater gender diversity in the boardroom. Following all the Board changes described in the Chairman's letter on page [●], it is expected that 28.6% of the Board will be female. While this currently falls short of the 33% by 2020 target for FTSE 250 companies set by the Hampton-Alexander Review in 2017, which only applied to Sirius when it entered the FTSE 250 in September 2019, the percentage is ahead of the 2019 average of 27.9% for the index as a whole. While the Board is not expected to increase the number of Directors in the immediate future, broadening boardroom diversity will continue to be a primary consideration for future appointments. Further information on the Board's succession planning is set out in page [●] of the Nomination Committee report.

Workforce diversity

The operating company in Germany, Sirius Facilities, is a signatory to the German Charter of Diversity. This means we are committed to promoting diversity and an inclusive culture in all its forms in the workplace. We have a gender-balanced workforce (51% women and 49% men), and a third of our managers are female. Therefore, over time we expect to see more women in the higher leadership roles. We also have an international workforce, with colleagues representing 24 nationalities, highlighting the strong mix of ethnic backgrounds and open and welcoming culture of the business.

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.

Time Commitments and Conflicts of Interest

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

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

Director induction and development

Following his appointment in 2019, Mark Cherry received a formal induction to the Company and the business. This entailed:

- Specific briefings from the Chairman, the Chief Executive Officer, the Chair of the Audit Committee, and the Company Secretary (a briefing by the Chair of the Remuneration Committee is scheduled)
- 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 Association and Group policies and procedures
- A review of recent Board and General Meeting minutes and
- Attending an external training course on the role and duties of a Non-Executive Director and on the UK Corporate Governance Code, as well as specific training on the JSE Listings Requirements, and professional update seminars on current topics, including executive remuneration.

As part of their ongoing development, the Non-Executive Directors visited various operating sites in Germany during the year and received presentations from several members of the Senior Management Team.

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

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

A summary of the knowledge and personal effectiveness training received since April 2019 is provided in the table below.

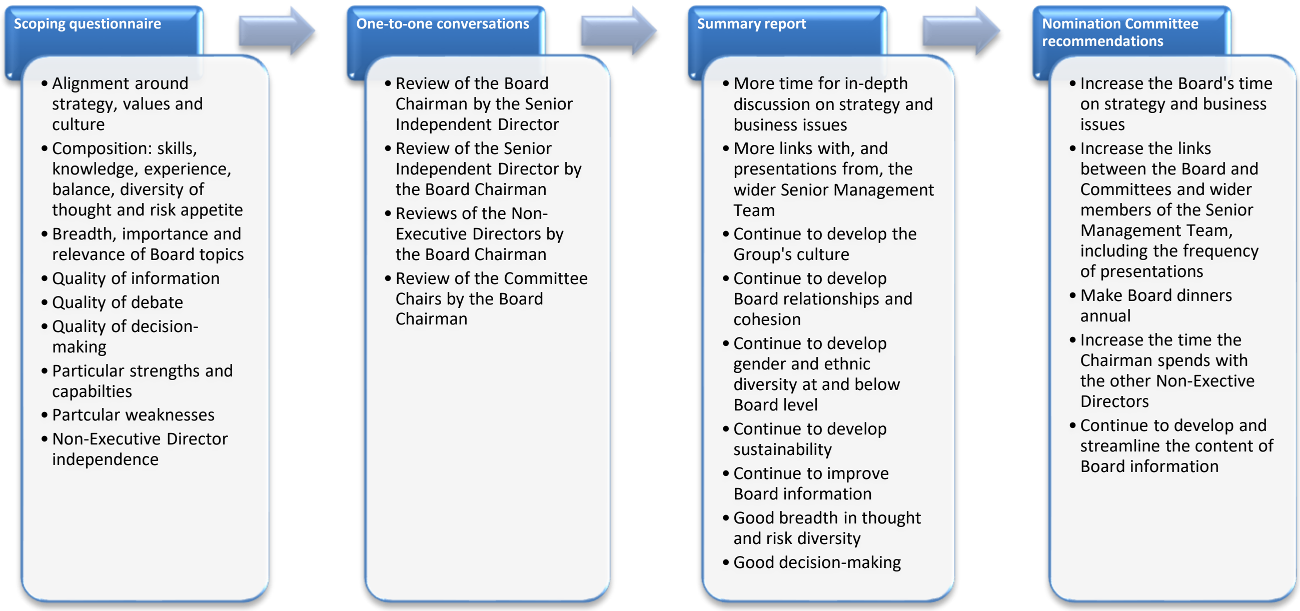
Routine topics	Navigating Covid-19 crisis
Audit practice update	Governmental policies
Cyber security update	Welfare and economic projections
JSE regulation	Audit impacts relevant to the real estate industry on property valuations and audit conduct
Remuneration practice updates	Financial reporting and regulatory implications
Real Estate ESG Management	Updates on regulator Covid-19 guidance
	Communicating with institutional investors
	Financing and banking covenants
	Managing business risk
	Board and workforce remuneration guidance, including setting appropriate performance conditions and metrics

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 undertook an internal evaluation over January and February 2020. A second internally-facilitated evaluation will take place in 2021, with an externally-facilitated evaluation programmed for 2022. The process and outcomes of the 2020 evaluation are summarised below. These themes will be taken forward in the coming year and we will report our progress in the 2021 Annual Report and Accounts.



Boardroom diversity was a key theme arising during the evaluation, and a decision was taken by the Nomination Committee to commence a new search prioritising diversity to broaden the Board's composition. More information about the steps taken is provided in the Nomination Committee Report on page [●].

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 Danny Kitchen, who was considered to be independent on his appointment as Non-Executive Chairman in 2018, the Board is satisfied that the Non-Executive Directors continue to be independent in thought and judgement.

Risk and internal control

Information regarding the Group's Principal Risks is provided in the Strategic Report on pages [●] to [●]. A description of the Group's internal control framework and risk management systems is provided in the Audit Committee Report on page [●].

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. On 29 May 2020, Anthony Gallagher was appointed as permanent Company Secretary in place of Neil Tsappis who was Company Secretary on an interim basis.

Re-election of Directors

While the Company's Articles of Association 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' AGM every year.

Approach to greenhouse gas emissions

The Group's planned approach to the management of greenhouse gas emissions through its governance, processes and internal control is summarised in the Sustainability and Ethics Committee report on page [●].

Engagement with our stakeholders

Engagement with Shareholders

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

The Board has noted the three resolutions which received adverse votes of 20% or more at the 2019 AGM. The Company engaged with a selection of dissenting investors in the United Kingdom and South Africa to understand and respond to their views. The Chairman of the Remuneration Committee wrote to The Investment Association on 29 January 2020 regarding this process and the outcomes, a copy of which can be downloaded from the Company's website: www.sirius-real-estate.com.

Broadly, the dissent related to:

- the number of Danny Kitchen's external appointments;
- the use of a common base year and the size of the maximum potential awards under the Company's 2018 LTIP; and
- objections in principle to the Directors' power to allot equity securities.

During his recruitment in 2018, it was Danny Kitchen's intention to step down from his role as Non-Executive Chairman of Workspace Group PLC as soon as practicable. Workspace announced in 2019 that this will now take effect from the conclusion of Workspace's 2020 Annual General Meeting in July. Following this announcement, the Board consulted further with those shareholders who raised concerns over his other commitments. While recognising that the number of Mr Kitchen's commitments still exceeds some investor guidelines, taking into consideration the relatively noncomplex nature of the remaining two companies of which he is chairman, and having regard to his full attendance record as Chairman of Sirius since joining the Company, his availability to act as designated director for workforce engagement, to attend shareholder meetings in the UK and South Africa and his leadership during the Covid-19 crisis, the Board is satisfied that he is able to devote sufficient time to his role with the Company in order to discharge his responsibilities effectively.

The 2018 LTIP, which will govern awards made in respect of each financial year up to and including the year ending 31 March 2021, was approved by shareholders in December 2018 and has only one tranche of awards remaining to be made in June 2020. This tranche will be at a lower quantum than in previous years, which reflects the transitional nature of the 2018 LTIP from the previous scheme, as the Company explained to shareholders in December 2018. It remains the Board's view that this current scheme continues to be effective for this transitional period and has contributed to the positive performance of the Company in the past two years. The Remuneration Committee will again consult with shareholders before a new LTIP scheme is put to shareholders in respect of awards to be made for the 2022 financial year. This is expected to complete the transition to a conventional remuneration policy, including a blend of fixed and short and long-term variable pay, while taking into account the significant progress the Company has made in a short period of time, provided this is maintained.

While acknowledging the position of certain investors to wish to restrict the Directors' power to allot equity securities, the Board believes the power provides flexibility to act in investors' interests, is subject to sufficient restrictions and safeguards, and is in-line with general market practice in the UK. While the clear majority of shareholders support the power as it currently stands, the Company will respond should the majority of investors shift decisively against this type of authority in the future. The Board believes the Covid-19 crisis highlights the benefits of continuing to follow the UK general market practice.

Additional information on the remuneration vote at the 2019 AGM pursuant to the JSE Listings Requirements is provided on page [●] of the Directors' remuneration report. The Company has also engaged with shareholders on the subject of gender diversity, more information on which can be found on page [●].

Engagement with Colleagues

The Group has engaged with colleagues through a number of channels during the year, including:

- Annual employee survey addressing amongst other things leadership quality, working conditions and pay
- Follow-up roadshow with Danny Kitchen and Andrew Coombs, which addresses the results of the annual survey and opens dialogue on topics of interest to colleagues which, in 2019, addressed both working conditions and pay for the wider workforce and how that compares with remuneration for the Executive Directors
- The Employee Improvement Programme team comprising a mix of head office and field staff, which was established in September 2019
- Regular site visits by members of the Senior Management Team
- Board of Directors site visits
- The Sirius Academy internal training programme, which offers training across a range of areas including communication skills, finance, property and facility management, people management and leadership development

- Hosting regular team sports and other wellbeing events throughout the year including running, football and yoga
- Offering German and English language lessons to help our colleague integration.

More information can be found on pages [●] to [●].

Engagement with the Community

The Group has several initiatives with local communities, including:

- Colleagues participating in the Berlin half Marathon
- Supporting charities and community initiatives that matter to our people and the communities they live in, such as cancer charity Deutsche Krebhilfe, children’s charity Kinderhilfe and animal shelter Tierheim.

More information can be found on pages [●] to [●].

Audit Committee report

Ensuring accountability and transparency

[IMAGE]

> The primary functions of the Audit Committee are to:
>
> - ensure the integrity of its periodic financial statements
> - keep under review and to monitor the Company's financial control and risk management systems, its processes for complying with laws, regulations and ethical codes of practice
> - 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 2020.

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

The Committee maintains a busy and wide-ranging agenda. In addition to the usual work carried out by the Committee, the emergence of the Covid-19 crisis as a significant risk has been foremost in the Committee's thinking during the year-end process. This entailed giving close attention to the Company's public statements relating to the management and potential impact of the crisis, and maintaining focus on the management and quality of the external audit as it was adjusted to navigate the social restrictions imposed by the governments of Germany, The Netherlands and the UK. Assurance on audit quality is a primary responsibility of the Committee.

The Covid-19 crisis also brings the Board's viability statement into sharp focus. Given the business's financial position and business model, the Committee has not considered the pandemic to present an existential threat to the Company. However, the rigour of the stress testing carried out by Management has enabled the Board to report confidently to shareholders on the Group's prospects and viability. We give more detail of our review on page [●] of this Report, and the viability statement itself can be found on pages [●] and [●] of the Strategic Report.

Shareholders are aware that Sirius does not have an in-house internal audit function. The Group's internal audit programme is therefore externally facilitated. The Committee commissioned BDO LLP ("BDO") and PricewaterhouseCoopers LLP ("PwC") to carry out reviews respectively of the Group's internal financial controls and of its legal structure and tax compliance to ensure it remains fit for purpose in a complex and changing regulatory environment. These were detailed pieces of work. While both reviews highlighted minor areas requiring improvement or adjustment, they concluded that the arrangements were operating satisfactorily. In the 2021 financial year, the Committee will continue to build on this work and develop the internal audit programme.

The Committee was notified in January 2020 that the Johannesburg Stock Exchange ("JSE") had selected under a random process the Company's financial statements for 2019 and interim results for the six months to 30 September 2019 for review under its proactive monitoring programme. The JSE raised three areas for its review, being the Company's choice of operating segments, the detail provided in the tax reconciliation and the location of its alternative earnings measures. The review concluded satisfactorily. While the Company was satisfied with its disclosures, it undertook to add further detail to the operating segment and tax reconciliation disclosures to aid understanding, and to move the alternative earnings measures from the face of the Consolidated Statement of Comprehensive Income to the Notes.

Several significant and wide-ranging reviews into the audit market have been published recently, which the Committee continues to monitor. Those, which demonstrate that the work of the Committee is becoming ever more important, are summarised below.

- The Independent Review into the Quality and Effectiveness of Audit by Sir Donald Brydon CBE was published in December 2019. The report aims to improve audit and assurance in relation to companies with debt or securities admitted to trading on a regulated market (including the London Stock Exchange's Main Market).
- In April 2019, the Competition and Markets Authority ("CMA") published its final report on a study regarding the UK statutory audit services market. Among its main recommendations are changes to the regulation of audit services (replacing the Financial Reporting Council ("FRC")) and measures to increase the choice and quality of audit provision, including an operational split between audit and non-audit practices within the Big Four audit firms. For Audit Committees, a key emphasis will be prioritising audit quality over other selection criteria when tendering for audit services. The Government is currently considering responses to a consultation on the CMA's proposals.
- An independent review, commissioned by the Department for Business, Energy & Industrial Strategy ("BEIS") and led by Sir John Kingman, examined the FRC's governance, impact and powers, and published its review in December 2018. Among other things, the Kingman review recommends that the FRC be replaced with a new independent regulator (to be called the Audit, Reporting and Governance Authority) accountable to Parliament with new powers to avert corporate failures.
- Separately, Sir John Kingman personally reported to BEIS that the new regulator should have the ability (but not the obligation) to intervene by appointing auditors and setting their fees in certain specified circumstances.

The Committee members visited various operating sites in Germany in the year, which gave us invaluable insights into the Group's operations and management of risk, in particular as to how supervision is carried out.

I would like to thank members of the Committee and all the colleagues who have contributed to our work, for their time and valuable contributions during what has been a particularly busy year. I especially want to thank Management for delivering the financial statements and the external audit team for auditing them to a very high standard despite the challenges presented by the Covid-19 crisis, which required everyone to adopt entirely new working practices at very short notice, underpinned by tireless commitment and considerable flexibility.

Justin Atkinson
Chairman of the Audit Committee

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Justin Atkinson (Chairman)	3/3
Mark Cherry(1)	1/1
Jill May	3/3
James Peggie	3/3

(1) Mark Cherry was appointed to the Committee on 30 March 2020

The Committee met three times in the year, and comprises four members, all of whom are independent, Non-Executive Directors. The Board considers that Justin Atkinson, who is a qualified Chartered Accountant, chair of the audit committee of James Fisher plc and a member of the audit committees of Kier Group plc and the National Trust, possesses the necessary recent and relevant financial experience to satisfy the requirement of the 2018 Code. Justin Atkinson will step down from the Board at the close of the 2020 AGM and Caroline Britton will be appointed as Chair of the Audit Committee. Caroline Britton's qualifications to act as Chair of the Audit Committee are provided on page [●] of the Corporate governance 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 Auditor's annual audit plan to ensure it is consistent with the agreed scope of engagement and it takes responsibility for all aspects of the Auditor's appointment, performance and independence.

The Committee gives due consideration to laws and regulations, 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 to eliminate risk and are described in more detail in the principal risks and uncertainties section of the Strategic Report on page [●].

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

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

Key focus areas

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

Area	Subject
External audit	• Assessed EY's annual submission of eligibility to act as Auditor for the purposes of paragraph 22.15(h) of the JSE Listings Requirements • Received a report and presentation from the Group's valuers, Cushman & Wakefield, on the portfolio valuation for the 2020 financial year • Received and discussed EY's final report on its audit for the 2020 financial year • Reviewed the Directors' representation letter to the Auditor in relation to the audit for the 2020 financial year and recommended it to the Board for approval • Received and discussed EY's audit strategy and planning report for the 2020 audit, including the scope, areas of focus, materiality, team and programme • Reviewed the audit firm's pubic disciplinary and quality record, and its auditor transparency report • Assessed the Auditor's performance, quality and independence • Assessed the quality of the 2019 audit • Received EY's audit update report in relation to the 2020 audit, including Covid-19 issues relating to audit conduct, revenue recognition and portfolio valuation • Held private sessions with EY without Management present
Annual Report and Accounts 2019 and preliminary announcement of results	• Reviewed the Board's going concern and viability statements • 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 2020 and announcement of results	• Reviewed the CFO's summary of the half year results • Received and discussed EY's report on its half year review • Reviewed the content and recommended the Half Year Report and announcement to the Board for approval
Dividends	• Reviewed a solvency statement as required under Guernsey Law and considered the dividend for the second half of the year ended 31 March 2019, recommending it to the Board for approval • Reviewed a solvency statement and considered the dividend for the six months ended 30 September 2019, recommending it to the Board for approval
Internal audit	• Received and discussed a report and presentation from BDO on the Group's internal financial controls • Received and discussed a report and presentation from PwC on the Group's legal structure and tax compliance • Received periodic updates on the implementation of the principal recommendations from the BDO and PwC reviews
Risk, controls and regulation	• As part of wider Board calls, reviewed extreme and realistic stress tests in relation to the impact of the Covid-19 crisis 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 • Monitored and reviewed the Group's responses to the JSE in relation to a random review of the Annual Report and Accounts 2019 and Half Year Report 2020 under the JSE's Proactive Monitoring programme • Reviewed the Group's risk management policy and undertook a review of the effectiveness of the Group's internal controls
Policy	• Approved a new Non-Audit Fee Policy following the Revised Ethical Standard 2019 published by the FRC in December 2019
Governance	• Considered the underlying reasons for proposed increases in audit fees, and agreed the fee progression for 2021 financial year • Received feedback relating to the Committee from the 2020 Board evaluation

2018 UK Corporate Governance Code ("2018 Code"), Guidance and Standards

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

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, is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount and exit cap rate. There is a risk that the carrying value will differ from its fair value.	The fair value of the Group's owned investment properties is determined by an independent valuer on the basis of a discounted cash flow model using a range of 10–14 years. The Committee considered the Management's assessment of the carrying value of investment property and the appropriateness of supporting business plans as well as the transactional evidence available on the market. The Committee also considered offers that have been received by the Group on properties that have been marketed for sale as well as the levels at which assets have been disposed. EY report 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 Cushman & Wakefield's valuation judgements. The Committee concluded that, based on the degree of oversight and challenge applied to the valuation process, the valuations are conducted appropriately and objectively.
Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives in the core portfolio Certain transactions require management to make judgements as to whether and to what extent it should recognise revenue and present it within the financial statements. Market expectations and profit-based targets may place pressure on management to distort revenue recognition, which in turn may result in an overstatement of revenues.	The Committee considered the main areas of judgement applied by Management in accounting for revenue including the treatment of rent, service charge income and lease incentives in the core portfolio. EY performed data analytics procedures over the whole population of leases in the Group's portfolio and over the whole population of journal entries posted to revenue during the year. EY also performed analytical review procedures and tested samples of transactions relating to rental income, service charge and other components of revenue. The Committee concluded that, having consulted EY and considered the main areas of judgement applied by Management, revenue is appropriately recognised and reported.
Assessment of uncertain tax positions In the ordinary course of business, Management makes judgements and estimates in relation to the tax treatment of some transactions in advance of the ultimate tax determination being certain. Where the amount of tax payable or recoverable is uncertain, Management uses judgement in recording a corresponding payable or receivable. As a result of such estimations income may be overstated and expenses may be understated.	The Committee considered the main areas of judgement applied by Management taking into account its legal structure and multi-tax jurisdictions within which it operates. During the year, PwC reported to the Committee on its review of the Group's legal structure and tax compliance. The review gave comfort that the Group's tax compliance arrangements operated satisfactorily. EY used tax specialists to understand and assess tax risks for the Group in each jurisdiction in which it operates. EY performed analytical review work, obtained correspondence with tax authorities and challenged Management assessments. The Committee concluded that, following discussions with the external audit team, a professional services firm review and consideration of Management's judgements and estimates, tax provisions have been recognised on an appropriate basis.

Effects of Covid-19 crisis on property valuations and Directors' going concern assessment

The Covid-19 crisis has increased the level of uncertainty, affecting both the property valuations as at 31 March 2020 and the Directors' assessment of going concern over the period of 12 months from approval of the financial statements.

Uncertainty in the investment property markets has arisen due to fewer transactions being undertaken with which to corroborate estimates of fair values, and in relation to reliable evidence of future rental and service charge income. While this situation does not necessarily lead to less reliable valuations, the degree of uncertainty and therefore the range of possible fair values has increased. A higher degree of caution should therefore be attached to valuations than would normally be the case.

The Directors' assessment of going concern relies on projections made with assumptions on future trading performance, capital expenditure, refinancing requirements and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value and interest cover ratios. The Covid-19 crisis has required the Company to prepare detailed stress tests and sensitivity analyses which model the effects of extreme and more realistic scenarios on the Group's financial position and prospects. By basing the going concern assessment on an extreme stress scenario, the Directors exercise greater prudence even if they consider such a scenario eventuating to be remote.

Along with the Board as a whole, the Committee sought assurances from Management as to the measures taken to safeguard the health and wellbeing of colleagues during the Covid-19 crisis. More details on these considerations are provided in the Corporate governance report on page [●], and on page [●] of the Sustainability and Ethics Committee report.

The Committee considered the explanations of Cushman & Wakefield and EY as to how the increased uncertainty in property markets was addressed in the property valuations as at 31 March 2020 and the audit of the Company's reporting on them.

The key additional considerations for the Committee were the changes in, and uncertainty within, the assumptions of future rent roll, vacancy levels, risk of tenant default, rent-free periods and condition of assets. The Committee also considered the caveats presented in the valuation reports.

Particular changes in assumptions included:

- the introduction of two rent-free months for retail and gastronomy (food and drink) tenants, representing 0.55% of lettable space in the core portfolio;
- the addition of two initial months of void space for all vacant areas and leases with expiry dates until 30 April 2020; and
- additional sensitivity analysis with wider adjustments to the key parameters.

Generally, there were no adjustments to yield assumptions, except in relation to those properties affected by noticeable changes in lease situation since the last valuation as at 30 September 2019.

Physical inspections of properties were not possible during the lockdown period. Prior to the lockdown period, 60% of the planned inspections had been carried out, of which 70% were carried out for the mid-year valuation as at 30 September 2019. In respect to the remaining properties, the Committee accepted the valuer's recommendation that previous inspections supplemented by updates from Management were satisfactory for the purpose of the valuations.

The Committee compared the Cushman & Wakefield 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 before the Covid-19 crisis emerged.

The Committee concluded that, having discussed the impact of the Covid-19 crisis on the Group's property valuations, and the audit of the Company's reporting on them with Cushman & Wakefield and EY respectively, the valuations as at 31 March 2020 are appropriate.

In considering the going concern assessment, the Committee reviewed Management's projections on an extreme stress scenario that results from a major impact relating to Covid-19. The extreme assumptions included in the stress case, the available mitigations should they be required and available financial resources are set out in detail on page [●] of the Directors' report. The Committee also considered the Auditor's opinion on the going concern assessment, and its inclusion as a key audit matter.

The Committee concluded that the Directors' going concern assessment has been prepared on an appropriately prudent basis.

The Committee's 'fair, balanced and understandable' assessment gave particular attention to the Company's statements relating to impact of the Covid-19 crisis on the Group's financial position and prospects.

The above description of the significant matters should be read in conjunction with the Independent Auditor's Report on pages [●] to [●] and the significant accounting policies disclosed in the notes to the financial statements.

Auditor independence and the effectiveness of the external audit process
EY was appointed as the Company's Auditor in September 2018 following a competitive audit tender process which included big four audit firms and one second tier audit firm. The audit will be put out to tender again no later than 2027. The Committee has confirmed compliance with the provisions of the Statutory Audit Services Order 2014, and recommends the reappointment of EY as Auditor at the Company's Annual General Meeting on 31 July 2020.

The Committee meets with the Auditor on average three times a year to discuss its remit. The opportunity is also taken at each meeting to discuss any issues arising from EY's audit work without Management present. The Committee Chair meets with the audit partner outside of Committee meetings at least twice a year.

During the year, the Committee assessed EY's performance, quality and independence. This included:

- reviewing the audit firm's public disciplinary and quality record, and its auditor transparency report;
- reviewing the renewal of EY's accreditation as an audit firm by the Johannesburg Stock Exchange dated 8 August 2019; and
- carrying out an internal review of the Auditor and audit conduct for the 2019 financial year.

The internal review of the Auditor drew feedback from members of the Committee and of 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 was scored highly by the Committee and Management in most areas.

The Auditor's fee for the statutory audit increased for the 2020 financial year to €493,000 (31 March 2019: €331,000). The main reasons for the increase included early direct and indirect effects on the audit market of the various reviews summarised on page [●], and EY allocating more time to the audit than was originally estimated. EY's Head of UK Audit wrote to the firm's FTSE 350 audit clients in 2019 anticipating higher fees citing unprecedented market forces linked to increased regulation. While the Committee is unhappy to see such an increase in the audit fee so soon after EY's audit tender, the recent external influences, increased demands and expectations on external audits are recognised. While taking every opportunity to promote efficiencies within the audit process, the overriding objective of the Committee is to ensure that a rigorous and quality audit has been delivered.

Following the Committee's review, it is satisfied that the Auditor remains independent and is suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

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

Performance evaluation of the Committee

The Committee's performance was considered as part of the Board evaluation process, which is describe in the Corporate governance report on page [●]. 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 will continue to review its position on the establishment of a formal internal audit function on an annual basis.

The Committee commissioned BDO and PwC to carry out reviews respectively of the Group's internal financial controls, and of its legal structure and tax compliance to ensure it remains fit for purpose in a complex and changing regulatory environment. While both reviews highlighted minor areas requiring improvement or adjustment, they concluded that the arrangements were broadly operating satisfactorily. The BDO and PwC reports were made available to the Auditor and discussed by the Committee at its meetings in the presence of the audit partner. Accordingly, the reports assist EY in its understanding of the systems used within the business and the risks associated with them.

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 Auditor;
- monitor the independence and effectiveness of the Auditor; and
- review the Company's procedures for preventing and detecting fraud and bribery.

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

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

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

Going concern and viability statement testing
The Board's Going Concern Statement is provided on page [●] of the Director's report, and the Viability Statement is provided on page [●] 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, creating three forecasts showing the worst, base and best-case scenarios.

In considering the Board's going concern and viability statements, the Committee reviewed detailed stress tests and sensitivities analysis provided by Management which modelled the effects of extreme and more realistic scenarios due to Covid-19 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 extreme scenario.

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

Non-audit services policy
Following the introduction of the Revised Ethical Standard 2019 published by the FRC in December 2019, the Committee approved a new Non-Audit Services Policy during the year. The Policy requires the Committee's prior approval for all non-audit work to be carried out by the Auditor and limits all such fees in any year (excluding specified services required by law or regulation) to a maximum to 35% calculated by reference to the average statutory audit fee over the previous three years.

The total non-audit fees paid to the Auditor during the year ended 31 March 2020 was €63,000 (representing 13% of the statutory audit fee) (31 March 2019: €58,000 paid to EY and the former Auditor KPMG LLP London). The Committee continues to monitor the extent of the non-audit related work undertaken by the Auditor.

Nomination Committee report

[Image of Danny Kitchen]

[Building the future]

Dear shareholder
On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 March 2020.

This has been a busy year for the Committee with the addition of Mark Cherry to the Board as a Non-Executive Director on 14 June 2019, and the search for two Non-Executive Directors.

Mark has an extensive background in real estate, in particular industrial real estate, covering significant parts of Europe, including Germany. As a Non-Executive Director of Sirius, he brings tangible insights into all aspects of the Board's work, especially on property strategy and risk relating to the property portfolio. Mark was identified as someone who closely matched the additional capabilities needed on the Board at that time.

> 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.

Caroline Britton and Kelly Cleveland will join the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both will be appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May will step down from the Board at the close of the Company's Annual General Meeting ("AGM") on 31 July 2020 and Caroline will be appointed as Chair of the Audit Committee. Further information relating to these Board changes is provided in the Corporate governance report on page [●].

With the introduction of the UK Corporate Governance Code 2018 (the "2018 Code"), the Committee's responsibilities have been expanded to include:

- maintaining an effective succession plan for the Board and Senior Management Team;
- overseeing the development of a diverse pipeline for succession for the Board and Senior Management Team; and
- increased reporting obligations.

A comprehensive review of the Committee's Terms of Reference was carried out during the year. Due to the timing of Covid-19 crisis, which demanded more of the Board's time towards the latter part of the financial year, the Committee deferred its planned review of succession planning and the leadership pipeline to the May 2020 Committee meeting.

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have been taking measured steps towards broadening boardroom diversity since then. Page [●] of this report addresses the Board's Diversity Policy, and the Corporate governance report on page [●] 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. In 2019 I was appointed by the Board as the designated Non-Executive Director with responsibility for engaging with the workforce. During my site visits in 2019 and 2020 and conversations with numerous colleagues, I was particularly impressed by the attitudes to diversity and inclusion which run through the business.

We carried out an internal Board evaluation in the year, which covered the Board, the Committees and each Director. The process and outcomes are described on page [●] of the Corporate governance report. The main takeaways were that decision making and thought and risk diversity were considered to be good, and that more time should be spent on strategy and business issues, and continuing to deepen Board relationships.

We adopted a new procedure for Board appointments in-line with the 2018 Code, which is summarised later in this report.

We believe we have begun to address the reasons for the votes against my election as Chair at the 2019 AGM, which related to the number of my external commitments. I will step down as Chairman of Workspace Group PLC at its AGM this July. The Board has expressed its confidence that my remaining two commitments do not materially affect my availability and effectiveness for the reasons provided on page [●] of the Corporate governance report.

Over the new financial year, the Committee's priorities are to integrate the two new Non-Executive Directors successfully, and to review the succession for the Board and Senior Management Team. As James Peggie completed his seventh year as a Non-Executive Director in November 2019, succession for his key roles of Chair of the Remuneration Committee and Senior Independent Director will be a particular focus.

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

Danny Kitchen
Chairman of the Nomination Committee

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Danny Kitchen Chairman)	2/2
Justin Atkinson	2/2
Mark Cherry(1)	1/1
Jill May(2)	1/2
James Peggie	2/2

(1) Mark Cherry was appointed to the Committee on 30 March 2020.
(2) Jill May was unable to attend one Nomination Committee meeting on 30 March 2020 because she was called to a telephone meeting at very short notice for another organisation at a key time during the emerging Covid-19 crisis

Key focus areas

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

Area	Subject
Appointments	• Appointed Mark Cherry as an independent, Non-Executive Director • Agreed the search criteria and process for two Non-Executive Director appointments
Policy	• Approved Procedure for New Appointments
Governance	• Reviewed the Company's progress on gender diversity in the boardroom • Considered the adverse AGM votes relating to the number Mr Kitchen's external appointments • Reviewed findings of 2020 internal Board evaluation and made recommendations in relation to actions to be taken • Carried out a review of Non-Executive Director independence • Reviewed the 2019 Nomination Committee report

Diversity Policy

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

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

The Board's progress on diversity is summarised on page [●] 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 a third of our managers and 51% of the total workforce being female, over time it is expected that more women will be represented in the higher leadership roles.

Procedure for New Appointments

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

Evaluation	Evaluate the balance of skills, knowledge, experience and diversity of the Board against the challenges and opportunities facing the Board and the Group
Description	Describe the role and capabilities required for the appointment, including diversity considerations
Search	Agree on the search methods to be used and selection process to be followed, and brief any external search consultants
Assessments	Depending on the chosen selection process, conduct interviews, perform assessments and carry out background checks as applicable
Factors	Consider any potential conflicts of interest if a candidate is known to a Director, and 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, who 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 candidate's capabilities and qualities, attitudes and values, balance and complementary fit, and the ability to bring constructive challenge.

An executive search consultant was not used for the appointment of Mark Cherry. His selection process involved interviews with the Executive Directors and each member of the Committee.

In parallel to the Board evaluation described on page [●] of the Corporate governance report, a decision was taken by the Committee to commence a new search prioritising diversity to broaden the Board's composition.

Succession planning

Due to the timing of the Covid-19 crisis, the opportunity formally to review the succession plan for the Executive Directors and other members of the Senior Management Team was deferred to the May 2020 Committee meeting. As part of its succession planning during the 2021 financial year, the Committee will consider succession for the key roles of Chair of the Remuneration Committee and Senior Independent Director as James Peggie completed his seventh as a Non-Executive Director in November 2019.

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 will be a key focus for the Committee during the formal review scheduled for later this year.

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 composition, is provided on page [●] of the Corporate governance report.

Sustainability and Ethics Committee report

Building momentum for a sustainable future

“…the Group will continue to strive for a sustainable future for the business, its people and the communities in which it operates.”

[IMAGE]

Dear shareholder

On behalf of the Board, I am pleased to present the Sustainability and Ethics Committee report for the year ended 31 March 2020.

The Sustainability and Ethics Committee fulfils the function of a social and ethics committee under the terms of the JSE Listings Requirements. The Committee considers and makes recommendations to the Board in relation to the critical dimensions of how the Company does business, specifically its value system surrounding environmental impact, ethical standards and social responsibility.

> 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
> - 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 economic sustainability and ethical performance.
>
> The Committee’s Terms of Reference are available at www.sirius-real-estate.com.

Formerly, the Social & Ethics Committee the Company changed the name of this Committee to reflect better its wide-reaching sustainability responsibilities, covering progress and performance on environmental, social and ethical matters. This name change and updated Terms of Reference were approved by the Board on 30 March 2020.

During the year, the Company set out its sustainability framework for the first time and more details of this can be found in the Sustainability section of this Annual Report on page [●]. At the heart of the Company’s sustainability framework is *economic sustainability.* Economic sustainability refers to the practices that support the long-term economic success of the Company while at the same time positively impacting social, environmental, and ethical aspects of the ecosystem.

In 2019, the Company was recognised for its approach to environmental, social and governance factors with an A rating for ESG by MSCI. In-line with the Company’s Purpose, the Group will continue to strive for a sustainable future for the business, its people and the communities in which it operates.

Andrew Coombs
Chairman

How the Committee operated during the year

Membership and attendance

	Meeting attendance[3]
Andrew Coombs (Chairman)	1/1
Justin Atkinson[1]	1/1
Mark Cherry[2]	1/1
Jill May	1/1
James Peggie	1/1

(1) Justin Atkinson stood down from the Committee on 30 March 2020 as part of its reconstitution.
(2) Mark Cherry was appointed to the Committee on 30 March 2020.
(3) On 30 March 2020 as part of its reconstitution, the minimum number of meetings of the Sustainability and Ethics Committee was increased from one to two.

Key focus areas

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

Area	Subject
Purpose	• Reviewed the Group's draft Purpose Statement and its principal drivers
Sustainability	• Reviewed the Group's outline sustainability strategy, including a strategic framework and draft climate change statement
Colleague update	• Received an update from the CEO on employee engagement during 2020 financial year and planning for 2021 financial year
Ethical policies	• Reviewed drafts of the Modern Slavery Statement and the Anti-Bribery and Corruption Statement and Procedures
Governance	• Noted feedback on the Committee's performance from the 2020 Board evaluation which led to its reconstitution and wider remit and orientation towards economic sustainability

Environment
As a major property owner across Germany, Sirius recognises its own responsibility to contribute towards global efforts to address climate change, and to minimise the impact the Company's operations have on the environment around it. 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.

The Company is committed to playing its part in responding to climate change. The carbon emissions of the business are lower than the German average, this is partly due to sourcing over 85% of the Company's energy from renewable sources. Renewables are supplied to 92% of our portfolio. According to the Federal Environment Agency, this alone reduces CO2 emissions by over 21,000 tonnes per year compared to the average German energy mix.

The Group's strategy of maintaining and refurbishing existing brownfield buildings rather than developing greenfield sites means that Sirius can help minimise urban sprawl and contribute to protecting undeveloped land. By recycling existing properties, the Company conserves resources and minimises the use of materials and energy required to construct new properties.

The Group is continuing to work closely with a variety of partners, including tenants, and local communities to reduce carbon emissions and waste. Regulations and initiatives differ across each of the 16 federal states within Germany and we ensure that we adhere to the relevant regulations in each state. The Group aims to equip its tenants with the ability to monitor and manage their energy consumption. We are rolling-out smart meters to tenants in measured phases depending on tenants' specific requirements and through our capex investment programmes. Smart meters enable tenants to actively measure and identify where efficiencies can be found. Our intention is, over time, to ensure as much of our estate as possible can realise the benefits of smart meters. The Group also monitors and discusses usage of water and wastewater with tenants as well as encouraging the use of on-site recycling.

Ultimately, the Company believes that business and environmental interests are aligned when it comes to climate change. A sustainable real estate sector delivers value for clients, shareholders, and helps protect the planet.

People

Employee shareholders
Sirius values every single one of its colleagues and recognises that the success of the business is built on the efforts and achievements of the workforce as a whole. The number of colleagues able to benefit directly from the Company's success has grown again during the year, and there are now 109 shareholders working for the Group.

Training and development
As a business, Sirius continues to invest in its people through a series of training and education initiatives. The Sirius Akademie internal training programme offers training for key colleagues across a range of topics including communication, finance and facility management and, since 2016, over 400 colleagues have taken part in over 40 courses. Sirius actively supports initiatives to support colleagues with health and wellbeing.

Employee wellbeing and engagement
The mental and physical wellbeing of colleagues is of paramount importance to the Company. During the Covid-19 crisis, Sirius took all steps necessary to ensure the safety of colleagues including transitioning all of the workforce to remote working where possible.

Colleagues also continue to benefit from the Company's flexible work policy. Regular sport and relaxation events are hosted, including beach volleyball, running and weekly yoga classes held at the head office. Many members of the Company's head office staff make use of free daily access to a local gym within walking distance of their workplace.

The Group carries out an annual employee engagement survey. In 2019, over 85% of colleagues participated in the employee survey, and both Chairman Danny Kitchen and CEO Andrew Coombs held a series of active engagement sessions across Germany involving the majority of colleagues. The majority of feedback received through the survey and the subsequent roadshow has been acted upon.

Community

When the communities local to the Group's business parks thrive, the Group's business itself thrives too. The Company takes great pride in supporting the communities in which it operates and takes seriously its responsibility as a local employer and good neighbour.

This year the Group has supported charities across Germany, from small, regional organisations to larger national organisations. The Group's approach to charity work continues to put colleagues' personal causes and experiences at the heart of its community programme. This ensures a deep commitment to the charities the business supports. During the 2020 financial year, colleagues voted on the three charities to support. These were the social enterprise Students for Tanzania Exchange Programs Africa (STEP Africa), Herzenswünsche e.V., an association for seriously ill children and adolescents, and the animal shelter Tierheim.

The Company also supported campaigns for organ and blood donations, as well as supporting blood cancer charity DKMS. Another initiative was the "Christmas in a Shoebox" appeal, where employees packed and donated shoeboxes full of gifts for children in need around the world.

Fostering consumer and supplier relationships
The Group's in-house operating platform enables the Group to continue to develop, foster and respond to its consumer and supplier needs whilst protecting privacy. With continued investment in IT infrastructure and regular engagement the Company has increased its ability to meet the changing needs of its stakeholders and serve their interests in more efficient and innovative ways. . Offerings such as the Smartspace product (including office, storage and workbox), Virtual Office and First Choice Business Centres have been designed following engagement with customers. Sirius continues to enhance and upgrade its portfolio of assets through capex investment programmes which focus on deploying investment into sub-optimal space.

Ethics

Purpose
The Company reviewed its corporate purpose during the financial year and this was agreed by the Board on 30 March 2020. For several years, the concept of 'Empowering Business, Unlocking Potential' has been central to the Company's purpose and has helped guide the way the Group operates. In-line with the 2018 UK Corporate Governance Code, the Company has articulated how the Group defines this concept:

> *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.*

Culture and policies
Every colleague undertakes training in understanding diversity and adhering to the code of conduct of Sirius Facilities, the operating company in Germany, which explains the expectations of everyone working for the business in terms of the responsibility to each other and to the Group's business partners and stakeholders. Additionally, the Board approved statements relating to modern slavery and anti-bribery and corruption on 30 March 2020, which are available to download from the Company's website at www.sirius-real-estate.com.

Diversity and inclusion
Sirius is committed to providing an inclusive environment for all colleagues and continues to encourage diversity throughout the Group. As a signatory to the German Charter of Diversity, Sirius Facilities prides itself on creating a culture of inclusion across all levels and departments. In line with the Charter, Sirius ensures all colleagues undertake basic training relating to equal rights in the workplace (Allgemeines Gleichstellungsgesetz) and takes steps to create an open and welcoming culture throughout the business.

The Group employs a diverse workforce with broad representation across gender, religion, race, age, ethnicity, sexual orientation, education and other attributes. The Company now has a broadly gender-balanced workforce of 51% women and 49% men. Every third manager is female and the workforce comprises 24 nationalities with ages ranging from 19 to 69 years of age.

Directors' remuneration report

Completing our journey through the transitional period

We believe that the current transitional Remuneration Policy has contributed significantly to the positive performance of the Company in the past two years.

[IMAGE]

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' remuneration report (the "Report") for the year ended 31 March 2020.

The Annual report on remuneration provides details of the amounts earned by the Directors in respect of the year ended 31 March 2020 and how the Remuneration Policy will be implemented in the year ending 31 March 2021. In-line with both UK regulations and the JSE Listings Requirements, the Annual report on remuneration will be subject to a non-binding advisory vote at the 2020 Annual General Meeting ("AGM").

> The primary functions of the Remuneration 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
> - review workforce remuneration and related policies for their alignment with the Group's values and culture, and taking 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.

Business performance

This has been another strong year in terms of financial performance for the Company. Revenue increased 7.1% to €150.0 million from €140.1 million in the previous financial year, while like-for-like annualised rent roll increased 6.1%, from 31 March 2019. Funds from operations ("FFO"), a key measure of operational performance, increased 15.1% to €55.7 million (31 March 2019: €48.4 million), EPS decreased by 25.3% to 9.55c per share and adjusted EPS increased by 14.4% to 5.24c per share. The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019. The Group has not received any direct state financial assistance in connection with the Covid-19 crisis.

During the year, the Company completed the acquisition of €120.0 million of assets and seeded a new venture with AXA Investment Managers - Real Assets, raising net proceed in excess of €70.0 million. The Group also agreed three new debt facilities amounting to €171.9 million, including the Group's first unsecured debt facility for €50.0 million whilst the average cost of debt in the period reduced to 1.49% (2019: 2.0%). As at 31 March 2020, the Company's owned investment property portfolio[1] had a book value of €1,186.2 million (31 March 2019: €1,132.5 million) with total debt of €485.8 million (31 March 2019: €386.1 million). The Group had unrestricted cash and undrawn facilities of €129.7 million and a net loan to value ratio of 32.8% (31 March 2019: 32.5%). NAV per share increased by 8.9% to 77.35c per share, adjusted net asset value per share ("Adjusted NAV per share") rose 8.5% to 81.54c per share (31 March 2019: 75.17c) and total shareholder accounting return, based on adjusted NAV per share and dividends paid in the period was 13.1% in the period (31 March 2019: 19.3%).

This performance reflects a continuation of the Group's successful strategy, its talented leadership and their efficient management of resources, such efforts being recognised by the markets in September 2019 as the Company entered the FTSE 250 Index. The Company is also a constituent of the FTSE EPRA NAREIT Global Index, the US NAREIT Index, and the FTSE/JSE South African Listed Property Index.

(1) Including assets held for sale.
(2) Market capitalisation calculated using number of shares in issue, closing share price on the London Stock Exchange on 31 March 2020 and a conversion rate of GBP:EUR of 1.12.

Remuneration policy

In December 2018, we explained to shareholders when launching the current 2018 Remuneration Policy that it was transitional in nature and that we intended to move to a more conventional structure in the 2021 Remuneration Policy, which is when the tri-annual shareholder vote will be sought for a new Remuneration Policy. We received shareholder support in 2018 for the current transitional Remuneration Policy, which we believe has contributed significantly to the positive performance of the Company since then.

In accordance with the JSE Listings Requirements, as the non-binding advisory vote at the 2019 AGM on the Remuneration Policy was voted against by more than 25%* of the votes exercised at the meeting by the Company's shareholders, the Company extended an invitation to dissenting shareholders to engage with the Committee. We have engaged with shareholders over their concerns and while there are no proposed changes to the Remuneration Policy until next year, we have improved the disclosures regarding the financial and personal measures for the Executive Directors' bonuses on page [●] following the engagement process.

During the early part of 2021, the Committee will be undertaking a full review of its Remuneration Policy, having regard to market practice and changes in best practice since 2018. As already indicated, we intend to move to a more conventional approach in all aspects of the reward structure, with a view to rebalancing the fixed and variable elements. This may well necessitate some further major changes in Executive Director remuneration, and our aim will be to present to shareholders a typical remuneration structure for a FTSE 250 company. We will be consulting with our largest shareholders on our new 2021 Remuneration Policy in plenty of time ahead of the vote on the new 2021 Remuneration Policy at the 2021 AGM.

* The votes cast for and against the non-binding advisory vote on the Remuneration Policy at the 2019 AGM are provided on page [●]

Executive Directors remuneration for the 2020 financial year

The summary below summarises the implementation of the Remuneration Policy for Executive Directors in respect of the 2020 financial year. It was not necessary for the Committee to exercise discretion in relation to any remuneration outcomes during the financial year.

Salary

Neither Executive Director received a pay rise for the financial year ended 31 March 2020, both directors instead asking not to receive pay rises so that higher increases could be awarded to 52 of the lowest paid workers in the Group, and also some in certain middle management roles who had taken on increased workloads during the course of the previous year.

Annual bonus outturn

As a consequence of the Company's strong financial performance (as highlighted above) and good delivery around strategic and personal targets, both Executive Directors earned 95% of their maximum bonus opportunity, details of which are provided on page [●]. An explanation of how these targets align with the Group's Key Performance Indicators is provided on page [●]. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and to be appropriate.

Base salary at the start of the financial year is used to calculate the bonus awards. 35% of the bonus 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.

Vesting of LTIP awards

There were no LTIP awards with a performance period ending during the financial year, therefore no awards vested. The first LTIP awards which are due to vest under the 2018 LTIP will be the 2018 Awards, which vest in 2021, subject to performance over the three years ending 31 March 2021.

2018 LTIP Awards

During the year, the second tranche of awards under the 2018 LTIP were made to the Executive Directors and other members of the Senior Management Team. Details are provided on page [●].

Covid-19 and implementation of the Remuneration Policy for the 2021 financial year

The Company continues to assess the impact of Covid-19. Our primary focus continues to be the health, safety and wellbeing of our workforce, while maintaining our business resilience and remaining responsive to the challenges faced by our tenants and suppliers during this difficult period. The Executive Directors have addressed the immediate phase of the Covid-19 pandemic with the support of our committed and diligent colleagues throughout the Group and have moved into the management phase which deals with the ongoing resilience of the business and planning towards economic recovery. The Group is positioned to face these challenges with reasonable assurance, which is a testament to the long-term planning of the Executive Directors, and the Company's business model and diversified portfolio.

The Committee will continue to monitor closely the course of the Covid-19 crisis and its effects on the Group over the coming months. Currently, the Committee believes there is no case to seek a temporary reduction or deferral in the pay of the Executive Directors and other members of the Senior Management Team, an approach which is in-line with the workforce as a whole. The crisis does, however, present practical challenges to the Committee as to how to set meaningful and measurable targets for short-term incentives.

As set out above, neither Executive Director received a pay rise for the year ended 31 March 2020. Over the three years ended 31 March 2020, being the period since the Company moved from AIM and AltX to the main markets, the Executive Directors have received one pay rise of 2%, whereas on a like-for-like basis the rest of the workforce who have been with the Company over the same period, excluding the Senior Management Team, have received a pay increase of 15.8% (on average 5.3% per year). Taking into account the increase in size and complexity of the Group over this period and the salary increases awarded to the wider workforce, the Committee had intended to increase Andrew Coombs's salary from £407,000 to £429,385 (an increase of 5.5%) and Alistair Marks's salary from €350,796 to €364,827 (an increase of 4.0%) for the 2021 financial year.. The Committee considered these increases to be justified because: (i) the maximum opportunity under the 2018 LTIP awards will be reduced by 33% this year as part of the planned transition to a more conventional pay structure next year; (ii) the CEO's base salary and total compensation, in particular, are markedly below the lower quartiles of a peer group of comparator companies; and (iii) significant progress has been made in the Group's development in recent years (which has increased the scope and complexity of the business and the role of the Executive Directors).

However, due to the uncertainties arising from the Covid-19 pandemic, the Committee has decided to defer the decision until later in the year. Should the business's performance and prospects give confidence that the increase remains appropriate and should be awarded, consideration will be given to awarding the increases and the Committee may or may not backdate them to 1 April 2020, depending on its assessment of the business performance and prospects at the time. Before any such decision is made, the views of our largest shareholders will be sought, account will be taken of the treatment of the general workforce and of whether the Group has benefited directly or indirectly from public subsidies or support during the Covid-19 crisis to a material extent. Naturally if the business case does not support this, no changes will be made.

As with changes to salary, the Committee also expects to delay setting targets for the Executive Directors' annual bonus plan for the 2021 financial year until the overall picture becomes clearer. When it does so it will exercise its judgement in the round to ensure that awards are appropriate in the context of all relevant factors. Emerging from the Covid-19 crisis successfully will undoubtedly remain a key challenge throughout the 2021 financial year and it is likely that part of the targets will be focused on how well this is met.

The Chairman and Chief Executive Officer also considered awarding increases to the Non-Executive Directors' base fee from £40,000 to £55,000 and the supplementary fees for chairing a Committee or holding the office of Senior Independent Director from £7,500 and £5,000 respectively to £10,000. The proposed increases were to reflect the increase in size and complexity of the Group and that the Company had not made any increase to the Chairman and Non-Executive Director fees since admission to the Main Market in 2017. As with the Committee's position on the Executive Directors' pay described above, the Chairman and Chief Executive Officer now intend to postpone the decision until the Covid-19 picture is clearer, and will take into account the business performance and prospects, and whether or not it is appropriate to backdate increases to 1 April 2020.

As the Chairman was only appointed in 2018, he has confirmed that he does not wish his Chairman's fee to be reviewed this year. More details on the application of the Remuneration Policy in the 2021 financial year can be found on page [●].

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. This year, on pages [●] and [●] we have expanded our customary disclosures to include historic information on CEO pay and information on the relative importance of pay.

Committee evaluation

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

Advisory vote

In-line with the JSE Listings Requirements, the Remuneration Policy will be subject to a non-binding advisory vote at the 2020 AGM. The Remuneration Policy is the same as the Remuneration Policy approved at the General Meeting in December 2018 (except that we have made some minor amendments to reflect that some of the provisions are no longer relevant, for example those provisions of the Remuneration Policy which relate to awards under the 2018 LTIP which have already been granted).

We hope that shareholders will continue to support the 2018 Remuneration Policy and the Annual report on remuneration as we move into the final year of the transitional Remuneration Policy.

James Peggie
Chairman of the Remuneration Committee

How the Committee operated during the year

Membership and attendance

Committee member as at 31 March 2020	Meeting attendance
James Peggie (Chairman)	3/3
Justin Atkinson	3/3
Mark Cherry(1)	2/2
Danny Kitchen	3/3
Jill May	3/3

(1) Mark Cherry was appointed to the Committee on 20 September 2019.

Key focus areas

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

Area	Subject
Decisions relating to the Executive Directors	• Reviewed peer benchmark report prepared by Deloitte LLP, but postponed any decisions on base salaries until Covid-19 picture becomes clearer • Approved bonus outturns for 2019 FY and retention of 35% by deferral in shares through the Deferred Bonus Plan • Released 50% of 2018 Deferred Bonus Plan awards • Approved Ordinary and Outperformance awards under 2018 LTIP and performance conditions • Considered potential 2020 FY bonus conditions
Decisions relating to other members of the Senior Management Team	• Approved outturns for 2019 FY bonuses and the percentage cash retention for one year • Releasing retained bonuses from 2018 FY • Set financial objectives and targets for 2020 FY bonuses • Approved Ordinary awards (and where relevant Outperformance awards) under 2018 LTIP and performance conditions
Decisions relating to managers below Senior Management Team	• Approved Senior Share Incentive Plan awards and performance conditions for 2019 FY to over 50 managers below the Senior Management Team
Governance	• Reviewed 2019 Directors' remuneration report

2018 UK Corporate Governance Code ("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 2020 financial year and we have reported compliance with the 2018 Code within our Corporate governance report on page [●]. In the 2019 Directors' remuneration report, we noted we had already made progress on the new 2018 Code provisions through the updates made to the Remuneration Policy (as approved by shareholders at the 2018 General Meeting). The Committee is mindful of UK shareholder sentiment around the alignment of Executive Director pension contributions with those available to the wider workforce and this has been discussed further on page [●].

When determining the application of the Remuneration Policy, the Committee considered clarity, simplicity, risk, predictability and proportionality and alignment to culture as set out in the 2018 Code. 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. The application of recovery provisions (malus and clawback) enables the Committee to have appropriate regard to risk considerations. In addition, the large shareholdings of the Executive Directors and the operation of a post-employment shareholding guideline further align the interests of our Executive Directors to serve the long-term interests of the Company and shareholders. As part of our culture, in determining the Remuneration Policy, the Committee was clear that it should drive the right behaviours, reflect our values and support our Group purpose and 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, Danny 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 addressing the results of the annual employee survey and spoke to employees about working conditions and pay and how that compares with remuneration for the Executive Directors. There were open Q&A sessions on these and other topics of interest to colleagues. The Board and the Committee also receive updates from members of the Senior Management Team on workforce compensation.

As described in the Corporate governance report on page [●], 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 Share Incentive Plan ("SIP") to create staff alignment with the Group and promote a sense of ownership. 39% of Sirius' staff are currently shareholders. Following the successful conclusion of the current SIP scheme, 42% of Sirius staff will be shareholders.

Directors' Remuneration Policy

The Remuneration Policy was adopted at the general meeting held on 5 December 2018 and reapproved on an advisory basis at the 2019 AGM. The Remuneration Committee believes that the Remuneration Policy remains fit for purpose during this final year of this transitional policy. It is however a JSE Listings Requirement that the Remuneration Policy be put to a non-binding advisory vote each year, unlike the UK triennial practice, and the relevant resolution will be proposed at the 2020 AGM. However, in-line with UK normal practice no changes have been proposed and changes will only be implemented through next year's new Remuneration Policy after consultation with shareholders.

The aim of the Remuneration Policy is to align the interests of Executive Directors with the Group's strategic vision, the long-term creation of shareholder value, and the promotion of responsible behaviours. The Remuneration Policy is intended to remunerate our Executive Directors competitively and appropriately for the effective delivery of the Group's strategy and creation of shareholder value and allows them to share in this success and the value delivered to shareholders.

Executive Directors' Remuneration Policy

The table sets out the elements of Executive Directors' remuneration and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Fixed remuneration

Element, purpose and strategic link	Operation	Maximum opportunity
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: • Group performance; • role, experience and individual performance; • competitive salary levels and market forces; and • pay and conditions elsewhere in the Group.	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: • promotion; • change in scope or increase in responsibilities; • an individual's development or performance in role; and • a change in the size or complexity of the business.
Benefits To provide market appropriate benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, income insurance and death in service benefits. Other benefits may be provided based on individual circumstances, for example relocation or travel expenses or the provision of a company car or cash allowance.	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.	The maximum contribution level is set at 15% of salary.

Variable remuneration

Element, purpose and strategic link	Operation	Maximum opportunity
Annual bonus Rewards performance against targets which support the strategic direction and financial performance of the Group. Deferral provides a retention element through share ownership and direct alignment to shareholders' interests.	Awards are based on performance (typically measured over one year). Pay-out levels are normally determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend pay-outs should any formulaic output not reflect its assessment of performance. 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. Awards may include dividend equivalents earned over the deferral period, which may be delivered in cash or in additional shares and which may assume the reinvestment of dividends on such basis as the Remuneration Committee determines.	The annual bonus opportunity is up to a maximum of 100% of base salary. Targets are set annually and aligned with key financial, strategic and/or individual targets with the weightings between these measures determined by the Remuneration Committee each year considering the Group's priorities at the time. At least 50% of the bonus will be based on profit related measures. For financial measures, no financial element is earned for threshold performance rising to 100% of the maximum for the financial element for maximum performance. 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.
2018 LTIP To provide a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned to shareholders' interests.	The Remuneration Committee intends to make long-term incentive awards under the 2018 LTIP approved at the 2018 general meeting. Under the 2018 LTIP, the Remuneration Committee may grant awards as conditional shares or as nil-cost options. Awards to be granted in respect of the Company's financial year ending 31 March 2021 will consist of "Ordinary Awards" only. Awards will usually vest following the assessment of the applicable performance conditions. Awards will then be subject to a two year holding period on the basis that either: (1) the participant will not be entitled to acquire shares until the end of that period; or (2) the participant is entitled to acquire shares following vesting 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. An additional payment (in the form of cash or shares) may be made in respect of shares which vest under the 2018 LTIP to reflect the value of dividends which would have been paid on those shares during the period beginning with the vesting date and ending with the release date (this payment may assume that dividends had been reinvested in shares on such basis as the Remuneration Committee determines). Recovery provisions apply as referred to below.	The maximum award to an Executive Director under the 2018 LTIP in respect of the Company's financial year ending 31 March 2021 is 1,000,000 shares. The number of shares over which an Executive Director is granted an award in respect of any financial year shall not exceed such number of shares as have a market value (as determined by the Board) at the date of grant equal to 300% of the Company's Chief Executive Officer's base salary prevailing at the date on which the award is granted or, if there is no permanent Chief Executive Officer at the relevant date of grant, the base salary payable to the Company's most recently incumbent permanent Chief Executive Officer. The maximum number of shares over which an award may be granted may be adjusted to reflect any variation of capital or other relevant event, in accordance with the rules of the 2018 LTIP. Awards under the 2018 LTIP will vest subject to the satisfaction of performance conditions as referred to below this table. The performance conditions for the awards to be granted in respect of the Company's financial year ending 31 March 2021 will be assessed over the Company's five financial years ending 31 March 2023.

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 2015 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.

Information supporting the Remuneration Policy table

Explanation of performance measures chosen

Annual bonus

Performance measures for the annual bonus 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.

As explained on page [●], due to the continuing uncertainty during the Covid-19 crisis, the Committee expects to delay setting targets for the Executive Directors' annual bonus plan for the 2021 financial year until the overall picture becomes clearer. When it does so, the Committee will exercise its judgement in the round to ensure that awards are appropriate in the context of all relevant factors. Emerging from the Covid-19 crisis successfully will undoubtedly remain a key challenge throughout the 2021 financial year and it is likely that part of the targets will be focused on how well this is met.

2018 LTIP

The performance measures proposed for the 2018 LTIP awards are based on TNR, TSR and incorporating a loan to value ("LTV") underpin. The targets for the awards to be granted in respect of the Company's 2021 financial year are set out on page [●].

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 change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year). Awards may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the 2018 LTIP.

Recovery provisions

Deferred bonus

The Remuneration Committee has the right to reduce, cancel or impose further restrictions on unvested deferred bonus shares in certain circumstances (including a material error or misstatement of the financial results, gross misconduct or a material failure of risk management).

2018 LTIP

Recovery provisions may be applied to awards under the 2018 LTIP up to the second anniversary of the end of an award's performance period. The provisions may be applied in the event of a material misstatement of audited financial results, material error in the information or assumption on which an award was granted or vests, material risk management failure, serious reputational damage to any member of the Group, material corporate failure or gross misconduct.

If the recovery provisions are applied, an award may be cancelled or reduced (if shares have not been delivered to satisfy it) or the Executive Director may be required to make a cash payment to the Company in respect of some or all of the shares already acquired.

Shareholding guidelines

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

Shares subject to the 2018 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, count towards the guidelines on a net of assumed tax basis.

These guidelines cease to apply on cessation of employment but are replaced by a post-cessation holding guideline as set out on page [●].

Non-Executive Directors' Remuneration Policy

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

Approach to setting fees	• The fees of the Non-Executive Directors are agreed by the Chairman and CEO and the fees for the Chairman are determined by the Board as a whole. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity.
Basis of fees	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board Committees. • Additional fees may also be paid for other Board responsibilities or roles, such as the Senior Independent Director. • Fees are normally paid in cash.
Other	• Non-Executive Directors may be eligible to receive reasonable reimbursements such as travel and other expenses. • 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
The Remuneration Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director, the Remuneration Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate. The Remuneration Committee will take into consideration relevant factors, which may include the calibre of the individual, their existing remuneration package, and their specific circumstances, including the jurisdiction from which they are recruited.

The Remuneration Committee will typically seek to align the remuneration package with the Group's Remuneration Policy. The Remuneration Committee may make payments or awards to recognise or "buy out" remuneration packages forfeited on leaving a previous employer. The Remuneration Committee's intention is that such awards would be made on a "like-for-like" basis to those forfeited. The discretion will not be used to make non-performance related incentive payments (for example, a "golden hello").

The maximum variable remuneration that may be granted on recruitment (excluding buy out awards referred to above) is a bonus of up to 100% of salary, and awards under the 2018 LTIP up to the maximum permitted under the rules of the 2018 LTIP as referred to in the table above.

The remuneration package for a newly appointed Chairman or Non-executive Director will normally be in line with the structure set out in the Non-executive Directors' Remuneration Policy.

Service contracts
Each of the Executive Directors has a service contract with the Group. 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 as at the date of this Directors' remuneration report are set out below:

Name	Commencement	Notice period
Danny Kitchen	24 September 2018	3 months
Andrew Coombs	20 January 2012	6 months
Alistair Marks	20 January 2012	6 months
Justin Atkinson	13 March 2017	3 months
Mark Cherry	14 June 2019	3 months
Jill May	27 November 2017	3 months
James Peggie	27 November 2012	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 and, under their service contracts, the Executive Directors are entitled to a payment of 100% of salary for observing these restrictions. This is a legacy arrangement in their service contracts and will not be replicated for future appointments.

Annual bonus

Any payment to an Executive Director on termination in respect of annual bonus will be determined by the Remuneration Committee taking into account the circumstances of the termination. Any payment will be pro-rated to reflect the proportion of the bonus year worked and subject to performance achieved. The Remuneration Committee retains discretion to pay the whole of the bonus for the year of departure and/or the previous year in cash.

Any deferred amounts from bonus earned in previous years will normally be retained unless the Executive Director resigns to join or set up a competitive business or is summarily dismissed. Payments will ordinarily only be made at the usual time (although the Remuneration Committee retains discretion to make payments early in appropriate circumstances). The Remuneration Committee retains discretion to pay the whole of the bonus for the year of departure and/or the previous year in cash.

2018 LTIP

If an Executive Director ceases employment with the Group before an award under the 2018 LTIP vests as a result of ill health, injury, disability or any other reason at the discretion of the Remuneration Committee, the award will usually be released on the normal release date. The award will vest 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. The Remuneration Committee retains discretion to release the award at cessation.

If an Executive Director ceases employment for any reason after an award under the 2018 LTIP has vested but during the holding period, the holding period will cease, and the award will be released to the Executive Director at the date of cessation. If the Executive Director is dismissed for gross misconduct, the award will lapse.

If an Executive Director dies, any unvested award will vest as soon as is practicable and to the extent determined by the Remuneration Committee taking into account the application of the performance conditions and, unless the Remuneration Committee determines otherwise, the proportion of the performance period that has elapsed as at the date of death.

Although the holding period will cease to apply to an award where an Executive Director ceases employment and the award does not lapse, it will be replaced, other than in the event of death, with a post-cessation shareholding guideline in accordance with which the Executive Director will be required to retain for twelve months Shares with a value (assessed at the date of leaving) equal to 200% of his salary at cessation. Shares subject to options which are capable of exercise and in respect of which there is no risk of forfeiture other than clawback shall count towards the requirement on a net of assumed tax basis. The Remuneration Committee may, at its discretion, reduce the required post-cessation holding period to take account of any period of garden leave.

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.

Corporate events

In the event of a change of control of the Company or other relevant event, unvested awards under the 2018 LTIP will vest and be released (and vested but unreleased awards will be released) as soon as reasonably practicable.

The extent to which an unvested award is released will be determined taking into account: (1) the extent to which the performance condition is satisfied, as determined by the Remuneration Committee; and (2) if the event occurs in the first half of the applicable performance period, a reduction to reflect the proportion of the performance period that has elapsed, unless the Remuneration Committee determines otherwise.

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.

Consultation with shareholders

The Remuneration Committee believes that ongoing dialogue with major shareholders in relation to executive remuneration is of key importance and consulted with major shareholders in relation to the 2018 LTIP, finalising the proposals having regard to feedback received. The Remuneration Committee will consider shareholder feedback received on remuneration matters including issues raised at general meetings 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 made to the Remuneration Policy.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Annual report on remuneration, the Company will, in its voting announcement, pursuant to the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the Company, through dialogue, requesting written submissions or otherwise, in order to address shareholder concern and report on the feedback received, 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.

External appointments

Neither of the Executive Directors currently has an external appointment. 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, he or she must first seek approval from the Chairman.

Annual report on remuneration

Single figure table

The following table sets out total remuneration for each Director in respect of the year ended 31 March 2020 (converted, where relevant, to euros based on the exchange rate of 1.12 unless stated otherwise).

31 March 2020	Salary/fees	Benefits(2)	Pension(3)	Bonus(4)	LTIP	**Total**
Executive Directors						
Andrew Coombs	€455,526	€11,993	€68,329	€432,750	—	**€968,598**
Alistair Marks	€350,796	€28,855	€52,619	€333,256	—	**€765,526**
Non-Executive Directors						
Danny Kitchen	€134,400	—	—	—	—	**€134,400**
Justin Atkinson	€53,200	—	—	—	—	**€53,200**
Mark Cherry(1)	€35,742	—	—	—	—	**€35,742**
Jill May	€44,800	—	—	—	—	**€44,800**
James Peggie	€58,800	—	—	—	—	**€58,800**

(1) Mark Cherry was appointed to the Board on 14 June 2019 and his fees reflect his role since his appointment.
(2) Using exchange rates at the end of the month in which the transaction occurred.
(3) Pension contribution is 15% 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.

The following table sets out total remuneration for each Director in respect of the year ended 31 March 2019 (converted to euros based on the exchange rate of 1.16 unless stated otherwise).

31 March 2019	Salary/fees	Benefits(1)	Pension(5)	Bonus(6)	LTIP(7)	Total
Executive Directors						
Andrew Coombs	€471,795	€12,764	€70,769	€448,205	€5,628,000	€6,631,533
Alistair Marks	€350,796	€27,410	€52,619	€333,256	€5,628,000	€6,392,081
Non-Executive Directors						
Danny Kitchen(2)	€71,024	—	—	—		€71,024
Justin Atkinson	€54,150	—	—	—		€54,150
Wessel Hamman(3)	€34,200	—	—	—		€34,200
Jill May	€45,600	—	—	—		€45,600
James Peggie(4)	€97,130	—	—	—		€97,130

(1) Using exchange rates at the end of the month in which the transaction occurred.
(2) Danny Kitchen was appointed as Chairman on 24 September 2018, and his fees reflect his role as Chairman since his appointment.
(3) Wessel Hamman stepped down from his Committee positions on 2 November 2018, and from the Board on 31 December 2018. The figures above are based on fees earned during the period to 31 December 2018.
(4) James Peggie was acting Chairman from 1 January 2018 until 24 September 2018 when Danny Kitchen was appointed. His fees reflect this role.
(5) Pension contribution is 15% of salary for each Executive Director.
(6) Includes the value of the bonus paid in cash and the value of the bonus deferred into shares, as described below.
(7) After the surrender of 4% of their awards (350,000 shares) as described on page 68 of the 2019 Directors' remuneration report. The LTIP figures are calculated using a share price of €0.67, being the share price at vesting (2 July 2018), multiplied by the number of post-surrender shares.

Additional disclosures in respect of the single figure table

Base salary

The salaries applicable at 1 April 2019 are shown below (converted to euros based on the exchange rate of 1.12, where relevant).

Executive Director	Base salary at 1 April 2019(1)
Andrew Coombs	€455,526
Alistair Marks	€350,796

(1) Neither Executive Director received a pay rise for the year ended 31 March 2020. As we reported last year, each of the Executive Directors asked not to receive pay rises in order that higher increases could be awarded to 52 of the lowest paid workers in the Group and for those in middle management who had taken on increased workloads during the course of the previous year.

Taxable benefits

Taxable benefits for the Executive Directors include private medical insurance, income insurance and death-in-service benefits.

Annual bonus

For the year ended 31 March 2020, each of Andrew Coombs and Alistair Marks was awarded a bonus opportunity equal to 100% of base salary. The following table sets out the bonus earned by the Executive Directors and how this reflects performance for the year. The annual bonuses were based 70% on Adjusted funds from operations ("Adjsuted FFO"), 10% on other strategic objectives, and 20% 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 cashflow 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 improved cashflow is also a key factor in improving the value of the Group's properties, as valuers and potential buyers normally use a discounted cashflow 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 last year. It has further made adjustments to take into account the effects of the seed portfolio being moved into the venture with AXA Investments Managers – Real Assets in July 2019, following which Sirius retained a 35% interest in those assets and began receiving asset management fees. 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 page [●] (Adjusted profit before tax and Dividend per share) and in the Dividend section of the Financial Review on page [●].

2020	Weighting (% of salary)	Target range	Actual performance	Payout (% of salary)
Adjusted FFO(1)	70%	€48.5m to €53.5m	€56.5m	70%
Strategic objectives	10%	See below	5%	5%
Personal objectives	20%	See below	20%	20%
Total	100%			95%

(1) Adjusted FFO means recurring profit before tax adjusted for depreciation, amortisation of financing fees, senior management bonus costs and accruals and current tax receivable/incurred. It excludes any acquisitions completed in FY20 and is adjusted for the sale of 5 properties into the venture with AXA Investment Managers - Real Assets in July 2019, following which Sirius retained a 35% interest in those assets, and began receiving asset management fees.

Personal objectives and strategic objectives 2020 financial year – outturn

For the 2020 financial year, the Executive Directors both received the same strategic and personal objectives. Whilst they have separate titles as CEO and CFO, the Committee considers Andrew Coombs and Alistair Marks operate jointly in running the operations of Sirius and agreed that they both had influence over the outcomes of this year's objectives. Following comments received by shareholders that they prefer to see separate objectives for each Executive Director, the Committee will consider this for the 2021 financial year when setting objectives.

Executive Director	Objectives	Actual performance	Bonus earned (% of salary)
Strategic objectives			
BOTH	Grow gross asset value of Titanium portfolio with AXA Investment Managers - Real Assets by end of 2020 financial year to a minimum of €250.0 million (including assets notarised but not completed)	At the year end the gross asset value of the JV portfolio was €228.7 million. It has taken longer to implement new acquisition processes and to find suitable assets meeting the required criteria. Although the first acquisition was completed in March 2020, the objective was not met.	5% of salary from a maximum of 10% of salary
	Only secure debt on assets (excluding Titanium assets) in 2020 financial year that can be exited in 2022 or beyond without significantly onerous debt costs.	It is the ambition of the Company as it grows, to move to greater unsecured corporate financing as opposed to its traditional secured financing. Accordingly, the objective was set that the Group is able to exit its current secured financing in 2022 and beyond without significant costs so that the Group has the flexibility to undertake a major corporate financing at an appropriate time. During the year, the Group entered into its first unsecured financing by way of a Schuldschein. It also however entered into a €115.4m extension of the BerlinHyp facility, which expires in October 2023. The costs of early termination of the facility on 1 January 2023 would be approximately €600,000. In light of the Sirius record low all-in interest rate of 0.9% which was achieved and the saving thus delivered by this extension, the Committee believes the costs of exiting the facility after 2022 are not significantly onerous and therefore that the objective has been met.	
Personal objectives			
BOTH	Overseeing deployment of development and maintenance capex to 50,000sqm of lettable space to maintain and improve rent roll	During the year, the Company delivered far in excess of this target, with over 150,000sqm of space refurbishment completed as part of the capex investment programme. The capex investment programme was expanded to upgrading recently vacated space as well as space that had been identified in the capex investment programme at the start of the year and the target was significantly exceeded. Whilst the Committee was concerned that the target was exceeded by such an extent so as to look, in hindsight, not sufficiently stretching, the expansion of the programme has been a key factor in delivering a major improvement in the annualised rent roll, which increased by 6.1% on a like-for-like basis, well ahead of any contractual rental increases. The Committee is satisfied that this objective has been met and has been a key driver of the Company's performance this year.	20% of salary from a maximum of 20% of salary
	Implement recommendations following BDO internal audit programme and PwC tax review	The Audit Committee has been presented with a paper setting out the implementation of the recommendations of the BDO internal audit review and was satisfied that this has been completed. The Committee therefore believes this element of the objective has been met. The PwC tax review was delayed owing to changes in the scope and fee after discussions with the Audit Committee and the time it took PwC to assess the current structure and was only completed in December 2019. As set out in the Audit Committee Report, the review only highlighted some minor areas for improvement. Whilst a number of the recommendations have been completed by the year end, some will only be finished in the first half of the 2021 financial year. However, owing to the minor nature of the remaining required implementations, and the fact that the delays to the findings were outside of the control of the Executive Directors, the Committee is satisfied that this objective has been met.	

Executive Director	Objectives	Actual performance	Bonus earned (% of salary)
	Assist the Board in implementing the 2018 Code requirements relating to workforce policies, practices and engagement, and the Remuneration Committee on its review of workforce remuneration and policies	The Company embraces the recommendations of the 2018 Code in respect of remuneration and recognises that it is important to ensure a culture of alignment with the company's strategy throughout the business as well as fair treatment between the different levels of the operation. Considerable progress has been made in respect of workforce engagement. During the year, Danny Kitchen, as director designated for workforce engagement, accompanied the CEO, Andrew Coombs on a follow-up roadshow to the annual employee survey. The roadshow addressed the results of the survey, including working conditions and pay and how that compares with remuneration for the Executive Directors. There were open Q&A sessions on these and other topics of interest to colleagues. In January, the chair of the Executive Human Resources Committee worked with the chair of the Committee to prepare and then gave the Board a detailed presentation on workforce policies, practices and engagement. During the year new policies and related procedures on Anti-Bribery and Modern Slavery were designed and approved by the Board. This objective has therefore been met.	
	Ensure the delivery of a 30% increase in training days to the workforce in 2020 financial year	Training the workforce is essential to ensure Sirius continues to deliver its highly professional approach to its business, and ensuring the right culture and behaviours are adopted throughout the Group. During the year, the company delivered 452 delegate days, a 50% increase on the previous year. Andrew Coombs and Alistair Marks promoted additional training on such topics as GDPR and advanced Excel skills, and continued the leadership training programme. This objective was therefore met.	

Based on this performance, each Executive Director earned a bonus of 95% of salary. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and appropriate. 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 over the deferral period.

			Bonus deferred into shares	
Executive Director	Bonus earned	Bonus paid in cash	Vesting after one year	Vesting after two years
Andrew Coombs(1)	€432,750	€281,288	€75,731	€75,731
Alistair Marks	€333,256	€216,616	€58,320	€58,320

(1) Converted to euros based on the exchange rate of 1.12.

LTIP awards vesting in respect of the year ended 31 March 2020

There were no LTIP awards with a performance period ending during the 2020 financial year, therefore no awards are due to vest. The first LTIP awards which are due to vest under the 2018 LTIP will be the 2018 Awards, which vest subject to performance over three years ending 31 March 2021.

LTIP awards granted during the year ended 31 March 2020

Awards were granted to the Executive Directors on 14 June 2019 under the new 2018 LTIP, as set out in the table below. Each award was granted in the form of a nil-cost option and consists of an Ordinary Award and an Outperformance Award as described in the Circular to Shareholders relating to the General Meeting held on 5 December 2018.

Executive Director	Type of award	Maximum number of shares	Face value at grant(1)	% of award vesting at threshold(2)	% of CEO's salary(3)	Performance period
Andrew Coombs	Ordinary Award	1,200,000	€876,288	20.8%	192%	1 April 2018 – 31 March 2022
	Outperformance Award	300,000	€219,072	0%	48%	1 April 2018 – 31 March 2022
Alistair Marks	Ordinary Award	1,200,000	€876,288	20.8%	192%	1 April 2018 – 31 March 2022
	Outperformance Award	300,000	€219,072	0%	48%	1 April 2018 – 31 March 2022

(1) For these purposes, the face value of the award is calculated by multiplying the number of shares by €0.730 (being the share price at the date of grant).
(2) The Outperformance Awards are intended to operate as an additional incentive to grow annualised TNR when that element of the Ordinary Awards has attained the maximum. Please refer to the following table for further information on the operation of the performance measures.
(3) The cap on the face value of awards at grant is 300% of the CEO's salary. The aggregated face value of awards to each Executive Director equates to 240% of the CEO's salary.

The performance conditions for the awards granted under the 2018 LTIP are based on the annualised total net asset value return ("TNR") and relative total shareholder return ("TSR") against a peer group, as set out in the table below. Where performance falls between two of the stated levels, vesting will be on a straight-line basis. The Committee considered the performance measures applied to the awards made in respect of the 2019 financial year and determined that they remained appropriate and as such should continue to apply to awards in respect of the 2020 financial year.

	Performance measure	Threshold	Target	Maximum
Ordinary Award	Annualised TNR[1] growth over the performance period (2/3 of the Ordinary Award)	7.5% annualised TNR growth: 166,667 shares vest for each award	10% annualised TNR growth: 483,333 shares vest for each award	13.5% annualised TNR growth: 800,000 shares vest for each award
	Relative TSR against the peer group[2] over the performance period (1/3 of the Ordinary Award)	Median: 83,333 shares vest for each award	n/a	Upper quartile: 400,000 shares vest for each award
Outperformance Award	Annualised TNR growth over the performance period	13.5% annualised TNR growth: nil shares vest	n/a	15% annualised TNR growth: 300,000 shares vest for each award

(1) Calculated as annualised growth in adjusted net asset value plus dividends paid. Adjusted net asset value means the net asset value of the Company adjusted for the fair value of derivative hedging instruments, deferred tax and goodwill.
(2) TSR peer group: A&J Mucklow Group Plc, Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, RDI REIT Plc, Regional REIT Limited, VIB Vermögen AG, alstria office REIT-AG, TLG Immobilien AG, Hamborner REIT AG, DIC Asset AG and Around Town SA.

The vesting of any award will also be subject to a requirement that the Company's LTV policy over the applicable performance period in the opinion of the Committee has not been materially exceeded.

The awards are subject to a two-year holding period following vesting, during which they cannot be exercised. In the event of cessation of employment, the holding period is replaced by a post-cessation shareholding guideline. An Executive Director will be required to retain for at least twelve months following the date of cessation shares with a market value of 200% of salary. Shares which are subject to vested but unreleased (or released but unexercised) nil-cost options will count towards this limit on a net of assumed tax basis.

Deferred Bonus Plan awards granted in the year
The following nil-cost options were granted on 14 June 2019 under the Deferred Bonus Plan in respect of bonuses earned for the period ending 31 March 2019.

	Type of award	Maximum number of shares awarded	Face value at grant[1]
Andrew Coombs	Nil-cost option	213,303	€155,762
Alistair Marks	Nil-cost option	162,536	€118,690

(1) For these purposes the face value of the award is calculated by multiplying the number of shares by €0.730 (being the share price at the date of grant).

On 14 June 2020, 50% of the shares will vest (rounded down to the nearest whole share where necessary) with the remaining balance vesting on 14 June 2021. Dividend equivalents will be settled in shares in respect of dividends paid over the deferral period.

Non-Executive Director fees
Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.12). There have been no changes to Non-Executive Director fees during the 2020 financial year,

	Fees at 1 April 2019
Chairman fee	€134,400
Non-Executive Director fee	€44,800
Additional fee for Chair of the Audit Committee	€8,400
Additional fee for Chair of the Remuneration Committee	€8,400
Additional fee for Senior Independent Director	€5,600

Payments made to former Directors during the year
No payments were made in the year to any former Director of the Company.

Payments for loss of office made during the year
No payments for loss of office were made in the year to any Director of the Company.

Shareholding guidelines and statement of Directors' shareholdings and share interests
In respect of the financial year ending 31 March 2020, the Company's shareholding guidelines as disclosed in the Remuneration Policy required Executive Directors to have acquired and retained half of any shares acquired under the deferred bonus, 2015 LTIP (after sales to cover tax) and 2018 LTIP (after sales to cover tax) until such a time as their holding has a value equal to 300% of salary. Unvested share-based incentives will not be allowed to count towards the requirements. Shares which are vested but have not been released (i.e. 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 2020 (or on retirement date, if earlier) were as set out below. Andrew Coombs' and Alistair Marks' shareholding as a multiple of salary is 14.7 times and 14.9 times respectively (calculated using the share price as at 31 March 2020 of £0.659 and using an exchange rate of 1.12). The shareholding guidelines have been met by the Executive Directors. There have been no changes to those interests between 31 March 2020 and the date of signing of these financial statements.

Share ownership

	Shares owned as at 31 March 2019 (or, if later, date of appointment to the Board)	Shares owned as at 31 March 2020
Executive Directors		
Andrew Coombs	9,870,619	9,058,564
Alistair Marks	7,028,568	7,070,828
Non-Executive Directors		
Danny Kitchen	Nil	100,000
Justin Atkinson	87,000	87,000
James Peggie	1,346,428	1,346,428
Jill May	Nil	Nil
Mark Cherry(1)	Nil	Nil

(1) Appointed to the Board on 14 June 2019.

Share plan interests

Director	Award	Date of grant	Number of shares subject to award as at 1 April 2019	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 2020	Status
Andrew Coombs	2018 LTIP	15 January 2019	1,500,000	—	—	—	1,500,000	Unvested, subject to performance conditions (1)
	2018 DBP	4 June 2018	205,882	—	—	(102,941)	102,941	Partially vested, not subject to performance conditions (2)
	2019 LTIP	14 June 2019	—	1,500,000	—	—	1,500,000	Unvested, subject to performance conditions(3)
	2019 DBP	14 June 2019	—	213,303	—	—	213,303	Unvested, not subject to performance conditions(4)
Alistair Marks	2018 LTIP	15 January 2019	1,500,000	—	—	—	1,500,000	Unvested, subject to performance conditions (1)
	2018 DBP	4 June 2018	155,317	—	—	(77,658)	77,659	Partially vested, not subject to performance conditions (2)
	2019 LTIP	14 June 2019	—	1,500,000	—	—	1,500,000	Unvested, subject to performance conditions(3)
	2019 DBP	14 June 2019	—	162,536	—	—	162,536	Unvested, not subject to performance conditions(4)

(1) These awards are subject to performance conditions as set out on page 63 of the Annual Report and Accounts for the year ended 31 March 2019.
(2) 50% of the shares vested on 4 June 2019, the remaining 50% of the shares will vest on 4 June 2020.
(3) These awards are subject to performance conditions as set out on page [●].
(4) These awards will vest in respect of 50% of the shares on each of 14 June 2020 and 14 June 2021.

Implementation of Directors' Remuneration Policy for the 2021 Financial Year

Information on how the Company intends to implement the Directors' Remuneration Policy for the year ending 31 March 2021 is set out on page [●] of this report.

Element	Application of the Remuneration Policy

Salary	As discussed in the Chairman's statement on page [●], decisions regarding any salary increases for the Executive Directors have been postponed to a time when an assessment of the business's performance and prospects during the most critical phases of the Covid-19 crisis can be made and to give confidence that any increases are justified in the circumstances. These increases may or may not be backdated to 1 April 2020.
Pension	15% of salary for each Executive Director. The Committee is mindful of UK shareholder sentiment around the alignment of Executive Director pension contributions with those available to the wider workforce. For almost all of the Group's employees, being based in Germany, the pension contribution rate is 9% of salary but there are different rates for our Dutch and UK employees. We will consider this as part of our more general review of the Remuneration Policy next year. It is the Committee's intention to set a clear path in the 2021 Remuneration Policy to alignment of Executive Director pensions with the wider workforce. As disclosed in the 2019 Directors' remuneration report, pension contributions for new Executive Directors will be aligned to those applicable to other employees and will be set at the time of appointment.
Annual bonus	Up to a maximum of 100% of base salary for each Executive Director. 65% of the bonus earned is 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, subject to their continued employment). As explained on page [●], due to the continuing uncertainty during the Covid-19 crisis, the Committee expects to delay setting targets for the Executive Directors' annual bonus plan for the 2021 financial year until the overall picture becomes clearer. When it does so, the Committee will exercise its judgement in the round to ensure that awards are appropriate in the context of all relevant factors. Emerging from the Covid-19 crisis successfully will undoubtedly remain a key challenge throughout the 2021 financial year and it is likely that part of the targets will be focused on how well this is met. Details of the performance targets and objectives, and performance against them, will be disclosed in the Directors' remuneration report for the 2021 financial year, unless they are considered commercially sensitive.
LTIP award	The final awards to be granted under the 2018 LTIP will be granted during the year. The previous two Ordinary awards to each of the Executive Directors provided a maximum opportunity of 1.2 million shares plus up to 0.3 million shares in the form of Outperformance awards (maximum 1.5 million shares). This year, as part of the transition to a more conventional remuneration structure explained to shareholders in 2018, the Ordinary awards will be for a lower maximum opportunity of 1.0 million shares and no Outperformance awards will be granted. Vesting of the awards will be subject to performance measures and targets based on TNR and TSR over the five financial years ending 31 March 2023, as discussed further below.
Chairman and Non-Executive Director fees	As discussed in the Committee Chairman's letter on page [●], the Chairman and the CEO considered increasing the Non-Executive Director base fee and the supplementary fee for chairing a Committee or holding the office of Senior Independent Director. Again, these decisions have been postponed to a time when an assessment of the business's performance and prospects during the most critical phases of the Covid-19 crisis can be made and give confidence that such increases are justified in the circumstances, and these increases may or may not be backdated to 1 April 2020. No increase to the Chairman's fee is proposed for 2021.
Shareholding guidelines	300% of salary for each Executive Director.
Post-cessation shareholding guidelines	200% of salary for at least twelve months following the date of cessation for each Executive Director.

2018 LTIP
The Committee considered the performance measures applied to the awards made in respect of the 2020 financial year and determined that they remained appropriate and as such should continue to apply to awards in respect of the 2021 financial year; details of the measures for the Ordinary Award can be found below. The award will be subject to a two year holding period.

	Performance measure	Threshold	Target	Maximum
Ordinary Award	Annualised TNR(1) growth over the performance period (2/3 of the Ordinary Award)	7.5% annualised TNR growth: 166,667 shares vest for each award	10% annualised TNR growth: 416,667 shares vest for each award	13.5% annualised TNR growth: 666,667 shares vest for each award

Relative TSR against the peer group[(2)] over the performance period (1/3 of the Ordinary Award)	Median: 83,333 shares vest for each award	n/a	Upper quartile: 333,333 shares vest for each award

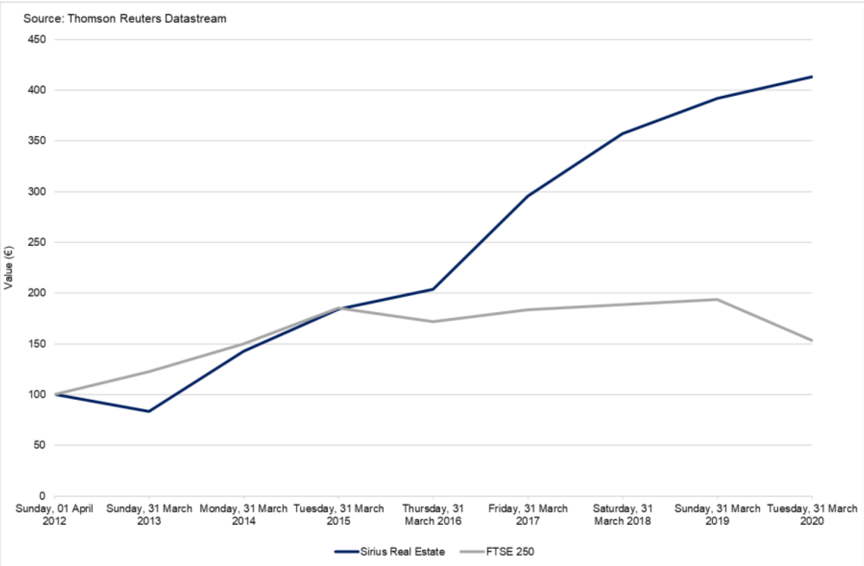
(1) Calculated as annualised growth in adjusted net asset value plus dividends paid. Adjusted net asset value means the net asset value of the Company adjusted for the fair value of derivative hedging instruments, deferred tax and goodwill.

(2) TSR peer group: A&J Mucklow Group Plc, Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian REIT Plc, Warehouse REIT Plc, RDI REIT Plc, Regional REIT Limited, VIB Vermögen AG, alstria office REIT-AG, TLG Immobilien AG, Hamborner REIT AG, DIC Asset AG and Around Town SA.

As the Company transitioned towards a more conventional LTIP, we believed that awarding a fixed number of shares was closely aligned to shareholders such that if the share price increased the value of the annual award will increase and conversely if the share price decreased so will the value of the award. This alignment has been highlighted in the current circumstances of the Covid-19 crisis. We continue to consider that Andrew Coombs and Alistair Marks ought to benefit from the same quantum as each other given the strong and, in our view, equally important contributions they make to the business, and recognising that Alistair's role is broader than the traditional role expected of a CFO. The total number of shares under each award (1 million) and the number vesting at each performance level assumes the maximum grants before the application of the annual cap (which is set at a value of the grants not exceeding 300% of the CEO's salary at the date of grant). As with the previous two awards under the 2018 LTIP, the Committee does not expect the cap to be invoked in respect of the grants for the 2021 financial year and expects the percentage of CEO salary to be well below that in relation to last year's awards (240%).

Total shareholder return performance graph and CEO remuneration

The graph below shows the total shareholder return ("TSR") performance for the Company's shares in comparison to the FTSE 250 for the period 1 April 2012 to 31 March 2020. 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 2020 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 four[(1)] financial years is shown below. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity is also shown.

Year ended 31 March	Total remuneration €	Annual bonus (% maximum)	LTIP vesting (% maximum)
2020	968,598	95%	—
2019	6,631,533	95%	96%[(2)]
2018	989,175	100%	—
2017	906,143	83%	—

(1) The Company was admitted to the Main Market of the London Stock Exchange and the Main Board of the Johannesburg Stock Exchange in March 2017.

(2) The 2015 LTIP vested in full in this year, having only had one single award grant in 2015. However, 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 below is post-surrender of 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.

	2020 €000	2019 €000	% change

Dividend payments[1]	35,906	32,317	11.1%
Total employee pay	18,923	16,814	12.5%

(1) Paid in the financial year, including the cash equivalent of the Scrip Dividend Alternative

Advice to the Committee
Andrew Coombs and Alistair Marks occasionally attended meetings of the Committee and provided information and support as requested. Neither 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 2020. 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 £10,125 for the year ended 31 March 2020. 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 and the general meeting in December 2018
The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out actual voting (which excludes abstentions and withheld votes) in respect of the advisory vote on the Directors' Remuneration Policy and the vote on the 2018 LTIP at the Company's General Meeting on 5 December 2018 and the actual voting in respect of the non-binding annual advisory votes on the Directors' Remuneration Policy (pursuant to the JSE Listings Requirements) and Directors' remuneration report at the Company's Annual General Meeting on 29 July 2019.

2019 AGM voting summary

Resolution	Votes for	% of votes	Votes against	% of vote
Remuneration Policy	479,013,698	69.20%	213,186,176	30.80%*
Remuneration report	585,217,498	83.46%	115,982,377	16.54%

2018 General Meeting voting summary

Resolution	Votes for	% of votes	Votes against	% of vote
Remuneration Policy	450,416,851	69.42%	197,593,499	30.45%
Sirius Real Estate Long Term Incentive Plan 2018	506,575,386	78.08%	141,435,049	21.80%

* Information on how the Company has engaged with dissenting shareholders can be found on pages [●] and [●]

Shareholder engagement

Particularly during these challenging times, I welcome dialogue with our shareholders. If you have any questions for me as Chairman of the Remuneration Committee, you can reach me via the Company Secretary.

Approved by the Board on 29 May 2020

James Peggie
Chairman of the Remuneration Committee

Directors' report

The Directors submit their report with the audited financial statements for the year ended 31 March 2020. 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, as amended (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 2020.

The Directors submit their report together with the 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 2020 set out pages [●] to [●], 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.

Results and dividends
These results are set out in the Consolidated statement of comprehensive income on page [●].

The Group's profit after tax for the year was €98.1million (2019: €128.7 million).

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019. The Group has not received any direct state financial assistance in connection with the Covid-19 crisis.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2020, the ex-dividend date will be 8 July 2020 for shareholders on the South African register and 9 July 2020 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 10 July 2020 and the dividend will be paid on 20 August 2020. A detailed dividend announcement was made on 1 June 2020, including details of a scrip dividend alternative.

The Group dividend policy is stated in the Financial Review on page [●]. 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.

(1) See note 28 to the financial statements.

Corporate governance
Details of how the Board has applied the principles and provisions of the UK Corporate Governance Code 2018 ("2018 Code") are set out in the Corporate governance report on pages [●] to [●].

Articles of Incorporation
The Articles of Incorporation, a copy of which 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 26 to the financial statements. There is one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Restrictions on voting rights

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights in the Company's securities.

Restrictions on transfers of securities

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. 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 8 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 2020 by the Employee Benefit Trust as described above was €52,500 (2019: €15,345). 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 2019 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 2020 AGM. No shares were purchased during the year and no shares are held in Treasury.

Authority to Allot shares

Subject to the Companies Law and any relevant authority of the Company in general meeting, the Company has authority to issue new shares. At the 2019 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 2020 AGM.

A scrip dividend authority was approved at the 2019 AGM and the Directors are seeking this authority again at the 2020 AGM.

Directors

Details of the Directors who served during the financial year and their meeting attendance are set out on page [●] of the Corporate governance report. The Corporate governance report also describes the effects the principal decisions taken by the Directors have had on the Company's key business relationships with colleagues, tenants, suppliers and others.

In accordance with the 2018 Code, all the Directors will stand for election or re-election at the AGM on 31 July 2020, apart from Justin Atkinson and Jill May who will stand down from the Board following the 2020 AGM. Caroline Britton and Kelly Cleveland will stand for election for the first time. The Chairman has reviewed the performance of each Director standing for 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 29 to the financial statements, there were no transactions, arrangements or agreements entered into during the financial year or outstanding as at 31 March 2020 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 2020 are set out in the Directors remuneration report on page [●]. 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 qualifying 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 2020, 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	104,812,183	10.16%
Standard Life Aberdeen plc	97,740,408	9.41%
Bank of Montreal	75,289,776	7.25%

(1) As at date of notification.

As at 31 March 2020, 113 non-public owners held 2.13% of shares (there are no treasury shares), which includes those shares held by Executive and Non-Executive Directors, and there were 7,589 public shareholders holding 97.87%. For a current list of major shareholders visit www.sirius-real-estate.com/investors/shareholder-information.

Going concern and viability statement

Given the impact of Covid-19 on the economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2020. The Directors have performed an assessment of going concern based on cashflow and covenant projections over the period of 12 months from approval of these financial statements (the review period). The Group's going concern assessment considers the Group's Principal Risks and Uncertainties, set out on page X, and is dependent on a number of factors including financial performance, continued access to lending facilities and the ability to continue to operate the Group's secured debt structure within its financial covenants. The Group's secured debt typically contains soft covenants that result in operational restrictions and hard covenants that, if breached, represent default events. The cashflow projections also made assumptions on future trading performance, capital expenditure, refinancing requirements and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value and interest cover ratios.

In considering the going concern and viability statements, the Directors reviewed detailed stress tests and sensitivity analyses provided by Management which modelled the effects of extreme and more realistic scenarios, taking into account the potential impact of Covid-19 on the Group's financial position and prospects.

Whilst currently we are not anticipating a material deterioration in the Group's income streams or material falls in asset values, the Directors considered it prudent to test the going concern assessment on what the Directors consider to be an extreme stress scenario that results from a major Covid-19 impact. The assumptions included in the extreme stress case were:

- occupancy reducing to 75%, 65% and 60% for the periods to March 2021, 2022 and 2023 respectively;
- service charge recovery reducing to 78%, 68%, and 63% for the periods to March 2021, 2022 and 2023 respectively;
- no new acquisitions;
- continuation of forecasted capex investment; and
- continuation of forecasted dividend payments.

It was also assumed that there would be the drawing down the remainder of the available Schuldschein facility in July 2020 (€20.0 million) and refinancing, on existing terms, of one loan facility maturing in October 2020 amounting to €17.8 million. There are no conditions that the Group needs to satisfy to be able to draw down the available Schuldschein facility.

Even in this extreme scenario, the Group was able to operate within its facilities and covenants in the review period, without applying additional mitigations such as the reduction of capex and dividend payments that remain available. The Group has sufficient cash reserves for a period of at least twelve months from the date of authorisation of these financial statements.

The Group assessed its loan covenant position resulting from a 20% reduction in income and asset valuation. Based on this extreme scenario no income related covenants were breached whilst the breach of two hard LTV covenants would require a repayment amounting to €14.3 million in order to remedy.

Based on unrestricted cash at 31 March 2020 amounting to €96.6 million, fully committed but as yet undrawn facilities amounting to €33.1 million and the exclusion of the impact of any mitigating actions, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this scenario. In addition, the Group has 12 unencumbered assets with a book value of €118.5 million as of 31 March 2020.

Thus, the Directors have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than twelve months from the date of the approval of the financial statements. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

The viability statement can be found on page [●], and information on how the Audit Committee considered the effects of the Covid-19 crisis during their review of the going concern and viability statements can be found on page [●].

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP valued the Group's owned investment properties, including assets held for sale, at €1,189.5 million as at 31 March 2020 (2019: €1,136.2 million). After adjusting investment properties for lease incentive accounting, the value of investment properties is shown as €1,186.2 million (2019: €1,132.5 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 2020 and the net assets of the Group at that date amounted to €801.6 million (2019: €726.0 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 24 and 25 to the financial statements.

Change of control

The Company is not a party to any significant agreements that would be affected by a change of control of the Company following a takeover of the Group. Certain of the Company's subsidiaries are parties to an agreement relating to the Titanium portfolio, which would be affected by a direct or indirect acquisition of 24.99% or more of the Company's issued share capital or total voting rights. In this situation and in the absence of any other relevant factors, the venture partner 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 11.00 a.m. (UK time) on Friday, 31 July 2020 at 33 St James' Square, London SW1Y 4JS. Further information can be found in the Shareholder Circular and Notice of Meeting which accompanies this Annual Report and Accounts.

Company website

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.sirius-real-estate.com, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosures required under UK Listing Rule 9.8.4
There are no disclosures required to be made under LR 9.8.4R which have not already been disclosed elsewhere in this Directors' report.

Auditors and disclosure of information to auditors
On the recommendation of the Audit Committee, the Board of Directors proposes to the Annual General Meeting to be held on 31 July 2020 that Ernst & Young LLP ("EY") be reappointed as Auditor of the Company. EY is 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 Auditor is 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 Auditor are aware of that information.

By order of the Board

Anthony Gallagher
Company Secretary
29 May 2020

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

Company law 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 company law 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

Danny Kitchen
Chairman
29 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIRIUS REAL ESTATE LIMITED

Opinion

We have audited the consolidated financial statements of Sirius Real Estate Limited (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 March 2020 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the related notes 1 to [x], including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2020 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 below. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 38-45 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on pages 37-38 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on pages 97-98 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 45-46 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• The valuation of the investment property portfolio • Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives • Assessment of uncertain tax positions • Going concern basis used in the preparation of the financial statements
Materiality	• Overall Group materiality of €13.6m (2019: €6m) which represents 1% of total assets (0.5% of total assets) was applied to balances related to investment properties, loans and derivatives • Specific materiality of €2.6m (2019: €2.3m) which represents 5% of adjusted profit before tax (2019: 5% of adjusted profit before tax) was applied to account balances not related to investment properties, loans, or derivatives

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

This year we have included a new key audit matter, Going concern basis used in the preparation of the financial statements. The audit partner and other senior members of the audit team spent a significant amount of time assessing the assumptions underlying the going concern basis following the development of the Covid-19 pandemic.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The valuation of the investment property portfolio 2020: €1,194m (2019: €973m) in investment properties, €10m (2019: €160m) included within assets held for sale and €xxm included in investments in associates (2019: €nil) *Refer to the Audit Committee report (pages 63-70), Accounting policies (page 114) and Note 13 of the Financial Statements (pages 124-125)* The valuation of the investment property portfolio (including investment properties within assets held for sale and held in investments in associates) requires significant judgement and use of estimates by management and the external valuer. Any input inaccuracies or unreasonable bases used in these judgements (such as in respect of market rental income and yields applied) could result in a material misstatement of the income statement and balance sheet. There is also a risk that management may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations or bonus targets. The uncertainties over the current economic environment caused by Covid-19 had an impact on the valuation of the Group's properties. As referred to in note [x], Cushman & Wakefield has highlighted in its assessment of the fair value of the property portfolio that there is limited transactional evidence and less certainty with regard to valuations and that market values can change rapidly in the context of current market conditions. Accordingly, Cushman & Wakefield and Management have stated that it has been necessary to make more judgements than usually required and the Group has reported the valuation of the property portfolio at 31 March	Our audit procedures in respect of the valuation of investment property included: We evaluated the Group's controls over data used in the valuation of the investment property portfolio and management's review of the valuations. We evaluated the competence of the external valuer which included consideration of their qualifications and expertise. We selected a sample based on factors including size, risk (including Covid-19), type of property and location, which in total comprised 66% of the market value of investment properties (including investment properties within assets held for sale and investments in associates). For the sample of properties we performed testing over source documentation provided by the Group to the external valuer. This included agreeing a sample of this documentation back to underlying lease data and vouching costs incurred to date in respect of properties with capital expenditure. We included Chartered Surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for a sample of properties which comprised 66% of the market value of the investment property portfolio (including investment properties within assets held for sale and investments in associates). Our Chartered Surveyors assessed the yield of each property against available market evidence and asset specific considerations. They also assessed whether the other assumptions applied by the external valuer, such as the market rental income and voids were supported by available market data. This included assessing the assumptions applied by the external valuer as a result of Covid-19 in respect of tenant voids and rent collections, the impact on the property valuations and investigating any contrary evidence to the assumptions adopted. Together with our Chartered Surveyors, we discussed with the external valuer their valuation approach, and challenged the judgements they made in assessing the property valuation such as market rental income, yields and other assumptions and the findings from our audit work described above to seek further explanations and evidence as required. We challenged the reasonableness of the assumptions made as a result of the Covid-19 outbreak. Due to travel restrictions, our meeting was held by videocall. This year, we had an additional meeting with the valuer in March 2020 in order to understand their planned approach to valuations and consider the impact on our audit. We met with the valuers in person in November 2019. 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 investigated further the valuations of some properties which included further discussions with management and, where appropriate, obtaining evidence to support the movement in values with the involvement of our Chartered Surveyors. We obtained a confirmation from the external valuer that they had not been subject to undue influence from management.	We have audited the inputs, assumptions and methodology used by the external valuer. We concluded that the methodology applied was appropriate and that the external valuations were a reasonable assessment of the market value of investment properties at 31 March 2020. Our Chartered Surveyors concluded that the sample of valuations they reviewed were within a reasonable range. We concluded that management provided an appropriate level of review and challenge over the valuations but did not identify evidence of undue management influence. We have reviewed the disclosures in the financial statements relating to the material valuation uncertainty paragraph included by Cushman & Wakefield in their valuation report and consider the disclosure appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
2020 on the basis of a 'material valuation uncertainty'.	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 live virtual site visits accompanied by our Chartered Surveyors for a sample of properties, to confirm existence, state of repair and the progress on any capital expenditure and/or development. We assessed the adequacy of the additional disclosures of estimates in note [x] and valuation assumptions in note [x] that were made in accordance with IFRS 13 – Fair Value Measurement due to Covid-19. **Scope of our procedures** We performed full scope audit procedures over the valuation of all investment properties, including those classified within assets held for sale and investment properties owned by the investment in associates. The scope of our procedures included specific responses to the risks identified in light of the Covid-19 pandemic.	
Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives 2020: €96.9m rental income and €53.1m service charge income (2019: €90.6m rental income and €49.4m service charge income) *Refer to the Audit Committee report (pages 63-70), Accounting policies (pages 112-113) and Note 5 of the Financial Statements (page 118)* Market expectations and profit based targets may place pressure on management to distort revenue recognition. This may result in overstatement of revenues to assist in meeting current or future targets or expectations.	Our audit procedures over revenue recognition included: We evaluated the Group's controls over revenue recognition and the treatment of rents which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. We selected a sample of lease agreements and agreed the terms per the lease agreements to the data input into the property management system, including lease incentive clauses. We agreed a sample of service charge income balances in the year to the supporting terms of the lease agreements and invoices raised. Detailed analytical procedures were performed using data analytics tools on the recognition of revenue, including rents, incentives and other property related revenue to assess whether revenue had been recognised in the appropriate accounting period. We performed a three-way correlation analysis to obtain substantive evidence over the occurrence and measurement of revenue. We agreed a sample of lease agreements to the schedules used to calculate straight-lining of revenue in accordance with IFRS 16 - Leases and corroborated the arithmetical accuracy of these schedules to the resulting revenue recognised. We performed audit procedures surrounding management's assessment of the expected credit losses raised in light of Covid-19. We assessed the recoverability of outstanding rent and service charge debtors. Additionally, we assessed whether there was evidence that an impairment of the lease incentives balance was required. We assessed the service charge calculation and assessed the recoverability of related service charge debtors. We assessed whether the revenue recognition policies adopted complied with IFRS. We performed audit procedures specifically designed to address the risk of management override of controls including journal entry testing, which included particular focus on journal entries which impact revenue. **Scope of our procedures** The whole Group was subject to full scope audit procedures over revenue. The scope of our procedures included specific responses to the risks identified in light of the Covid-19 pandemic.	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 and service charge income has been recognised on an appropriate basis in the year.
Assessment of uncertain tax positions 2020: €12.6m tax charge (2019: €16m) *Refer to the Audit Committee report (pages 63-70), Accounting policies (pages 113-114) and Note 10 of the Financial Statements (pages 121-122)*	Our audit procedures over the tax balances and assessment of uncertain tax positions included: We used tax specialists in the UK, Netherlands and Germany to understand and assess the tax risks for the Group in the various jurisdictions it operates in. We evaluated the process by which the directors, in conjunction with their advisors, assessed uncertain tax positions and their assessment of tax risks arising in the Group.	As a result of the procedures performed in relation to the assessment of uncertain tax positions we concluded that the amounts accrued for tax liabilities and recognised as an expense during the year and related disclosures have been appropriately made in accordance with the Group's accounting policies and IFRS.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The directors make judgements and estimates in relation to the tax treatment of a number of transactions in advance of the ultimate tax determination being certain. This is due to the complexity of the Group's legal structure (including multiple legal entities), the number of tax jurisdictions in which the Group operates (primarily the UK, Netherlands and Germany), the complexity of international tax legislation and the changing tax environment. Where the amount of tax payable or recoverable is uncertain, the Group makes an assessment based on the directors' judgement of the probable amount of the liability, or expected amounts recoverable. As a result of the complexities in these areas the assessment of uncertain tax matters is a key audit judgement.	We obtained management's calculation in the assessment of uncertain tax positions and assessment of tax risks in the Group arising from multiple tax jurisdictions and assessed the logic and arithmetical accuracy of the calculations in accordance with relevant tax legislation. We considered, evaluated and challenged any tax advice the Group had received from its tax advisors in relation to the exposures identified to determine whether the tax treatment applied is consistent with the tax advice obtained and relevant tax legislation. We assessed and formed our own views on the key judgements with respect to open and uncertain tax positions. We performed analytical review procedures on the tax charge recognised in the period and the tax rate applied. We evaluated whether the liabilities and potential exposures were appropriately disclosed in the financial statements. **Scope of our procedures** The whole Group was subject to full scope audit procedures over tax balances and the assessment of uncertain tax positions.	
Going concern basis used in the preparation of the financial statements *Refer to Going Concern and Viability Statement (pages 45-46 and 97-98), the Report of the Audit Committee (pages 63-70) and Note 2 Significant accounting policies (pages 111-112)* The Group's financial statements are prepared on the going concern basis of accounting. This basis is dependent on a number of factors, including the Group's forecast future financial performance, the Group's continued access to borrowing facilities and the Group's ability to continue to operate within its financial covenants. The Covid-19 pandemic is of an unprecedented scale and has severely impacted the global economy and businesses across all industries. There is a significant degree of uncertainty about the further spread of the virus and the state of the world economy and a risk that this adversely impacts the Group's ability to continue to operate as a going concern. The value of investment properties provides security for the Group's borrowing facilities and are subject to financial covenants, tested on a quarterly basis, including loan to value and debt service cover ratios. There is also a risk that Management has not adequately disclosed the impact of Covid-19 on the going	We obtained an understanding of the process followed by Management to prepare the Group's going concern assessment, including identifying and assessing scenarios that may arise as a result of Covid-19 on future occupancy levels and the impact of a fall in property valuations on compliance with loan covenants. We obtained the base case cash flow and liquidity forecasts covering the going concern period and the additional scenarios prepared by Management to stress test this forecast. We tested the mathematical accuracy of the models. We challenged the appropriateness of those forecasts by assessing historical forecasting accuracy, challenging Management's consideration of downside sensitivity analysis and applying further sensitivities where appropriate to stress test the impact on forecast available cash. We performed testing to evaluate whether the covenant requirements of the debt facilities would be breached under the scenarios prepared by Management. We performed additional stress testing for further falls in valuations and occupancy and for the impact were the group to not be able to execute planned refinancing's during the going concern period. In assessing the likelihood of these scenarios, we considered the perspective of our Chartered Surveyors, assessed the impact of the timing of these events and understood the availability of mitigating actions to be taken. We obtained evidence of the agreements with lenders setting out terms and conditions of lending including covenant compliance and available remediation. We reviewed minutes of board meetings with a view to identifying any matters which may impact the going concern assessment. We reviewed the disclosures in the financial statements in relation to going concern with a view to assessing whether they adequately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken. **Scope of our procedures** The Group was subject to full scope audit procedures over the use of the going concern assumption.	Based on the results of our audit procedures, we agreed with Management's conclusion that there is no material uncertainty related to the Group's ability to continue as a going concern. The going concern and viability forecasts, including stress testing scenarios, are consistent with the results of our audit procedures. We concluded that the disclosures were fair, balanced and understandable having compared the disclosure to the knowledge gained during the audit.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
concern basis in the financial statements.		

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 the Group. This enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. The audit was approached as a single component with an integrated team completing all audit work. The UK based members of the audit team travelled to Germany in September, October and November 2019 to complete planning and other interim audit procedures. As a result of travel restrictions from March 2020, year-end audit procedures were completed remotely and we held regular meetings with Management via video call. These procedures together with those performed in person prior to the outbreak of Covid-19, gave us appropriate evidence to express an opinion on the Group financial statements.

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.

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.

We determined materiality for the Group to be €13.6m (2019: €6m), which is 1% of total assets (2019: 0.5% of total assets). We determined that the total assets balance is the most appropriate basis for determining overall materiality given that the Group's investment property portfolio accounts for 86% of the Group's total assets as at 31 March 2020 (2019: 95%) and that key users of the Group's financial statements are primarily focused on the valuation of the investment properties portfolio. 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 considered the Group's circumstances and risk factors, including its listings, number of shareholders, changes to the environment the Group operates in, the viability of the business and the nature and extent of its external financing and covenants, and concluded it is appropriate to increase the percentage of total assets we use in calculating our overall materiality from 0.5% to 1%.

We have determined that for other account balances not related to investment properties, loans, or derivatives a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We have determined that materiality for these areas should be based upon adjusted profit before tax of €2.6m (2019: €2.3m). We believe that it is appropriate to use a profit based measure as profit is also a focus of users of the financial statements.

During the course of our audit, we reassessed initial materiality and, as the total assets figure increased as a result of the year-end revaluation of the investment property portfolio, our final materiality was higher than the materiality we calculated initially.

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 and specific performance materiality was 50% of our planning materiality, namely €6.8m and €1.3m respectively.

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 €0.7m (2019: €0.3m), as well as audit differences in excess of €0.1m (2019: €0.1m) that relate to our specific testing of the other account balances not related to investment properties, loans, or derivatives, which is set at 5% of planning materiality. We also agreed to report 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.

Other information

The other information comprises the information included in the annual report set out on pages [xx], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page xx** – the statement given by the directors that they consider 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on page xx**– the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page xx** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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 proper returns adequate for our audit have not been received from branches not visited by us; 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page x, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Saunders
for and on behalf of Ernst & Young LLP
London
29 May 2020

Notes:

1. The maintenance and integrity of the Sirius Real Estate Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated statement of comprehensive income
for the year ended 31 March 2020

	Notes	**Year ended 31 March 2020 €000**	Year ended 31 March 2019 €000
Revenue	5	**150,014**	140,063
Direct costs	6	**(64,672)**	(64,299)
Net operating income		**85,342**	75,764
Gain on revaluation of investment properties	13	**55,789**	99,887
Gain on disposal of properties	6	**86**	611
Gain on loss of control of subsidiaries	6	**6,323**	—
Administrative expenses	6	**(21,175)**	(20,931)
Share of profit of associates	17	**2,129**	—
Operating profit		**128,494**	155,331
Finance income	9	**1,031**	75
Finance expense	9	**(18,383)**	(9,199)
Change in fair value of derivative financial instruments	9	**(377)**	(1,495)
Net finance costs		**(17,729)**	(10,619)
Profit before tax		**110,765**	144,712
Taxation	10	**(12,620)**	(15,990)
Profit and total comprehensive income for the year after tax		**98,145**	128,722
Profit and total comprehensive income attributable to:			
Owners of the Company		**98,136**	128,657
Non-controlling interest		**9**	65
Total comprehensive income for the year after tax		**98,145**	128,722
Earnings per share			
Basic earnings per share	11	**9.55c**	12.78c
Diluted earnings per share	11	**9.44c**	12.72c

All operations of the Group have been classified as continuing.

Consolidated statement of financial position
as at 31 March 2020

	Notes	**31 March 2020 €000**	31 March 2019 €000
Non-current assets			
Investment properties	13	**1,193,915**	972,868
Plant and equipment	15	**2,374**	3,438
Intangible assets	19	**5,724**	3,738
Right of use assets	16	**2,440**	—
Other non-current assets	18	**39,013**	1,813
Investment in associates	17	**12,306**	—
Total non-current assets		**1,255,772**	981,857
Current assets			
Trade and other receivables	20	**15,048**	10,828
Derivative financial instruments		**89**	250
Cash and cash equivalents	21	**121,263**	36,342
Total current assets		**136,400**	47,420
Assets held for sale	14	**10,100**	164,635
Total assets		**1,402,272**	1,193,912
Current liabilities			
Trade and other payables	22	**(56,780)**	(40,755)
Interest-bearing loans and borrowings	23	**(32,026)**	(7,408)
Lease liabilities	16	**(5,562)**	—
Current tax liabilities		**(779)**	(579)
Derivative financial instruments		**(412)**	(346)
Total current liabilities		**(95,559)**	(49,088)
Non-current liabilities			
Interest-bearing loans and borrowings	23	**(448,202)**	(324,053)
Lease liabilities	16	**(13,588)**	—
Derivative financial instruments		**(956)**	(806)
Deferred tax liabilities	10	**(42,151)**	(30,878)
Total non-current liabilities		**(504,897)**	(355,737)
Liabilities directly associated with assets held for sale	14	**—**	(63,042)
Total liabilities		**(600,456)**	(467,867)
Net assets		**801,816**	726,045
Equity			
Issued share capital	26	**—**	—
Other distributable reserve	27	**470,151**	491,010
Own shares held	26	**(1,515)**	—
Retained earnings		**332,934**	234,798
Total equity attributable to the owners of the Company		**801,570**	725,808
Non-controlling interest		**246**	237
Total equity		**801,816**	726,045

The financial statements on pages [•] to [•] were approved by the Board of Directors on 29 May 2020 and were signed on its behalf by:

Danny Kitchen
Chairman

Company number: 46442

Consolidated statement of changes in equity
for the year ended 31 March 2020

	Notes	Issued share capital €000	Other distributable reserve €000	Own shares held €000	Retained earnings €000	Total equity attributable to the owners of the Company €000	Non-controlling interest €000	Total equity €000
As at 31 March 2018		—	519,320	—	106,141	625,461	172	625,633
Shares issued		—	—	—	—	—	—	—
Transaction costs relating to share issues		—	(30)	—	—	(30)	—	(30)
Share-based payment transactions	8	—	(4,516)	—	—	(4,516)	—	(4,516)
Dividends paid		—	(23,764)	—	—	(23,764)	—	(23,764)
Total comprehensive income for the year		—	—	—	128,657	128,657	65	128,722
As at 31 March 2019		—	**491,010**	—	**234,798**	**725,808**	**237**	**726,045**
Share-based payment transactions	8	—	1,985	—	—	1,985	—	1,985
Own shares consolidated		—	—	(1,690)	—	(1,690)	—	(1,690)
Own shares allocated		—	—	175	—	175	—	175
Dividends paid	28	—	(22,844)	—	—	(22,844)	—	(22,844)
Total comprehensive income for the year		—	—	—	98,136	98,136	9	98,145
As at 31 March 2020		—	**470,151**	**(1,515)**	**332,934**	**801,570**	**246**	**801,816**

Ordinary shares of 16,228,946 with a value of €13,110,000 were issued pursuant to scrip dividend offerings on 22 August 2019, 8 January 2020 and 17 January 2020 (refer to note 26). The value of €13,110,000 has been subsequently transferred to other distributable reserves in accordance with Companies (Guernsey) Law, 2008.

Consolidated statement of cash flows
for the year ended 31 March 2020

	Notes	**Year ended 31 March 2020 €000**	Year ended 31 March 2019 €000
Operating activities			
Profit for the year after tax		**98,145**	128,722
Taxation	10	**12,620**	15,990
Gain on disposal of properties	6	**(86)**	(611)
Gain on loss of control of subsidiaries	6	**(6,323)**	—
Share-based payments	8	**1,985**	232
Gain on revaluation of investment properties		**(55,789)**	(99,887)
Change in fair value of derivative financial instruments	9	**377**	1,495
Depreciation and impairment of property, plant and equipment	15	**662**	874
Amortisation of intangible assets	19	**914**	499
Depreciation and impairment of right of use assets	6	**522**	—
Share of profit of associates	17	**(2,129)**	—
Finance income	9	**(1,031)**	(75)
Finance expense	9	**9,276**	9,199
Exit fees/prepayment of financing penalties	9	**9,107**	—
Changes in working capital			
Increase in trade and other receivables		**(5,530)**	(3,791)
Increase in trade and other payables		**10,080**	2,260
Taxation paid		**(1,460)**	(1,806)
Cash flows from operating activities		**71,340**	53,101
Investing activities			
Purchase of investment properties		**(120,434)**	(67,078)
Prepayments relating to new property acquisitions	20	**—**	(410)
Proceeds from loss on control of subsidiaries (net of cash disposed)		**14,348**	—
Proceeds from sale of loans to associates		**29,280**	—
Capital expenditure		**(31,620)**	(26,130)
Purchase of plant and equipment and intangible assets		**(2,684)**	(1,690)
Proceeds on disposal of properties (including held for sale)	22	**9,090**	27,425
Proceeds on disposal of plant and equipment		**185**	—
Increase in loans receivable		**(21,438)**	—
Interest received	9	**1,031**	75
Cash flows used in investing activities		**(122,242)**	(67,808)
Financing activities			
Issue of shares net of costs		**—**	(30)
Payment relating to exercise of share options		**—**	(4,748)
Shares purchased		**(406)**	—
Dividends paid	28	**(22,844)**	(23,764)
Payment of principal portion of lease liabilities		**(5,559)**	—
Proceeds from loans		**187,451**	22,114
Repayment of loans		**(15,050)**	(9,062)
Exit fees/prepayment of financing penalties		**(525)**	—
Finance charges paid		**(11,184)**	(9,126)
Cash flows from/(used in) financing activities		**131,883**	(24,616)
Increase/(decrease) in cash and cash equivalents		**80,981**	(39,323)
Cash and cash equivalents at the beginning of the year		**40,282**	79,605
Cash and cash equivalents at the end of the year	21	**121,263**	40,282

Notes to the financial statements

for the year ended 31 March 2020

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2020.

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

2. Significant accounting policies

(a) Basis of preparation

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

The Company has chosen to prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") as a result of the primary listing on the JSE.

As at 31 March 2020 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).

(b) Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019. Other than IFRS 16, none of the other new or amended standards had a material impact to the annual consolidated financial statements of the Group.

IFRS 16 "Leases"

The Group has used the modified retrospective approach. Comparative figures for prior periods have not been adjusted. At date of initial application (i.e. 1 April 2019), lease liabilities for leases previously classified as an operating lease applying IAS 17 were recognised and measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019. Corresponding right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019. The first-time application resulted in the recognition of right of use assets of €24,010,112 and lease liabilities of €24,010,112 using the weighted average incremental borrowing rate of 1.9%. The right of use assets are presented separately in statement of financial position except for right of use assets that meet the definition of investment properties (IAS 40) which are classified as investment property and subsequently measured at fair value in line with the measurement rules set out in IAS 40. 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 and to leases in which the underlying asset is of low value (on a case-by-case basis). The Group also applied the available practical expedients wherein it used a single discount rate to a portfolio of leases with reasonably similar characteristics, relied on its assessment of whether leases are onerous immediately before 1 April 2019, applied the short-term leases exemptions to leases with lease term that ends within twelve months of the date of initial application, excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application, and used hindsight in determining the lease term where the contract contained options to extend or terminate the lease. Please refer to notes 2(I) and 16 for more details.

In accordance with IAS 12.15 and IAS 12.24 the Group applied the initial recognition exception on the Group`s lease liabilities and right of use assets. As a result, corresponding deferred tax assets and deferred tax liabilities have not been recorded. The treatment of deferred taxes in relation to IFRS 16 is currently under discussion by the IASB. The Group will reassess its policy when further guidance has been issued.

(c) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of the JSE Limited, IFRS and Companies (Guernsey) Law. 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 2019, except for the changes in accounting policies as shown in note 2(b). All forward-looking information is the responsibility of the Board of Directors and has not been reviewed or reported on by the Group's auditors.

(d) Going concern

Given the impact of Covid-19 on the economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2020. The Directors have performed an assessment of going concern based on cashflow and covenant projections over the period of 12 months from approval of these financial statements (the review period). The Group's going concern assessment considers the Group's Principal Risks and Uncertainties, set out on page X, and is dependent on a number of factors including financial performance, continued access to lending facilities and the ability to continue to operate the Group's secured debt structure within its financial covenants. The Group's secured debt typically contains soft covenants that result in operational restrictions and hard covenants that, if breached, represent default events. The cashflow projections also made assumptions on future trading performance, capital expenditure, refinancing requirements, and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value and interest cover ratios.

In considering the going concern and viability statements, the Directors reviewed detailed stress tests and sensitivity analyses provided by Management which modelled the effects of extreme and more realistic scenarios, taking into account the potential impact of Covid-19 on the Group's financial position and prospects.

Whilst currently we are not anticipating a material deterioration in the Group's income streams or material falls in asset values, the Directors considered it prudent to test the going concern assessment on what the Directors consider to be an extreme stress scenario that results from a major Covid-19 impact. The assumptions included in the extreme stress case were:

- occupancy reducing to 75%, 65% and 60% for the periods to March 2021, 2022 and 2023 respectively;
- service charge recovery reducing to 78%, 68%, and 63% for the periods to March 2021, 2022 and 2023 respectively;
- no new acquisitions;
- continuation of forecasted capex investment; and
- continuation of forecasted dividend payments.

It was also assumed that there would be the drawing down the remainder of the available Schuldschein facility in July 2020 (€20.0 million) and refinancing, on existing terms, of one loan facility maturing in October 2020 amounting to €17.8 million. There are no conditions that the Group needs to satisfy to be able to draw down the available Schuldschein facility.

Even in this extreme scenario, the Group was able to operate within its facilities and covenants in the review period, without applying additional mitigations such as the reduction of capex and dividend payments that remain available. The Group has sufficient cash reserves for a period of at least twelve months from the date of authorisation of these financial statements.

The Group assessed its loan covenant position resulting from a 20% reduction in income and asset valuation. Based on this extreme scenario no income related covenants were breached whilst the breach of two hard LTV covenants would require a repayment amounting to €14.3 million in order to remedy.

Based on unrestricted cash at 31 March 2020 amounting to €96.6 million, fully committed but as yet undrawn facilities amounting to €33.1 million and the exclusion of the impact of any mitigating actions, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this scenario. In addition, the Group has 12 unencumbered assets with a book value of €118.5 million as of 31 March 2020.

Thus, the Directors have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than twelve months from the date of the approval of the financial statements. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

The viability statement can be found on page [●], and information on how the Audit Committee considered the effects of the Covid-19 crisis during their review of the going concern and viability statements can be found on page [●].

(e) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2020. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

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

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

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

(f) Acquisitions

Investment property acquisitions that are not accounted for as business combinations under IFRS 3 "Business Combinations" are treated as acquisitions of investment property assets. Every transaction is assessed as either an asset acquisition or a business combination. During the period it was assessed that all investment properties purchased in the period should be accounted for as asset acquisitions due to the fact that the Group implements its own internal process and the key elements of the infrastructure of the business were not purchased.

(g) Foreign currency translation

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

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

(h) Revenue recognition

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Fixed or determinable rental increases, which can take the form of actual amounts or agreed percentages, are recognised on a straight-line basis over the term of material leases. If the increases are related to a price index to cover inflationary cost increases then the policy is not to spread the amount but to recognise them when the increase takes place.

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

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are 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 ("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. The variable consideration is allocated to each distinct period of service (i.e. each day) as it meets the variable consideration allocation exception criteria.

The Group acts as a principal in relation to these services, and records revenue on a gross basis, as it typically 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 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 polices set out above.

Interest income

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

(i) Leases

Group as lessor

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

Group as lessee

All contracts that give the Group the right to control the use of an identified asset over a certain period of time in return for consideration are considered leases within the meaning of IFRS 16.

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 and impairments into account and are presented separately in statement of financial position except for right-of-use assets that meet the definition of investment properties (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 an 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 and to leases in which the underlying asset is of low value (on a case-by-case basis).

Lease payments associated with short-term leases, with leases of low-value assets and with lease contracts that do not constitute leases within the meaning of IFRS 16 (out of scope of IFRS 16) are recognized as expenses on a straight-line basis over the lease term.

(j) Income tax

Current income tax

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

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

Deferred income tax

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

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

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

(k) Sales tax

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

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

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

(l) Investment properties

Investment properties are properties that are either owned by the Group or held under a lease which are held for long-term rental income and/or capital appreciation

Investment properties owned by the Group are initially recognised at cost, including transaction costs when the control of the property is transferred. Where recognition criteria is met, the carrying amount includes subsequent costs to add to or replace part of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the statement of comprehensive income in the period in which they arise.

The fair value of the Group's owned investment properties at 31 March 2020 is based on a valuation carried out at that date by Cushman & Wakefield LLP (2019: Cushman & Wakefield LLP), an independent valuer on the basis of highest and best use. The valuations are in accordance with standards complying with the Royal Institute of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been set by the International Valuation Standards Committee.

The valuation is based upon assumptions including future rental income, anticipated non-recoverable and maintenance costs, expected capital expenditure and an appropriate discount rate. The properties are valued on the basis of a discounted cash flow model using a range of ten to fourteen years supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over the measurement period. At the end of the period in which the cash flow is modelled, a determining residual value (exit scenario) is calculated. A capitalisation rate is applied to the more uncertain future income, discounted to present value. Each property is visited by the external valuer at least once every two years.

Due to the Novel Coronavirus ("COVID-19") the valuations of Cushman & Wakefield LLP are reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.

Investment properties relating to leased assets were initially recognised on 1 April 2019 in accordance with IFRS 16 (see note 16). 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 profit or loss in the statement of comprehensive income in the period in which they arise.

The fair value of investment properties relating to leased assets at 31 March 2020 has been arrived at on the basis of a valuation carried out at that date by the Group. 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 14.

(o) Plant and equipment

Recognition and measurement

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

Depreciation

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

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

Plant and equipment	three to thirteen years
Fixtures and fittings	four years

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

(p) Intangible assets

The Group recognises only acquired intangible assets. These intangibles are valued at cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with a definite useful life are amortised on a straight-line basis over their respective useful lives. Their useful lives are between three and five years. Any amortisation of these assets is recognised as such under administrative expenses in the consolidated statement of comprehensive income.

Intangible assets with an indefinite useful life, particularly goodwill, are not amortised.

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

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently when there is an indication that the business to which the goodwill applies may be impaired.

(q) Trade and other receivables

Rent and service charge receivables and any contract assets do not contain significant financing components and are measured at the transaction price. Other receivables are initially measured at fair value plus transaction costs. Subsequently, trade and other receivables are measured at amortised cost and are subject to impairment (see note 2(y)). The Group applies the simplified impairment model of IFRS 9 in order to determine expected credit losses in trade and other receivables, including lease incentives.

The Group assesses on a forward-looking basis the expected credit losses associated with its trade and other receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

(r) Treasury Shares and shares issued to the Employee Benefit Trust

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

(s) Share-based payments

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

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

(t) Cash and cash equivalents

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

(u) Bank borrowings

Interest-bearing bank loans and borrowings are initially recorded at fair value net of directly attributable transaction costs.

Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method.

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

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 in line with Guernsey law. The final dividend relating to the year ended 31 March 2020 will be approved and recognised in the financial year ending 31 March 2021.

(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.

For rent and other trade receivables and any contract assets, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e. a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). In determining the ECLs the Group takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or Company voluntary arrangements and market expectations and trends in the wider macro-economic environment in which our customers operate.

Impairment losses are recognised in profit or loss of the statement of comprehensive income. Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended.

(ii) Non-financial assets

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

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

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

(z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification, except for deferred tax assets and liabilities which are classified as non-current assets and liabilities. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The IASB has published new standards, amendments to standards and interpretations which will be applicable to financial years after 1 January 2020. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Amendments to IFRS 3:

Definition of a Business: The amendments help entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business and remove the assessment of whether market participants are capable of replacing any missing elements. The Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8:

Definition of Material: The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" were issued to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

(ab) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). During the year, EPRA issued new best practice reporting guidelines effective for periods starting 1 January 2020. The Directors have chosen not to adopt such changes early. Note 11 to the financial statements includes a reconciliation of basic and diluted earnings to EPRA earnings.

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 and gain/loss on sale of properties net of related tax. Note 11 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 11 to the financial statements includes a reconciliation of adjusting items included within adjusted earnings, with those adjusting items stated within administrative expenses in note 6.

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 28 to the financial statements. Within adjusted profit before tax are adjusting items as described above gross of related tax.

Further details on non-IFRS measures can be found in the business analysis section of this document.

3. Significant accounting judgements, estimates and assumptions

Judgements

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

Acquisition and disposal of properties

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management consider 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.

Estimates and assumptions

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

Valuation of 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 (2019: 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 €1,176.1 million (31 March 2019: €972.9 million) as disclosed in note 13.

The Cushman & Wakefield LLP valuation is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount rate. The properties are valued on the basis of a ten 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.

Due to the Novel Coronavirus ("COVID-19") the valuations of Cushman & Wakefield LLP are reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. As a result of this increased uncertainty, sensitives for more extensive changes in assumptions have been disclosed in note 13.

The fair value of the Group's leased investment properties was determined by the Group. The book value of leased investment properties is shown as €17.8 million (31 March 2019: €nil) as disclosed in note 13.

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

Assessment of uncertain tax positions

In the ordinary course of business, management makes judgements and estimates in relation to the tax treatment of certain transactions in advance of the ultimate tax determination being certain. Where the amount of tax payable or recoverable is uncertain management uses judgement in recording a corresponding payable or receivable.

Service charge

Service charge expenses are based on actual costs incurred and invoiced together with an estimate of costs to be invoiced in future periods. The estimates are based on expected consumption rates, 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.

4. Operating segments

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, Germany. All rental income is derived from operations in Germany. The majority of the Group's investment properties are multi-tenanted and mixed use and accordingly cannot be evaluated according to separate segments. There is no one tenant that represents more than 10% of Group revenues. The chief operating decision maker is considered to be the Senior Management Team, which is provided with consolidated IFRS information on a monthly basis.

5. Revenue

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Rental and other income from investment properties	**89,132**	84,414
Service charge income from investment properties	**48,069**	44,216
Rental and other income from managed properties	**7,846**	6,218
Service charge income from managed properties	**4,967**	5,215
Total revenue	**150,014**	140,063

Other income relates primarily to income associated with conferencing and catering of €1,961,000 (2019: €1,730,000) and fee income from managed properties of €1,521,000 (2019: nil).

6. Operating profit

The following items have been charged in arriving at operating profit:

Direct costs

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Service charge costs	**55,557**	51,250
Costs relating to managed properties*	**6,539**	10,779
Non-recoverable maintenance	**2,576**	2,270
Direct costs	**64,672**	64,299

* Included in costs relating to managed properties for the year ended 31 March 2019 was an amount of €5.2 million relating to head lease expenses. As a result of the adoption of IFRS 16 a right of use asset within investment property and corresponding lease liability were recognised on 1 April 2019. See notes 2(b) and 16 for further details.

Gain on disposal of properties

The gain on disposal of properties of €86,000 relates to the release of an accrual from disposal of the Bremen HAG site which completed in November 2018 (2019: gain of €611,000 resulting from total proceeds of €27,425,000 and property and professional costs of €26,814,000).

Gain on loss of control of subsidiaries

On 31 July 2019 the Company completed the Titanium Venture with AXA Investment Managers – Real Assets which included the sale of 65% of the Company's interest in five subsidiary companies holding business park assets located in Berlin, Nurnberg, Mainz and Bayreuth. As a result, a gain on loss of control of subsidiaries amounting to €6,323,000 was recognised in the statement of comprehensive income for the year ended 31 March 2020.

	Total €000
Total consideration	**18,291**
Recognition of investment in associates	**10,177**
Derecognition of net assets as of 31 July 2019*	**(21,969)**
Allocated costs	**(176)**
Total gain on loss of control of subsidiaries	**6,323**

* Included in the derecognized net assets were cash and cash equivalents in amount of €3,578,000 (see note 14).

Administrative expenses

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Audit and non-audit fees to audit firm	**560**	389
Legal and professional fees	**2,467**	3,373
Other administration costs	**1,136**	1,881
LTIP and SIP	**1,985**	232
Employee costs	**10,701**	11,167
Director fees and expenses	**379**	447
Depreciation of plant and equipment	**662**	1,373
Amortisation of intangible assets	**914**	—
Depreciation of right of use assets (see note 16)	**522**	—
Marketing	**1,889**	1,860
Selling costs relating to assets held for sale	**65**	—
Exceptional items	**(105)**	209
Administrative expenses	**21,175**	20,931

Exceptional items relate to a legal claim accrual release (2019: legal claim accrual). Employee costs as stated above relate to costs which are not recovered through service charge.

The following services have been provided by the Group's auditor:

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Audit fees to audit firm:		
Audit of consolidated financial statements	**410**	273
Audit of subsidiary undertakings	**87**	58
Non-audit fees to audit firm:		
Other assurance services	**63**	58
Total fees	**560**	389

7. Employee costs and numbers

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Wages and salaries	**15,977**	13,986
Social security costs	**2,671**	2,543
Pension	**212**	234
Other employment costs	**64**	51
	18,924	16,814

Included in the costs related to wages and salaries for the year ended 31 March 2020 are expenses of €1,985,000 (31 March 2019: €232,000) relating to the granting or award of shares under LTIPs and SIPs (see note 8). The costs for all periods include those relating to Executive Directors.

All employees are employed directly by one of the following Group subsidiary companies: Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG NOVA GmbH, Sirius Finance (Guernsey) Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 244 (31 March 2019: 241), expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-executive Directors (31 March 2019: four) and two Executive Directors as at 31 March 2020 (31 March 2019: two).

8. 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. 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.

June 2019 grant

3,760,000 ordinary share awards and 690,000 outperformance share awards were granted under the scheme on 16 June 2019 with a total charge for the awards of €2,145,511 over three years. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 16 June 2019 LTIP grant an expense of €613,000 was recognised in the consolidated statement of comprehensive income to 31 March 2020.

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 a share granted under the ordinary award in the year is €0.54.

Assumptions considered in this model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as a percentage of the share price at the date of grant; performance projection period; risk-free rate; and correlation between comparators.

January 2019 grant

In addition, as disclosed in the 2019 Annual Report, 4,000,000 ordinary share awards and 700,000 outperformance share awards were previously granted under the scheme on 15 January 2019. The portion of the accounting charge recognised in the consolidated statement of comprehensive income to 31 March 2020 is based on the following adjustments to the fair value of the awards linked to the TNR performance condition:

1) the fair value was discounted at the rate of the dividend yield over the projection period in order to ensure consistent treatment for the awards linked to TSR and TNR performance condition; and

2) the level of expected vesting of the TNR outperformance award has been adjusted in accordance with the Company's best estimate.

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 – €	0.66	0.66
Exercise price – €	nil	nil
Expected volatility – %	23.3	23.3
Performance projection period – years	2.21	2.08
Expected dividend yield – %	4.86	4.86
Risk-free rate based on European treasury bonds rate of return – %	(0.63) p.a.	(0.63) p.a.
Expected outcome of performance conditions – %	100/23.9	44.7
Fair value per share – €	0.593	0.295

The weighted average fair value of a share granted under the ordinary award in the year is €0.49.

As a result, the adjusted total charge for the awards granted on 15 January 2019 is €2,111,000. For the year ended 31 March 2020 the proportion of charge recognised in the statement of comprehensive income for the January 2019 LTIP award was €957,000.

2019 SIP

A share incentive plan ("SIP") for the benefit of senior employees of the Company was approved in August 2019. The fair value was based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards were granted in the form of whole shares at no cost to the participants. Shares will vest after a three year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As at 31 March 2020 a total of 2,784,750 shares were granted, subject to performance criteria, and an expense including related costs of €415,000 was recognised in the consolidated statement of comprehensive income to 31 March 2020.

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number of share awards	**Weighted average exercise price €000**	Number of share awards	Weighted average exercise price €000
Balance outstanding as at the beginning of the period (nil exercisable)	**4,700,000**	**—**	—	—
Maximum granted during the period	**7,235,000**	**—**	4,700,000	—
Forfeited during the period	**—**	**—**	—	—

Exercised during the period	**—**	**—**	—	—
Balance outstanding as at the end of the period (nil exercisable)	**11,935,000**	**—**	4,700,000	—

Employee benefit schemes

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

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Charge relating to 2018 LTIP – January 2019 grant	**957**	232
Charge relating to 2019 LTIP – June 2019 grant	**613**	—
Charge relating to SIP – August 2019 grant	**415**	—
Value of shares withheld to settle employee tax obligations*	**—**	(4,748)
Share-based payment transactions as per consolidated statement of changes in equity	**1,985**	(4,516)

* Share-based payment transactions relating to the 2015 LTIP scheme.

9. Finance income, finance expense and change in fair value of derivative financial instruments

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Bank interest income	**54**	75
Finance income from associates	**977**	—
Finance income	**1,031**	75
Bank loan interest expense	**(7,234)**	(7,643)
Interest expense related to lease liabilities (see note 16)	**(423)**	—
Bank charges	**(182)**	(185)
Amortisation of capitalised finance costs	**(1,437)**	(1,371)
Refinancing costs, exit fees and prepayment penalties	**(9,107)**	—
Finance expense	**(18,383)**	(9,199)
Change in fair value of derivative financial instruments	**(377)**	(1,495)
Net finance expense	**(17,729)**	(10,619)

Included within refinancing costs, exit fees and early prepayment penalties of €9,107,000 are costs amounting to €6,025,000 that directly relate to the repayment of loan facilities secured by assets included within the Titanium Venture with AXA Investment Managers – Real Assets that completed on 31 July 2019. The residual amount of €3,082,000 are costs relating to the repayment of loan facilities secured by assets not included within the Titanium Venture.

The change in fair value of derivative financial instruments in amount of €377,000 (2019: €1,495,000) reflects the change in the mark to market valuation of these financial instruments.

10. Taxation

Consolidated statement of comprehensive income

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Current income tax		
Current income tax charge	**(1,030)**	(523)
Current income tax charge relating to disposals of investment properties	**—**	(170)
Accrual relating to tax treatment of swap break	**—**	151
Adjustments in respect of prior periods	**97**	501
Total current income tax	**(933)**	(41)
Deferred tax		
Relating to origination and reversal of temporary differences	**(11,687)**	(15,138)
Relating to LTIP charge for the year	**—**	(811)
Total deferred tax	**(11,687)**	(15,949)
Income tax charge reported in the statement of comprehensive income	**(12,620)**	(15,990)

The effective income tax rate for the period differs from the standard rate of corporation tax in Germany of 15.825% (2019: 15.825%). The differences are explained below:

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Profit before tax	**110,765**	144,712
Profit before tax multiplied by the rate of corporation tax in Germany of 15.825% (2019: 15.825%)	**17,529**	22,901
Effects of:		
Deductible interest on internal financing	**(6,891)**	(6,197)
Tax exempt gain from selling of investments and dividends	**(1,338)**	—
Non-deductible expenses	**68**	(1,728)
Tax losses utilised	**(1,611)**	(882)

Property valuation movements due to differences in accounting treatments	**4,847**	1,796
Adjustments in respect of prior periods	**(97)**	(652)
Other	**113**	752
Total income tax charge in the statement of comprehensive income	**12,620**	15,990

Non-deductible expenses primarily relate to differences in the accounting and taxation treatment of share awards.

Deferred income tax liability

	31 March 2020 €000	31 March 2019 €000
Opening balance	**(30,878)**	(26,485)
Release due to disposals	**414**	261
Taxes on the revaluation of investment properties	**(11,687)**	(15,399)
Transferred to liabilities directly associated with assets held for sale	**—**	10,745
Balance as at year end	**(42,151)**	(30,878)

Deferred income tax asset

	31 March 2020 €000	31 March 2019 €000
Opening balance	**—**	811
Relating to LTIP charge for the year	**—**	(811)
Balance as at year end	**—**	—

The Group is mainly subject to taxation in Germany with the income from the Germany-located rental business with a tax rate of 15.825%. It has tax losses of €351,265,000 (31 March 2019: €333,078,000) that are available for offset against future profits of its subsidiaries in which the losses arose under the restrictions of the minimum taxation rule. Deferred tax assets have not been recognised in respect of the revaluation losses on investment properties, the valuation of the Company LTIP, interest rate swaps and in regard to IFRS 16 "Lease Contracts" as they may not be used to offset taxable profits elsewhere in the Group as realisation is not assured. Referring to the adoption of IFRS 16 as of 1 April 2019 the Company did not recognise any deferred tax with reference to the initial recognition exception.

11. Earnings per share

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

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Earnings attributable to the owners of the Company		
Basic earnings	**98,136**	128,657
Diluted earnings	**98,136**	128,657
EPRA earnings	**55,882**	44,995
Diluted EPRA earnings	**55,882**	44,995
Headline earnings	**46,398**	43,554
Diluted headline earnings	**46,398**	43,554
Adjusted		
Basic earnings	**98,136**	128,657
Deduct revaluation surplus	**(55,789)**	(99,887)
Add loss/deduct gain on sale of properties	**(86)**	(611)
Deduct gain on loss of control of subsidiaries	**(6,323)**	—
Tax in relation to the revaluation surplus above	**11,687**	15,362
NCI relating to revaluation, net of related tax	**29**	32
NCI relating to gain on sale of properties, net of related tax	**—**	1
Deduct revaluation gain on investment property relating to associates	**(1,687)**	—
Tax in relation to the revaluation gain on investment property relating to associates above	**431**	—
Headline earnings after tax	**46,398**	43,554
Add change in fair value of derivative financial instruments, net of related tax and NCI	**377**	1,441
Add back revaluation expense relating to leased investment properties	**(3,916)**	—
Add adjusting items, net of related tax and NCI(1)	**11,052**	1,101
Adjusted earnings after tax	**53,911**	46,096
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	**1,027,881,515**	1,006,966,788
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	**1,039,816,265**	1,011,666,788
Basic earnings per share	**9.55c**	12.78c
Diluted earnings per share	**9.44c**	12.72c
Basic EPRA earnings per share	**5.44c**	4.47c
Diluted EPRA earnings per share	**5.37c**	4.45c
Headline earnings per share	**4.51c**	4.33c
Diluted headline earnings per share	**4.46c**	4.31c
Adjusted earnings per share	**5.24c**	4.58c

Adjusted diluted earnings per share	**5.18c**	4.56c

(1) See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 6 below.

	Notes	**Year ended 31 March 2020 €000**	Year ended 31 March 2019 €000
Exceptional items	6	**(105)**	209
Finance restructuring costs	9	**9,107**	—
Selling costs relating to assets held for sale	6	**65**	—
LTIP and SIP	6	**1,985**	232
Change in deferred tax assets	10	**—**	811
Accrual relating to tax treatment of swap break	10	**—**	(151)
Adjusting items as per note 11		**11,052**	1,101

EPRA earnings

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Basic and diluted earnings attributable to owners of the Company	**98,136**	128,657
Gain on revaluation of investment properties	**(55,789)**	(99,887)
Gain on disposal of properties (including tax)	**(86)**	(441)
Deduct gain on loss of control of subsidiaries	**(6,323)**	—
Refinancing costs, exit fees and early prepayment penalties	**9,107**	—
Change in fair value of derivative financial instruments	**377**	1,495
Deferred tax in respect of EPRA adjustments	**11,687**	15,138
NCI in respect of the above	**29**	33
Deduct revaluation gain on investment property relating to associates	**(1,687)**	—
Tax in relation to the revaluation gain on investment property relating to associates	**431**	—
EPRA earnings	**55,882**	44,995

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted and diluted earnings per share, the number of shares has been reduced by nil shares (2019: nil shares), which are held by the Company as Treasury Shares at 31 March 2020 and by 2,112,720 own shares held (31 March 2019: nil), which are held by an Employee Benefit Trust on behalf of the Group.

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

	2020	2019
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,027,881,515**	1,006,966,788
Effect of grant of SIP shares	**2,784,750**	—
Effect of grant of LTIP shares	**9,150,000**	4,700,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,039,816,265**	1,011,666,788

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

12. Net asset value per share

	2020 €000	2019 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	**801,570**	725,808
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation	**42,151**	41,623
Derivative financial instruments	**1,279**	902
Adjusted net asset value attributable to owners of the Company	**845,000**	768,333
Number of shares		
Number of ordinary shares for the purpose of net asset value per share	**1,036,257,101**	1,022,140,875
Number of ordinary shares for the purpose of EPRA net asset value per share	**1,048,191,851**	1,026,840,875
Net asset value per share	**77.35c**	71.01c
Adjusted net asset value per share	**81.54c**	75.17c
EPRA net asset value per share	**80.62c**	74.82c
Net asset value at the end of the year (basic)	**801,570**	725,808
Derivative financial instruments at fair value	**1,279**	902
Deferred tax in respect of EPRA adjustments	**42,151**	41,623
EPRA net asset value	**845,000**	768,333

For more information on adjusted net asset value and EPRA net asset value refer to Annex 1.

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

	2020	2019
Number of ordinary shares for the purpose of net asset value per share	**1,036,257,101**	1,022,140,875
Effect of grant of SIP shares	**2,784,750**	—
Effect of grant of LTIP shares	**9,150,000**	4,700,000
Number of ordinary shares for the purpose of EPRA net asset value per share	**1,048,191,851**	1,026,840,875

The number of shares has been reduced by 2,120,720 own shares held (2019: nil shares), which are held by an Employee Benefit Trust on behalf of the Group.

13. Investment properties

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

	2020 €000	2019 €000
Total owned investment properties at book value as at 1 April – reported	**972,868**	913,843
Leased investment properties – initial recognition(see note 16)	**21,048**	—
Total investment properties at book value as at 1 April – as restated	**993,916**	913,843
Additions – owned investment properties	**120,434**	101,663
Additions – leased investment properties	**699**	—
Capital expenditure and broker fees	**33,177**	27,127
Disposals	**—**	(10,032)
Reclassified as investment properties held for sale (note 14)	**(10,100)**	(159,620)
Gain on revaluation above capex and broker fees	**59,939**	100,092
Adjustment in respect of lease incentives	**(235)**	(205)
Deficit on revaluation relating to leased investment properties	**(3,915)**	—
Total investment properties at book value as at 31 March(1)	**1,193,915**	972,868

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

	2020 €000	2019 €000
Owned investment properties at market value per valuer's report(1)	**1,179,440**	975,991
Adjustment in respect of lease incentives	**(3,357)**	(3,122)
Leased investment property market value	**17,832**	—
Total investment properties at book value as at 31 March 2020(1)	**1,193,915**	972,868

(1) Excluding assets held for sale.

The fair value of the Group's owned investment properties at 31 March 2020 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2019: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS. The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

The valuation of the Group's owned investment properties at 31 March 2020 carried out by Cushman & Wakefield is subject to a material uncertainty clause due to COVID-19. See note 2(l) for further details.

The weighted average lease expiry remaining across the owned portfolio at 31 March 2020 was 2.9 years (2019: 2.8 years).

The fair value (market value) of the Group's leased investment properties at 31 March 2020 has been arrived at on the basis of a valuation carried out by the Group. See note 2(l) for further details.

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

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Gain on revaluation above capex and broker fees	**59,939**	100,092
Adjustment in respect of lease incentives	**(235)**	(205)
Deficit on revaluation relating to leased investment properties	**(3,915)**	—
Gain on revaluation of investment properties reported in the statement of comprehensive income	**55,789**	99,887

Included in the gain on revaluation of investment properties reported in the statement of comprehensive income (excluding the revaluation effects in respect of leased investment properties) are gross gains of €78.2 million and gross losses of €22.4 million (31 March 2019: gross gains of €105.0 million and gross losses of €5.1 million).

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

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

As at 31 March 2020

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	668,940,000	Discounted cash flow	Current rental income	€260k–€6,573k
			Market rental income	€424k–€7,186k
			Gross initial yield	2.6%–11.1%
			Discount factor	5.3%–8.1%
			Void period (months)	12–24
			Estimated capital value per sqm	€299–€1,257
Modern business park	313,830,000	Discounted cash flow	Current rental income	€478k–€4,009k
			Market rental income	€482k–€4,354k
			Gross initial yield	5.2%–10.8%
			Discount factor	5.3%–7.4%
			Void period (months)	12–24
			Estimated capital value per sqm	€548–€1,649
Office	206,770,000	Discounted cash flow	Current rental income	€358k–€3,201k
			Market rental income	€445k–€3,507k
			Gross initial yield	4.0%–10.4%
			Discount factor	5.9%–7.9%
			Void period (months)	12–24
			Estimated capital value per sqm	€610–€1,509

As at 31 March 2019

Sector	Market value (€)	Technique	Significant assumption	Range
Traditional business park	593,620,000	Discounted cash flow	Current rental income	€315k–€6,197k
			Market rental income	€424k–€6,094k
			Gross initial yield	4.7%–10.0%
			Discount factor	4.4%–8.0%
			Void period (months)	12–24
			Estimated capital value per sqm	€301–€1,141
Modern business park	217,790,000	Discounted cash flow	Current rental income	€463k–€3,169k
			Market rental income	€478k–€3,574k
			Gross initial yield	5.4%–8.3%
			Discount factor	4.4%–7.3%
			Void period (months)	12–24
			Estimated capital value per sqm	€588–€1,568
Office	164,580,000	Discounted cash flow	Current rental income	€69k–€3,149k
			Market rental income	€512k–€3,509k
			Gross initial yield	0.8%–9.0%
			Discount factor	5.0%–7.8%
			Void period (months)	12–24
			Estimated capital value per sqm	€581–€1,349

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. This gives rise to large ranges in the inputs.

For example, an increase in market rental values of 10% would lead to an increase in the fair value of the investment properties of €117,390,000 and a decrease in market rental values of 10% would lead to a decrease in the fair value of the investment properties of €116,990,000. Similarly, an increase in the discount rates of 0.5% would lead to a decrease in the fair value of the investment properties of €46,670,000 and a decrease in the discount rates of 0.5% would lead to an increase in the fair value of the investment properties of €49,370,000.

14. Assets held for sale

Investment properties held for sale

	31 March 2020 €000	31 March 2019 €000
Weilimdorf	**10,100**	—
Balance as at year end	**10,100**	—

* Please see note 13 for disclosures regarding valuation.

An amount of €9,090,000 relating to the sale of the Weilimdorf asset was received prior to the completion date of 1 April 2020. As a result, an equal and opposite position within other payables was recognised. See note 22 and 33 for further details.

Disposal group

In March 2019, the Group entered into a contract to dispose of a 65% interest in certain subsidiaries controlled by the Group holding investments in five investment properties to AXA IM – Real Assets. As at 31 March 2019, a disposal had not been recognised as certain conditions of the sale had not been met. As at 31 March 2020 no disposal group was recognised in the consolidated financial statements of the Group.

The major classes of the assets and liabilities comprising the disposal group classified as held for sale at 31 March 2019 were as follows:

	31 March 2019 €000

Assets	
Investment properties	159,620
Trade and other receivables	1,075
Cash and cash equivalents	3,940
Assets held for sale	164,635
Liabilities	
Trade and other payables	(3,674)
Interest-bearing loans and borrowings	(48,623)
Deferred tax liabilities	(10,745)
Liabilities directly associated with assets held for sale	(63,042)
Net assets of the disposal group	101,593

(1) Including capitalised finance charges in amount of €941,000.

The table below details the assets and liabilities over which control was lost as of 31 July 2019 upon the completion of the disposal of 65% interest in the five subsidiary companies as mentioned above compared to the consideration received:

	31 July 2019 €000
Assets	
Property, plant and equipment	160,891
Trade and other receivables	1,271
Cash and cash equivalents	3,758
Liabilities	
Trade and other payables	(41,880)
Interest-bearing loans and borrowings(1)	(90,912)
Deferred tax liabilities	(11,159)
Net assets	21,969
Total consideration received	18,291
Less cash and cash equivalents of the disposal group sold	(3,758)
Total consideration received on loss of control of subsidiaries net of sold cash and cash equivalents(1)	14,533

(1) Including consideration received in amount of €185,000 relating to disposal of plant equipment.

15. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
Cost			
As at 31 March 2019	7,938	4,157	12,095
Additions in year	217	1,237	1,454
Transfer to intangible assets (note 19)*	(4,878)	—	(4,878)
Disposals in year	(2,561)	—	(2,561)
As at 31 March 2020	716	5,394	6,110
Depreciation			
As at 31 March 2019	(6,042)	(2,615)	(8,657)
Charge for year	(156)	(506)	(662)
Transfer to intangible assets (note 19)*	3,207	—	3,207
Disposals in year	2,376	—	2,376
As at 31 March 2020	(615)	(3,121)	(3,736)
Net book value as at 31 March 2020	**101**	**2,273**	**2,374**
Cost			
As at 31 March 2018	6,894	3,545	10,439
Additions in year	1,061	628	1,689
Disposals in year	(17)	(16)	(33)
As at 31 March 2019	7,938	4,157	12,095
Depreciation			
As at 31 March 2018	(5,286)	(2,027)	(7,313)
Charge for year	(770)	(603)	(1,373)
Disposals in year	14	15	29
As at 31 March 2019	(6,042)	(2,615)	(8,657)
Net book value as at 31 March 2019	1,896	1,542	3,438

* As of 31 March 2020 software and licenses have been transferred from plant and equipment into intangible assets as the nature of these assets relate to intangible assets.

16. Right of use assets and lease liabilities

The effects on the opening balances as of the first-time recognition of operating leases in which the Group is lessee are shown below:

	1 April 2019 €000
Non-current assets	
Right of use assets – office	2,962
Right of use assets – disclosed under investment property	21,048
Total	24,010

Current liabilities	
Lease liabilities	(5,554)
Non-current lease liabilities	
Lease liabilities	(18,456)
Total	(24,010)

The lease liabilities as of 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	€000
Operating lease commitments as of 31 March 2019	30,301
Weighted average incremental borrowing rate as of 1 April 2019	1.9%
Discounted operating lease commitments as of 1 April 2019	23,314
Less commitments relating to short-term leases	(16)
Less commitments relating to leases of low-value assets	(439)
Add lease payments relating to renewal periods not included in operating lease commitments as of 31 March 2019	1,151
Lease liabilities as of 1 April 2019	24,010

Set out below are the carrying amounts of right of use assets (excluding those disclosed under investment property) recognised and the movements during the year:

	Office €000	Total €000
As at 1 April 2019	2,962	2,962
Additions	—	—
Depreciation expense	(522)	(522)
As at 31 March 2020	**2,440**	**2,440**

In addition to office spaces the Group is also counterpart to long-term leasehold agreements and head leases relating to commercial property. Right-of-use assets amounting to €17,832,000 are classified as investment properties of which €12,031,000 relate to commercial property.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Total €000
As at 1 April 2019	(24,010)
Accretion of interest	(423)
Additions	(699)
Payments	5,982
Total lease liabilities as at 31 March 2020	(19,150)
Current lease liabilities as at 31 March 2020	(5,562)
Non-current lease liabilities as at 31 March 2020	(13,588)

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities as at 31 March 2020:

2020	**Within 1 year €000**	**1–5 years €000**	**5+ years €000**	**Total €000**
Commercial property	(5,003)	(5,875)	—	(10,878)
Long-term leasehold	(111)	(569)	(5,121)	(5,801)
Office space	(448)	(1,997)	(26)	(2,471)
Total	(5,562)	(8,441)	(5,147)	(19,150)

Lease liabilities were discounted to 1 April 2019 using the incremental borrowing rate. The overall weighted average discount rate used for the current year is 1.9%.

During the financial year expenses for leases of low value assets and short-term leases amounted to €320,000 (included in the administrative expenses).

In addition to leases of low value assets as well as payments resulting from short-term leases, interest payments and repayments of lease liabilities totalling €5,982,000 were incurred for the financial year ended 31 March 2020 and are included in the cash flow from financing activities.

17. Investment in associates

On 31 July 2019 the Group completed the sale of 65% of its interest in five subsidiaries holding business park assets located in Berlin, Nuremberg, Mainz and Bayreuth into the "Titanium venture". The principal activity of those five companies is the investment in, and development of, commercial property to provide conventional and flexible workspace. The Group's remaining interest in those companies is accounted for using the equity method in the consolidated financial statements.

On 31 March 2020 the Titanium venture completed its first investment. Due to the fact that 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 2020 €000

Current assets	9,177
Non-current assets	228,687
Current liabilities	(5,180)
Non-current liabilities	(202,072)
Equity	30,612
Unrecognised accumulated losses	4,548
Subtotal	35,160
Group's share in equity – 35%	12,306

	31 March 2020 €000
Net operating income	6,797
Gain on revaluation of investment properties	682
Administrative expense	(1,158)
Operating profit	6,321
Net finance costs	(3,556)
Profit before tax	2,765
Taxation	(1,232)
Unrecognised losses	4,548
Total comprehensive income for the period after tax	6,082
Group's share of profit for the period – 35%	2,129

Included within the non-current liabilities are shareholder loans amounting to €106,296,000. As at 31 March 2020 no contingent liabilities existed. The associates had contracted capital expenditure for development and enhancements of €1,306,000 as at 31 March 2020.

18. Other non-current assets

	31 March 2020 €000	31 March 2019 €000
Guarantees and deposits	**1,809**	1,813
Loans to associates	**37,204**	—
Balance as at year end	**39,013**	1,813

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2024, are fully subordinated and are charged at a fixed interest rate.

19. Intangible assets

	Software €000	Licences with definite useful life €000	Goodwill €000	Total €000
Cost				
As at 31 March 2019	—	—	3,738	3,738
Transfer from plant and equipment (note 15)*	4,731	146	—	4,877
Additions in year	1,145	85	—	1,230
Disposals in year	—	—	—	—
As at 31 March 2020	5,876	231	3,738	9,845
Amortisation				
As at 31 March 2019	—	—	—	—
Transfer from plant and equipment (note 15)*	(3,184)	(23)	—	(3,207)
Charge for year	(866)	(48)	—	(914)
Disposals in year	—	—	—	—
As at 31 March 2020	(4,050)	(71)	—	(4,121)
Net book value as at 31 March 2020	1,826**	160	3,738	5,724
Cost				
As at 31 March 2018	—	—	3,738	3,738
Additions in year	—	—	—	—
Disposals in year	—	—	—	—
As at 31 March 2019	—	—	3,738	3,738
Amortisation				
As at 31 March 2018	—	—	—	—
Charge for year	—	—	—	—
Disposals in year	—	—	—	—
As at 31 March 2019	—	—	—	—
Net book value as at 31 March 2019	—	—	3,738	3,738

* As of 31 March 2020 software and licenses have been transferred from plant and equipment into intangible assets due to the nature of the assets.
** Included in the additions is an amount of €746,000 relating to intangible assets under development not yet amortised (2019: €616,000).

On 30 January 2012, a transaction was completed to internalise the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3,738,000 was recognised. Current business plans indicate that the balance is unimpaired.

Goodwill is tested at least annually for impairment and whenever there are indications that goodwill might be impaired. The recoverable amount of a cash-generating unit is based on its value in use. Value in use is the present value of the projected cash flows of the cash-generating unit. The key assumptions regarding the value-in-use calculations were budgeted growth in revenue and the discount rate applied. Budgeted profit margins were estimated based on actual performance over the past two financial years and expected market changes. The discount rate used is a pre-tax rate and reflects the risks specific to the real estate industry. The Group prepares cash flow forecasts based on the most recent financial budget approved by management, which covers a one year period. Cash flows beyond this period are extrapolated to a period of five years using a revenue growth rate of 2.0% (2019: 2.0%), which is consistent with the long-term average growth rate for the real estate sector. A discount rate of 6.81% (2019: 7.24%) and terminal value of 4.81% (2019: 5.24%) was applied in the impairment review. A discount rate of 9.78% (2019: 8.80%) would be required for the carrying value of goodwill to be greater than the fair value. A negative revenue growth rate of -0.90% (2019: 0.47%) would be required for the carrying value of goodwill to be greater than the fair value.

20. Trade and other receivables

	2020 €000	2019 €000
Trade receivables	**7,961**	4,747
Other receivables	**5,942**	4,678
Prepayments	**1,145**	1,403
Balance as at year end	**15,048**	10,828

Other receivables include lease incentives of €3,357,000 (2019: €3,122,000).

Prepayments include amounts totalling €nil (2019: €410,000) relating to the acquisition of an asset that completed post year end.

21. Cash and cash equivalents

	2020 €000	2019 €000
Cash at bank	**96,577**	15,954
Restricted cash	**24,686**	20,388
Balance as at year end	**121,263**	36,342

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at 31 March 2020 is €121,263,000 (2019: €36,342,000).

As at 31 March 2020, €24,686,000 (2019: €20,388,000) of cash is held in restricted accounts. €10,927,000 (2019: €9,227,000) relates to deposits received from tenants. An amount of €3,500,000 (2019: €nil) is cash held in escrow in accordance with one of the Group's loan agreements and €131,000 (2019: €131,000) is held in restricted accounts for office rent deposits. An amount of €4,294,000 (2019: €2,227,000) relates to amounts reserved for future bank loan interest and amortisation payments of the Group's banking facilities. An amount of €784,000 (2019: €1,520,000) relates to amounts reserved for future capital expenditure. An amount of €5,050,000 (2019: €6,300,000) relates to disposal proceeds retained as security.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 March 2020:

	2020 €000	2019 €000
Cash at bank	**96,577**	15,954
Restricted cash	**24,686**	20,388
Cash at bank and restricted cash attributable to the disposal group	**—**	3,940
Balance as at year end	**121,263**	40,282

22. Trade and other payables

	2020 €000	2019 €000
Trade payables	**9,578**	4,903
Accrued expenses	**18,056**	15,510
Interest and amortisation payable	**333**	1,913
Tenant deposits	**10,927**	9,227
Unearned revenue	**4,001**	3,682
Other payables	**13,885**	5,520
Balance as at year end	**56,780**	40,755

Accrued expenses include costs totalling €10,280,000 (2019: €5,465,000) relating to service charge costs that have not been invoiced to the Group.

Other payables include €9,090,000 of proceeds relating to the sale of the Weilimdorf asset that is categorised as an asset held for sale at 31 March 2020 in advance of the completion date of 1 April 2020. See notes 22 and 33 for details of assets held for sale.

Unearned revenue include service charge amounts €459,000 (2019: €634,000). Service charge income is only recognized as income when the performance obligations are met. All unearned revenue of the prior year was recognised as revenue in the current year.

23. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	**2020 €000**	2019 €000
Current				
Bayerische Landesbank				
– hedged floating rate facility	Hedged(1)	19 October 2020	**23,098**	508
SEB AG				
– fixed rate facility	1.84	1 September 2022	**1,180**	1,180
– hedged floating rate facility	Hedged(2)	30 October 2024	**458**	459
– capped floating rate facility	Capped(3)	25 March 2025	**760**	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	**2,920**	2,278
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**1,853**	1,826
– fixed rate facility	0.90	31 October 2023	**1,454**	—
K-Bonds I				
– fixed rate facility	6.00	31 July 2020	**—**	460
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**748**	737
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(4)	31 December 2023	**1,110**	432
– floating rate facility	Floating(5)	31 December 2023	**140**	10
Capitalised finance charges on all loans			**(1,695)**	(1,242)
			32,026	7,408
Non-current				
Bayerische Landesbank				
– hedged floating rate facility	Hedged(1)	19 October 2020	**—**	23,098
SEB AG				
– fixed rate facility	1.84	1 September 2022	**52,510**	53,690
– hedged floating rate facility	Hedged(2)	30 October 2024	**21,784**	22,242
– floating rate facility	Floating	30 October 2024	**2,000**	—
– capped floating rate facility	Capped(3)	25 March 2025	**35,720**	36,480
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	**59,105**	69,149
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**62,018**	63,871
– fixed rate facility	0.90	31 October 2023	**113,310**	—
K-Bonds I				
– fixed rate facility	4.00	31 July 2023	**—**	20,685
– fixed rate facility	6.00	31 July 2020	**—**	460
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**15,789**	16,537
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(4)	31 December 2023	**53,276**	21,178
– floating rate facility	Floating(4)	31 December 2023	**6,521**	494
Schuldschein				
– floating rate facility	Floating(5)	05 December 2022	**5,000**	—
– floating rate facility	Floating(5)	06 January 2023	**10,000**	—
– floating rate facility	Floating(5)	06 January 2025	**5,000**	—
– fixed rate facility	1.70	03 March 2025	**10,000**	—
Capitalised finance charges on all loans			**(3,831)**	(3,831)
			448,202	324,053
Total			**480,228**	331,461

(1) This facility is hedged with a swap charged at a rate of 1.66%.
(2) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 2.58%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 2.56%.
(3) This facility is hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan.
(4) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.40%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.25%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%, €6.5 million and the €0.5 million are charged with a floating rate of 1.20% over three month EURIBOR (not less than 0%).
(5) This unsecured facility has a floating rate of 1.50% over six month EURIBOR (not less than 0%) for the first two tranches, a floating rate of 1.70% over six month EURIBOR (not less than 0%) for the third tranche and 1.70% fixed interest rate for the fourth and fifth tranches.

The borrowings are repayable as follows:

	2020 €000	2019 €000
On demand or within one year	**33,722**	8,650
In the second year	**10,724**	31,310
In the third to tenth years inclusive	**441,308**	296,574
Total	**485,754**	336,534

The Group has pledged 45 (31 March 2019: 48) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 45 (31 March 2019: 48) properties had a combined valuation of €1,067,650,000 as at 31 March 2020 (31 March 2019: €1,080,819,000).

Bayerische Landesbank

On 20 October 2015, the Group agreed to a facility agreement with Bayerische Landesbank for €25.4 million. The loan terminates on 19 October 2020. Amortisation is 2% per annum with the remainder due in the fourth year. The full facility has been hedged at a rate of 1.66% until 19 October 2020 by way of an interest rate swap. The facility is secured over four property assets and is subject to various covenants with which the Group has complied. No changes have occurred during the twelve month period ended 31 March 2020.

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59.0 million to refinance the two existing Macquarie loan facilities. The loan terminates on 1 September 2022. Amortisation is 2% per annum with the remainder due in the seventh year. The loan facility is charged at a fixed interest rate of 1.84%. This facility is secured over eleven property assets that were previously financed through the Macquarie loan facilities. The facility is subject to various covenants with which the Group has complied. No changes have occurred during the twelve month period ended 31 March 2020.

On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for €22.9 million. Tranche 1, totalling €20.0 million, has been hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, has been hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan terminates on 30 October 2024. Amortisation is 2.0% per annum across the full facility with the remainder due in one instalment on the final maturity date. The facility is secured over three property assets and is subject to various covenants with which the Group has complied. No changes have occurred during the twelve month period ended 31 March 2020. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility is not subject to amortisation and is charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan.. As at 31 March 2020 a total of €2.0 million had been drawn down.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan terminates on 25 March 2025. Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. The loan facility is charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. In accordance with the requirements of the loan facility the Group hedged its exposure to floating interest rates by purchasing a cap in June 2018 which limits the Group's interest rate exposure on the facility to 2.33%. The facility is secured over six property assets and is subject to various covenants with which the Group has complied. No changes have occurred during the twelve month period ended 31 March 2020. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility is not subject to amortisation and is charged at an interest rate of 1.58%. As at 31 March 2020 the capex facility remained undrawn.

Berlin Hyp AG/Deutsche Pfandbriefbank AG

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

On 30 June 2017, the Group repaid a total of €5.8 million following the disposal of the Düsseldorf asset. On 30 September 2017, the Group repaid tranche 2 of the loan in full amounting to €40.9 million following the disposal of the Munich Rupert Mayer Strasse asset. The facility is now secured over nine property assets.

On 1 August 2019 the Group repaid a total of €16.8 million including €10.1 million recorded within liabilities directly associated with assets held for sale as of 31 March 2019, following the disposal of two assets that acted as security for the loan into the Titanium Venture with AXA IM – Real Assets. The remaining facility is now secured over seven property assets.

Berlin Hyp AG

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend a facility which had an outstanding balance of €39.2 million at 30 September 2016. The new facility totals €70.0 million and terminates on 29 October 2023. Amortisation is 2.5% per annum with the remainder due at maturity. The facility is charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility is secured over six property assets which include the recent acquisitions in Dresden and Wiesbaden which were added to the security pool in order to increase the facility. The loan is subject to various covenants with which the Group has complied. During the period the facility was incorporated into the agreement that was entered into on 13 September 2019 as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

On 13 September 2019, the Group agreed to a facility agreement with Berlin Hyp AG for €115.4 million. The loan terminates on 31 October 2023. Amortisation is 1.25% per annum with the remainder due in the fourth year. The loan facility is charged at a fixed interest rate of 0.90%. This facility is secured over nine property assets. The facility is subject to various covenants with which the Group has complied.

K-Bonds

On 1 August 2013, the Group agreed to a facility agreement with K-Bonds for €52.0 million. The loan consists of a senior tranche of €45.0 million and a junior tranche of €7.0 million. The senior tranche has a fixed interest rate of 4% per annum and is due in one sum on 31 July 2023. The junior tranche has a fixed interest rate of 6% and terminates on 31 July 2020. The junior tranche is amortised at €1.0 million per annum over a seven year period. This facility is secured over four properties and is subject to various covenants with which the Group has complied.

On 1 August 2019 the Group repaid the facility in full following the disposal of the assets that acted as security for the loan into the Titanium Venture with AXA IM – Real Assets.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset that completed immediately after period end and is subject to various covenants with which the Group has complied. No changes have occurred during the twelve month period ended 31 March 2020.

Deutsche Pfandbriefbank AG

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0 million. Tranche 1, totalling €21.6 million, has been hedged at a rate of 1.40% until 31 December 2023 by way of an interest rate swap. A first drawdown of tranche 3 totalling €0.5 million is charged at a fixed interest rate of 1.20%. On 3 April 2019 tranche 2 was drawn down, totalling €14.8 million, and has been hedged at a rate of 1.25% until 31 December 2023 by way of an interest rate swap. On 28 June 2019 tranche 3 has been drawn down, totalling €19.1 million. Tranche 3 has been hedged at a rate of 0.91% until 31 December 2023 by way of an interest rate swap. The facility is secured over five property assets and is subject to various covenants with which the Group has complied.

On 19 February 2020, the Group agreed to extend tranche three of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan has been treated as a new loan and is charged with a floating interest rate of 1.20% plus three month EURIBOR (floored at zero). Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0 million. On 25 February 2020 the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0 million. In total the unsecured facility amounts to €50.0 million spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 3.7 years with no amortisation. As at 31 March 2020 a total of €30.0 million had been drawn down.

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

	2020 €000	2019 €000
Carrying amount of interest-bearing loans and borrowings (note 23)	**480,228**	380,082
Unamortised borrowing costs	**5,526**	6,014
Book value of owned investment properties*	**1,186,183**	1,132,488
Gross loan to value ratio	**41.0%**	34.1%

* Includes assets held for sale

Banking covenants vary according to each loan agreement and typically include loan to value and income related covenants.

During the period, the Group did not breach any of its loan covenants, nor did it default on any of its obligations under its loan agreements.

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2019 €000	Cash flows €000	New leases €000	Reclassified as part of disposal group €000	Non cash settlement* €000	Changes in fair values €000	Other € 000	31 March 2020 €000
Interest-bearing loans and borrowings	331,461	172,447	—	—	(23,225)	—	(455)	480,228
Lease liabilities	—	(5,559)	24,709	—	—	—	—	19,150
Derivative financial instruments	1,152	—	—	—	—	216	—	1,368
Total	**332,613**	**166,888**	**24,709**	—	**(23,225)**	**216**	**(455)**	**500,746**

* See not 29 for further details relating to the non cash settlement of interest-bearing loans and borrowings.

	31 March 2018 €000	Cash flows €000	Reclassified as part of disposal group €000	Changes in fair values €000	Other €000	31 March 2019 €000
Interest-bearing loans and borrowings	367,078	13,052	(48,623)	—	(46)	331,461
Derivative financial instruments	298	—	—	854	—	1,152
Total	**367,376**	**13,052**	**(48,623)**	**854**	**(46)**	**332,613**

24. Financial risk management objectives and policies

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

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

Credit risk

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

Included in loans to associate are loans provided to associate entities from Group entities. During the year the Group assessed credit risk relating to loans to associate by reviewing business plans 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 on lease incentives.

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

	2020 €000	2019 €000
Trade receivables	**7,961**	4,747
Other receivables	**4,394**	3,368
Loans to associates	**37,204**	—
Derivative financial instruments	**89**	250
Cash and cash equivalents	**121,263**	36,342
	170,911	44,707

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

	Gross 2020 €000	**Impairment 2020 €000**	Gross 2019 €000	Impairment 2019 €000
0–30 days	**5,838**	**(878)**	5,521	(1,467)
31–120 days (past due)	**2,908**	**(778)**	513	(327)
More than 120 days	**2,855**	**(1,984)**	2,235	(1,728)
	11,601	**(3,640)**	8,269	(3,522)

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

	2020 €000	2019 €000
Balance at 1 April	**(3,522)**	(4,478)
Impairment loss (recognised)/released	**(118)**	956
Balance at 31 March	**(3,640)**	(3,522)

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 €7,961,000 (2019: €4,747,000) that are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

No significant impairment has been recognised relating to non-current receivables in the period.

Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2020, based on contractual undiscounted payments:

Year ended 31 March 2020	Bank and shareholder loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	**(8,834)**	**(254)**	**(34,723)**	**(3,001)**	**(46,812)**
6 months to 1 year	**(31,473)**	**(178)**	**—**	**(3,001)**	**(34,652)**
1–2 years	**(17,024)**	**(336)**	**—**	**(6,016)**	**(23,376)**
2–5 years	**(451,226)**	**(693)**	**—**	**(2,891)**	**(454,810)**
5–10+ years	**—**	**—**	**—**	**(6,665)**	**(6,665)**
	(508,557)	**(1,461)**	**(34,723)**	**(21,574)**	**(566,315)**
Interest	**22,803**	**1,461**	**—**	**2,424**	**26,688**
	(485,754)	**—**	**(34,723)**	**(19,150)**	**(539,627)**

Year ended 31 March 2019	Bank and shareholder loans €000	Derivative financial instruments €000	Trade and other payables €000	Total €000
Undiscounted amounts payable in:				
6 months or less	(7,641)	(157)	(19,241)	(27,039)
6 months to 1 year	(7,157)	(156)	—	(7,313)
1–2 years	(37,117)	(239)	—	(37,356)
2–5 years	(241,852)	(451)	—	(242,303)
5–10 years	(68,339)	(84)	—	(68,423)
	(362,106)	(1,087)	(19,241)	(382,434)
Interest	25,572	1,087	—	26,659
	(336,534)	—	(19,241)	(355,775)

Currency risk

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

Interest rate risk

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

A change in interest will only have an impact on the floating loans capped due to the fact that the other loans have a general fixed interest rate or they are effectively fixed by a swap. An increase of 100bps in interest rate would result in a decreased post-tax profit in the consolidated statement of comprehensive income of €547,000 (2019: €290,000) (excluding the movement on derivative financial instruments) and a decrease of 100bps in interest rate would result in an increased post-tax profit in the consolidated statement of comprehensive income of €547,000 (2019: €290,000) (excluding the movement on derivative financial instruments).

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

2020	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4+ years €000	Total €000
SEB AG	**(760)**	**(760)**	**(760)**	**(760)**	**(33,440)**	**(36,480)**
Deutsche Pfandbriefbank AG	**(140)**	**(140)**	**(140)**	**(6,241)**	**—**	**(6,661)**
Schuldschein	**—**	**—**	**(15,000)**	**—**	**(5,000)**	**(20,000)**

2019	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4+ years €000	Total €000
SEB AG	(760)	(760)	(760)	(760)	(34,200)	(37,240)
Deutsche Pfandbriefbank AG	(10)	(10)	(10)	(10)	(464)	(504)
Schuldschein	—	—	—	—	—	—

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

Market risk

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

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

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

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

Capital management

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

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

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

25. 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):

		2020		2019	
	Fair value hierarchy level	**Carrying amount €000**	**Fair value €000**	Carrying amount €000	Fair value €000
Financial assets					
Cash and cash equivalents		**121,263**	**121,263**	36,342	36,342
Trade and other receivables		**12,354**	**12,354**	8,115	8,115
Loans to associates	2	**37,204**	**35,948**	—	—
Derivative financial instruments	2	**89**	**89**	250	250
Financial liabilities					
Trade and other payables		**34,723**	**34,723**	19,241	19,241
Derivative financial instruments	2	**1,368**	**1,368**	1,152	1,152
Interest-bearing loans and borrowings(1)					
Floating rate borrowings	2	**28,661**	**26,661**	504	504
Floating rate borrowings – hedged(2)	2	**99,726**	**99,726**	67,917	67,917
Floating rate borrowings – capped(2)	2	**36,480**	**36,480**	37,240	37,240
Fixed rate borrowings	2	**320,887**	**323,319**	230,873	232,515

(1) Excludes loan issue costs.

(2) The Group holds interest rate swap contracts and a cap contract designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Bayerische Landesbank, SEB AG and Deutsche Pfandbriefbank AG. Please refer to note 23 for details of swap and cap contracts.

Fair value hierarchy

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

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

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

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

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

The Group holds interest rate swap contracts and interest rate cap contracts. The interest rate swap contract is reset on a quarterly basis, the cap contract on half-year 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 value of the interest rate cap reflects the mark to market valuation with changes recognised in the profit or loss.

26. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	—
As at 31 March 2020 and 31 March 2019	**Unlimited**	**—**

The number of ordinary shares of no par value as at 31 March 2020 was unlimited.

Issued and fully paid	Number of shares	Share capital €

As at 31 March 2018	991,329,614	—
Issued ordinary shares	30,236,369	—
Issued Treasury Shares	574,892	—
As at 31 March 2019	1,022,140,875	—
Issued ordinary shares	16,228,946	—
Issued Treasury Shares	—	—
Shares issued to Employee Benefit Trust	(2,112,720)	—
As at 31 March 2020	**1,036,257,101**	**—**

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 22 August 2019, the Company issued 8,774,368 ordinary shares at an issue price of £0.63167 resulting in the Company's overall issued share capital being 1,030,915,243 ordinary shares.

Pursuant to a scrip dividend offering on 17 January 2020, the Company issued 7,454,578 ordinary shares at an issue price of £0.80092 resulting in the Company's overall issued share capital being 1,038,369,821 ordinary shares.

The Company holds none of its own shares in treasury (2019: none). During the year, no shares were issued from treasury (2019: 574,892).

A total of 2,112,720 shares at share price of €0.7173 are held by the Employee Benefit Trust. The total number of shares with voting rights was 1,038,369,821.

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

27. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends, share-based payment transactions and the buyback of shares and is €470,151,000 in total at 31 March 2020 (2019: €491,010,000).

28. Dividends

On 4 June 2018, the Company announced a dividend of 1.60c per share, with a record date of 13 July 2018 for UK and South African shareholders and payable on 17 August 2018. On the record date, 1,006,708,506 shares were in issue, of which 574,892 were held in treasury and 1,006,133,614 were entitled to participate in the dividend. Holders of 150,721,277 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €2,412,000, while holders of 854,937,248 shares opted for a cash dividend with a value of €13,587,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €13,579,000. The total dividend was €15,991,000.

On 19 November 2018, the Company announced a dividend of 1.63c per share, with a record date of 14 December 2018 for UK and South African shareholders and payable on 18 January 2019. On the record date, 1,011,541,826 shares were in issue. Since there were no shares held in treasury, 1,011,541,826 shares were entitled to participate in the dividend. Holders of 385,359,335 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €6,281,000 while holders of 626,182,491 shares opted for a cash dividend with a value of €10,207,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €10,185,000. The total dividend was €16,466,000.

On 3 June 2019, the Company announced a dividend of 1.73c per share, with a record date of 12 July 2019 for UK and South African shareholders and payable on 22 August 2019. On the record date, 1,022,140,875 shares were in issue with none held in treasury and 1,022,140,875 were entitled to participate in the dividend. Holders of 355,791,416 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €6,147,000, while holders of 666,349,459 shares opted for a cash dividend with a value of €11,528,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,503,000. The total dividend was €17,650,000.

On 25 November 2019, the Company announced a dividend of 1.77c per share, with a record date of 20 December 2019 for UK and South African shareholders and payable on 17 January 2020. On the record date, 1,030,915,243 shares were in issue. Since there were no shares held in treasury, 1,030,915,243 shares were entitled to participate in the dividend. Holders of 388,465,484 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €6,851,000, while holders of 642,449,759 shares opted for a cash dividend with a value of €11,341,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,341,000. The total dividend was €18,192,000.

The Group's profit attributable to the equity holders of the Company for the year was €98.1 million (2019: €128.7 million). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2020 of 1.80c per share representing 65% of FFO, an increase of 4.0% on the equivalent dividend last year, which represented 70% of FFO. The total dividend for the year is 3.57c, an increase of 6.3% on the 3.36c total dividend for the year ended 31 March 2019.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2020, the ex-dividend date will be 8 July 2020 for shareholders on the South African register and 9 July 2020 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 10 July 2020 and the dividend will be paid on 20 August 2020. A detailed dividend announcement [was] made on 1 June 2020, including details of a scrip dividend alternative.

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

(1) Adjusted profit before tax adjusted for depreciation, amortisation of financing fees, adjustments in respect to IFRS 16 and current tax receivable/incurred and tax relating to disposals.

The dividend per share was calculated as follows:

	31 March 2020 €m	31 March 2019 €m
Reported profit before tax	**110.8**	144.7
Adjustments for:		
Gain on revaluation of investment properties	**(55.8)**	(99.9)
Add back revaluation expense relating to leased assets based on IFRS 16	**(3.9)**	—
Gain of disposals of properties	**(0.1)**	(0.6)
Gain on loss of control of subsidiaries	**(6.3)**	—
Share of profit of an associate	**(1.3)**	—
Other adjusting items(1)	**11.1**	0.4
Change in fair value of financial derivatives	**0.4**	1.5
Adjusted profit before tax	**54.9**	46.1
Adjustments for:		
Depreciation	**1.6**	1.4
Amortisation of financing fees	**1.4**	1.4
Adjustment in respect of IFRS 16	**(1.2)**	—
Current taxes incurred (see note 10)	**(0.9)**	—
Add back current tax relating to disposals and prior year adjustments	**(0.1)**	(0.5)
Funds from operations, year ended 31 March	**55.7**	48.4
Funds from operations, 6 months ended 30 September	**27.1**	23.3
Funds from operations, 6 months ended 31 March	**28.6**	25.1
Dividend pool, 6 months ended 30 September	**18.3**	16.5
Dividend pool, 6 months ended 31 March(2)	**18.7**	17.7
Dividend per share, 6 months ended 30 September	**1.77c**	1.63c
Dividend per share, 6 months ended 31 March	**1.80c**	1.73c

(1) Includes the effect of refinancing activity, share awards and expected selling costs relating to assets held for sale. See note 11 for details.
(2) Calculated as 65% of FFO of 2.77c per share (31 March 2019: 2.47c per share using 70% of FFO) based on average number of shares outstanding of 1,032,748,723 (31 March 2019: 1,014,348,392).

For more information on adjusted profit before tax and funds from operations refer to Annex 1.

29. Related parties

Key management personnel compensation

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

	2020 €000	2019 €000
Directors' fees	**333**	309
Salary and employee benefits	**3,238**	3,151
Share-based payments	**613**	232
Total	**4,184**	3,692

The share-based payments relating to key management personnel for the year ended 31 March 2020 include an expense of €613,000 (2019: €232,000) for the granting of shares under the LTIP (see note 8). Included within salary and employee benefits are pension contributions amounting to €142,000 (2019: €142,000).

Information on Directors' emoluments is given in the Remuneration report on pages [•] to [•]. Related parties are defined as those persons and companies that control the Group, or that are controlled, jointly managed, or subject to significant influence by the Group.

On 31 July 2019 the Group completed the sale of 65% of its interest in five subsidiary entities. The Group's remaining interest in those entities is considered an investment in associate. As part of the transaction, receivables from associates amounting to €28,619,000 were settled by way of a non-cash transaction in lieu of repayment of loan facilities including related breakage costs.

The following balances and transactions with associates exist as at the reporting date:

Consolidated statement of financial position	31 March 2020 €000
Loans to associates	**37,204**
Trade and other receivables	**842**
Total	**38,046**

Consolidated statement of comprehensive income	31 March 2020 €000
Goods and services supplied	**1,521**
Interest income	**977**
Total	**2,498**

Goods and services provided to related parties primarily relate to the provision of property and asset management services. A performance fee arrangement is in a place between the associates and the Group. The performance fee was nil during the period.

30. Capital and other commitments

As at 31 March 2020, the Group had contracted capital expenditure for development and enhancements on existing properties of €12,085,000 (2019: €8,041,000).

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

31. 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:

	2020 €000	2019 €000
Less than 1 year	**77,686**	74,809
1-2 years	**59,443**	53,408
2-3 years	**42,923**	38,359
3-4 years	**29,850**	26,623
4-5 years	**23,346**	17,086
More than 5 years	**30,312**	29,996
Total	**263,560**	240,281

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

32. List of subsidiary undertakings

The Group consists of 92 subsidiary companies. All subsidiaries are consolidated in full in accordance with IFRS.

Company name	Country of incorporation	**Ownership at 31 March 2020 %**	Ownership at 31 March 2019 %
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 Centers 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
LB² Catering and Services GmbH	Germany	**100.00**	100.00
Marba Bamboo	Netherlands	**100.00**	n/a
Marba Cherry B.V.	Netherlands	**100.00**	n/a
Marba Daffodil B.V.	Netherlands	**100.00**	100.00
Marba Holland B.V.	Netherlands	**100.00**	100.00
Marba Lavender B.V.	Netherlands	**100.00**	100.00
Marba Olive B.V.	Netherlands	**100.00**	100.00
Marba Sunflower B.V.	Netherlands	**100.00**	n/a
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 Acerola GmbH & Co. KG	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 K	Germany	**100.00**	100.00
Sirius Beech B.V.	Netherlands	**100.00**	100.00
Sirius Birch GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Boxwood B.V.	Netherlands	**100.00**	n/a
Sirius Coöperatief U.A.	Netherlands	**100.00**	100.00
Sirius Corporate Services B.V.	Netherlands	**100.00**	100.00
Sirius Dahlia GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Facilities (UK) Limited	UK	**100.00**	100.00
Sirius Facilities GmbH	Germany	**100.00**	100.00
Sirius Finance (Guernsey) Ltd.	Guernsey	**100.00**	100.00
Sirius Four B.V.	Netherlands	**100.00**	100.00
Sirius Frankfurt Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Gum B.V.	Netherlands	**100.00**	100.00

Sirius Ivy B.V.	Netherlands	**100.00**	100.00
Sirius Juniper B.V.	Netherlands	**100.00**	100.00
Sirius Krefeld Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Lily B.V.	Netherlands	**100.00**	100.00
Sirius Management One GmbH	Germany	**100.00**	100.00
Sirius Management Two GmbH	Germany	**100.00**	100.00
Sirius Management Three GmbH	Germany	**100.00**	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**	n/a
Sirius Management Eight GmbH	Germany	**100.00**	n/a
Sirius Management Nine GmbH	Germany	**100.00**	n/a
Sirius Management Ten GmbH	Germany	**100.00**	n/a
Sirius Mannheim B.V.	Netherlands	**100.00**	100.00
Sirius Oak B.V.	Netherlands	**100.00**	100.00
Sirius One B.V.	Netherlands	**100.00**	100.00
Sirius Orange B.V.	Netherlands	**100.00**	100.00
Sirius Pine B.V.	Netherlands	**100.00**	100.00
Sirius Tamarack B.V.	Netherlands	**100.00**	100.00
Sirius Three B.V.	Netherlands	**100.00**	100.00
Sirius Tulip B.V.	Netherlands	**100.00**	100.00
Sirius Two B.V.	Netherlands	**100.00**	100.00
Sirius Willow B.V.	Netherlands	**100.00**	100.00
Marba Bonn B.V.	Netherlands	**99.73**	99.73
Marba Bremen B.V.	Netherlands	**99.73**	99.73
Marba Brinkmann B.V.	Netherlands	**99.73**	99.73
Marba Catalpa B.V.	Netherlands	**99.73**	99.73
Marba Cedarwood B.V.	Netherlands	**99.73**	99.73
Marba Chestnut B.V.	Netherlands	**99.73**	99.73
Marba Dandelion B.V.	Netherlands	**99.73**	99.73
Marba Dutch Holdings B.V.	Netherlands	**99.73**	99.73
Marba Foxglove B.V.	Netherlands	**99.73**	99.73
Marba HAG B.V.	Netherlands	**99.73**	99.73
Marba Hornbeam B.V.	Netherlands	**99.73**	99.73
Marba Königswinter B.V.	Netherlands	**99.73**	99.73
Marba Maintal B.V.	Netherlands	**99.73**	99.73
Marba Marigold B.V.	Netherlands	**99.73**	99.73
Marba Merseburg B.V.	Netherlands	**99.73**	99.73
Marba Mimosa B.V.	Netherlands	**99.73**	99.73
Marba Regensburg B.V.	Netherlands	**99.73**	99.73
Marba Saffron B.V.	Netherlands	**99.73**	99.73
Marba Troisdorf B.V.	Netherlands	**99.73**	99.73
Sirius 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 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

Investment in associates which are accounted for with the equity method.

Company Name	Country of incorporation	**Ownership at 31 March 2020 %**	Ownership at 31 March 2019 %
DDS Daisy B.V.	Netherlands	**35.00**	n/a
DDS Edelweiss B.V.	Netherlands	**35.00**	100.00
DDS Lime B.V.	Netherlands	**35.00**	100.00
DDS Maple B.V.	Netherlands	**35.00**	100.00
Sirius Laburnum B.V.	Netherlands	**35.00**	100.00
Sirius Orchid B.V.	Netherlands	**35.00**	100.00

33. Post balance sheet events

On 5 September 2019, the Company notarised for the disposal of an office building in Stuttgart-Weilimdorf for a sale price of €10.1 million, currently recognised in the consolidated statement of financial position as an asset held for sale. At time of notarisation the property comprised a net lettable area of 6,766 sqm, which is predominantly office space. The property was 100% let to a single tenant producing around €690k of annual net operating income with the remaining lease being 4.0 years. The transaction completed on 1 April 2020.

Business analysis (unaudited information)

Non-IFRS measures

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Total comprehensive income for the year attributable to the owners of the Company	**98,136**	128,657
Gain on revaluation of investment properties	**(55,789)**	(99,887)
Gain on disposal of properties (net of related tax)	**(86)**	(441)
Gain on loss of control of subsidiaries (net of related tax)	**(6,323)**	—
Add finance restructuring costs	**9,107**	—
Change in fair value of derivative financial instruments	**377**	1,495
Deferred tax in respect of EPRA adjustments	**11,687**	15,138
NCI in respect of the above	**29**	33
Deduct revaluation surplus relating to investment in associates	**(1,687)**	—
Tax in relation to the above	**431**	—
EPRA earnings	**55,882**	44,995
Add change in deferred tax relating to derivative financial instruments	**—**	54
Add change in fair value of derivative financial instruments	**(377)**	(1,495)
Deduct finance restructuring costs	**(9,107)**	—
NCI in respect of the above	**—**	—
Headline earnings after tax	**46,398**	43,554
Add change in fair value of derivative financial instruments net of related tax	**377**	1,441
Add back revaluation expense relating to leased investment properties	**(3,916)**	—
Add adjusting items(1), net of related tax	**11,052**	1,101
Adjusted earnings after tax	**53,911**	46,096

(1) See note 11 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
EPRA earnings	**55,882**	44,995
Weighted average number of ordinary shares	**1,027,881,515**	1,006,966,788
EPRA earnings per share (cents)	**5.44**	4.47
Headline earnings after tax	**46.398**	43,554
Weighted average number of ordinary shares	**1,027,881,515**	1,006,966,788
Headline earnings per share (cents)	**4.51**	4.33
Adjusted earnings after tax	**59,911**	46,096
Weighted average number of ordinary shares	**1,027,881,515**	1,006,966,788
Adjusted earnings per share (cents)	**5.24**	4.58

Geographical property analysis – owned investment properties

March 2020	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €	Annualised rent roll €m	% of portfolio by annualised rent roll	Value €m(1)	Gross yield	WALE rent	WALE sqm
Frankfurt	14	358	87.6%	6.04	22.6	25%	280.6	8.1%	2.7	2.4
Berlin	4	103	97.7%	7.14	8.7	10%	127.2	6.8%	3.0	3.1
Stuttgart	7	258	91.3%	4.86	13.7	15%	169.9	8.1%	3.1	2.8
Cologne	7	127	91.0%	7.29	10.1	11%	133.6	7.6%	2.1	1.9
Munich	3	124	79.7%	7.18	8.5	9%	163.6	5.2%	3.0	3.4
Düsseldorf	11	197	88.1%	5.25	10.9	13%	137.5	8.0%	3.0	2.8
Hamburg	3	79	45.4%	4.99	2.2	2%	38.4	5.6%	2.6	2.4
Other	8	229	80.3%	6.07	13.4	15%	138.7	9.6%	3.3	2.9
Total	**57**	**1,475**	**85.3%**	**5.98**	**90.1**	**100%**	**1,189.5**	**7.6%**	**2.9**	**2.7**

(1) Including investment properties held for sale.

Usage analysis

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m	% of annualised rent roll	Vacant sqm	Rate psqm €
Office	474,778	32.2%	393,969	31.3%	35.5	39.3%	80,809	7.50
Storage	478,994	32.5%	405,055	32.2%	21.1	23.4%	73,939	4.35
Production	325,106	22.0%	295,889	23.5%	16.1	17.8%	29,218	4.52
Smartspace	85,733	5.8%	65,411	5.2%	5.8	6.5%	20,323	7.45
Other(1)	111,104	7.5%	97,871	7.8%	11.8	13.0%	13,232	10.00
Total	**1,475,715**	**100.0%**	**1,258,195**	**100.0%**	**90.3**	**100.0%**	**217,521**	**5.98**

(1) Other includes: catering, other usage, residential, retail, technical space, land and car parking.

Lease expiry profile of future minimum lease payments receivable under non-cancellable leases by income:

	Office €000	Production €000	Storage €000	Smartspace €000	Other €000	Adjustments in relation to lease incentives €000	Total €000
Less than 1 year	31,715	15,249	18,723	2,734	9,926	(659)	77,688
Between 1 and 5 years	63,361	35,830	35,167	1,030	20,262	(87)	155,563
More than 5 years	11,889	6,301	5,956	—	6,171	(5)	30,312
Total	**106,965**	**57,380**	**59,846**	**3,764**	**36,359**	**(751)**	**263,563**

Lease expiry profile by future minimum lease payments receivable under non-cancellable leases by sqm:

	Office sqm	Production sqm	Storage sqm	Smartspace sqm	Other sqm	Total sqm
Less than 1 year	99,096	71,865	123,261	54,071	15,902	364,196
Between 1 and 5 years	236,895	158,954	222,187	11,340	61,413	690,788
More than 5 years	53,007	64,926	59,033	—	19,480	196,445
Total	**388,998**	**295,745**	**404,481**	**65,411**	**96,795**	**1,251,429**

Escalation profile per usage

The Group's primary source of revenue relates to leasing contracts with tenants. The Group realises escalations as a result of new sales, renewals, inflation linked indexations and contractually agreed uplifts. Approximately 33.3% of contracts in place at 31 March 2020 are subject to contractual uplifts. The average contractual uplift over the coming twelve months split by usage is detailed as follows:

Usage	Increase in %
Office	3.62%
Storage	2.74%
Production	2.37%
Smartspace	7.06%
Other[1]	1.04%
Total	**2.86%**

(1) Other includes: catering, other usage, residential, retail, technical space, land and car parking.

Property profile March 2020 – owned properties

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other sqm	Rate psqm €
Rostock	18,677	8,245	1,569	6,606	2,257	5.96
Hanover	23,278	9,209	3,599	7,929	2,541	5.31
Mahlsdorf	29,262	11,639	10,848	1,870	4,904	7.18
Mahlsdorf II	12,745	5,795	1,269	1,906	3,775	6.95
Magdeburg	30,086	11,653	9,847	4,209	4,376	4.69
Gartenfeld	25,534	4,971	11,025	3,351	6,188	7.23
Neuruppin	22,959	1,404	7,629	13,133	794	4.83
Potsdam	35,864	12,372	12,555	4,956	5,981	7.11
Schenefeld	40,320	10,332	26,528	1,959	1,501	4.29
Dresden	57,715	26,114	17,407	11,137	3,057	7.16
Hamburg Lademannbogen	10,487	7,758	1,285	—	1,444	9.58
Buxtehude	28,167	1,151	7,646	18,453	919	4.08
Neuss	17,631	14,431	1,163	153	1,884	10.83
Bonn	10,586	4,531	2,412	477	3,166	7.41
Bonn – Dransdorf	18,965	5,487	6,750	1,659	5,069	6.07
Aachen I	24,180	12,208	2,316	5,510	4,146	8.60
Aachen II	9,750	1,452	6,570	1,534	194	5.27
Cologne	29,038	2,681	12,080	2,210	12,066	4.85
Wuppertal	14,607	857	6,416	3,613	3,721	3.73
Solingen	13,333	2,475	4,409	4,924	1,524	2.67
Düsseldorf – Sud	21,256	2,627	12,309	1,970	4,349	4.64
Cölln Parc	13,480	6,509	3,371	2,867	733	10.18
Krefeld III	9,671	4,833	3,430	924	484	7.90
Düsseldorf II	9,839	4,433	4,949	—	456	6.95
Krefeld II	6,101	3,303	325	2,171	302	7.07
Krefeld	11,314	7,451	2,545	592	727	8.90
Köln Porz	21,067	15,617	2,889	279	2,282	8.79
Bochum	55,720	12,619	35,963	3,964	3,173	4.32
Bochum II	4,318	3,502	479	12	325	8.25
Neuss II	33,438	8,498	17,291	6,058	1,592	4.01
Mannheim II	14,598	6,656	4,094	586	3,261	5.73
Neu-Isenburg	8,259	5,701	1,174	—	1,384	10.97
Mannheim	68,760	12,983	22,350	27,807	5,620	4.65
Maintal	37,198	7,365	14,908	8,914	6,011	5.77
Maintal Mitte	11,023	462	4,523	5,685	353	3.63
Offenbach I	15,044	3,641	2,414	2,351	6,638	6.01
Pfungstadt	32,662	6,721	11,402	9,786	4,753	4.97
Kassel	8,144	3,313	682	3,875	273	5.23
Offenbach Carl Legien-Strasse	45,156	9,786	9,340	17,625	8,404	4.91
Frankfurt Röntgenstraße	5,488	3,812	582	36	1,058	9.45
Saarbrücken	47,145	30,763	10,578	820	4,985	8.01
Alzenau	66,651	28,214	7,531	24,167	6,740	5.82
Friedrichsdorf	17,529	6,751	5,241	2,763	2,774	6.68
Dreieich	13,031	7,486	2,845	—	2,700	7.54
Frankfurt	4,326	1,969	443	68	1,845	10.34
Wiesbaden	18,375	13,596	1,912	—	2,867	13.73
Ludwigsburg	28,236	7,505	10,281	3,799	6,653	5.86
Stuttgart-Weilimdorf	6,766	4,970	574	144	1,077	8.81
Heidenheim	46,909	8,158	16,623	13,412	8,715	4.08
Stuttgart – Kirchheim	57,554	20,109	13,022	18,737	5,686	5.96
Munich – Neuaubing	91,391	16,259	31,813	29,600	13,721	6.81
Nabern II	5,578	1,620	491	2,376	1,091	7.11
Markgröningen	57,716	4,564	30,843	20,225	2,085	3.18
Fellbach	27,178	1,725	18,322	339	6,793	4.69
Frickenhausen	27,914	6,622	6,961	11,988	2,343	4.98
Freiburg Teningen	20,802	7,355	5,928	5,578	1,941	4.01
Grasbrunn	14,338	8,183	3,936	—	2,219	10.42
Hallbergmoss	18,556	14,334	3,306	—	917	7.77
Total	**1,475,715**	**474,780**	**478,993**	**325,107**	**196,837**	**5.98**

Annex 1 – Non-IFRS measures

Basis of preparation

The directors of Sirius Real Estate Limited (“Sirius”) (“Directors”) have chosen to disclose additional non-IFRS measures, these include EPRA earnings, adjusted net asset value, EPRA net asset 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 property revaluation, changes in fair value of derivative financial instruments, profits and losses on disposals of properties, the gain on loss of control of subsidiaries, finance restructuring costs, (collectively the “EPRA earnings adjustments”), the resulting tax adjustments, deferred tax and NCI in respect of these EPRA earnings adjustments, revaluation gain on investment property relating to associates and related tax. 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 and deferred tax relating to valuation movements, derivative financial instruments and LTIP valuation. The reconciliation for adjusted net asset value is detailed in table B below;
- EPRA net asset value in order to assist in comparisons with similar businesses in the real estate sector. EPRA net asset value is a definition of net asset value as set out by the European Public Real Estate Association. EPRA net asset value represents net asset value after adjusting for derivative financial instruments and deferred tax relating to valuation movements and derivatives (collectively the “EPRA net asset value adjustments”). The reconciliation for EPRA net asset value is detailed in table C below;
- adjusted profit before tax in order to provide an alternative indication of Sirius Real Estate Limited and its subsidiaries’ (the “Group”) underlying business performance. Accordingly, it excludes the effect of the gain on revaluation of investment properties, other adjusting items, gains/losses on sale of properties, change in fair value of financial derivatives, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates and adjustment on revaluation in respect to IFRS 16. The reconciliation for adjusted profit before tax is detailed in table D below; and
- funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group’s dividend policy which is derived from funds from operations: Accordingly, it excludes depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect to IFRS 16 and current tax excluding prior year adjustments and tax on disposals. The reconciliation for funds from operations is detailed in table D below.

The Non-IFRS Financial Information has not been prepared using the accounting policies of Sirius and does not comply with IFRS. The Non-IFRS Financial Information is presented in accordance with the JSE Listing Requirements the SAICA Guide on Pro-forma Financial Information and any relevant guidance issued by the Independent Regulatory Board for Auditors. The Non-IFRS Financial Information is the responsibility of the Directors and has been presented for illustrative purposes and, due to its nature, may not fairly present the Group’s financial position or result of operations.

Ernst & Young Inc have issued a reporting accountants’ report on the Non-IFRS Financial Information for the year ended 31 March 2020 which is available for inspection at the Group’s registered office. The Non-IFRS Financial Information has been extracted from the Group’s consolidated financial statements for the year ended 31 March 2020 (“consolidated financial statements”).

Table A – EPRA earnings

	31 March 2020 €000	31 March 2019 €000
Basic and diluted earnings attributable to owners of the Company(1)	**98,136**	128,657
Gain on revaluation of investment properties(2)	**(55,789)**	(99,887)
Gain on disposal of properties (including tax)(3)	**(86)**	(441)
Gain on loss of control of subsidiaries (net of related tax)(4)	**(6,323)**	—
Add finance restructuring costs(5)	**9,107**	—
Change in fair value of derivative financial instruments(6)	**377**	1,495
Deferred tax in respect of EPRA earnings adjustments(7)	**11,687**	15,138
NCI in respect of the above(8)	**29**	33
Deduct revaluation surplus relating to investment in associates(9)	**(1,687)**	—
Tax in relation to the above(10)	**431**	—
EPRA earnings(11)	**55,882**	44,995

Notes:

(1) Row 1 presents the profit and total comprehensive income attributable to owners of the Company which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(2) Row 2 presents the gain on revaluation of investment properties reported in the statement of comprehensive income which has been extracted from note 13 within the consolidated financial statements.

(3) Row 3 presents the gain or loss on disposal of properties (including tax) which has been extracted from note 6 of the consolidated financial statements.

(4) Row 4 presents the gain on loss of control of subsidiaries (net of related tax) reported in the statement of income which has been extracted from note 6 within the consolidated financial statements.

(5) Row 5 presents the finance restructuring costs which have been extracted from note 9 of the consolidated financial statements.

(6) Row 6 presents the change in fair value of derivative financial instruments which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(7) Row 7 presents deferred tax relating to origination and reversal of temporary differences which has been extracted from note 10 of the consolidated financial statements.

(8) Row 8 presents the non-controlling interest relating to gain on revaluation and gain on sale of properties net of related tax which has been extracted from note 11 of the consolidated financial statements.

(9) Row 9 presents the gain on revaluation of investment properties relating to investment in associates.
(10) Row 10 presents deferred tax relating to origination and reversal of temporary differences relating to investment in associates.
(11) Row 11 presents the EPRA earnings for the year ended 31 March 2020.

Table B – Adjusted net asset value

	2020 €000	2019 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)(1)	**801,570**	725,808
Deferred tax arising on revaluation gain, financial derivatives instruments and LTIP valuation(2)	**42,151**	41,623
Derivative financial instruments(3)	**1,279**	298
Adjusted net asset value attributable to owners of the Company(4)	**845,000**	768,333

Notes:
(1) Row 1 presents net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated financial statements.
(2) Row 2 presents deferred tax expense which has been extracted from note 10 of the consolidated financial statements.
(3) Row 3 presents current derivative financial instruments assets of €89,000 less current derivative financial instruments liabilities of €412,000 less non-current derivative financial instruments liabilities of €956,000 as extracted from the consolidated statement of financial position from the consolidated financial statements.
(4) Row 4 presents the adjusted net asset value as at 31 March 2020.

Table C – EPRA net asset value

	2020 €000	2019 €000
Net asset value at the end of the year (basic)(1)	**801,570**	725,808
Derivative financial instruments at fair value(2)	**1,279**	902
Deferred tax in respect of EPRA net asset value adjustments(3)	**42,151**	41,623
EPRA net asset value(4)	**845,000**	768,333

Notes:
(1) Row 1 presents net asset value extracted from note 12 of the consolidated financial statements.
(2) Row 2 presents current derivative financial instruments assets of €89,000 less current derivative financial instruments liabilities of €412,000 less non-current derivative financial instruments liabilities of €956,000 as extracted from the consolidated statement of financial position from the consolidated financial statements.
(3) Row 3 presents deferred tax expense which has been extracted from note 10 of the consolidated financial statements.
(4) Row 4 presents the EPRA net asset value as at 31 March 2020.

Table D – Adjusted profit before tax and funds from operations

	31 March 2020 €m	31 March 2019 €m
Reported profit before tax(1)	**110.8**	144.7
Adjustments for:		
Gain on revaluation of investment properties(2)	**(55.8)**	(99.9)
Deficit on revaluation relating to capitalised head leases(3)	**(3.9)**	—
Gain of disposals of properties(4)	**(0.1)**	(0.6)
Gain on loss of control of subsidiaries(5)	**(6.3)**	—
Deduct revaluation gain on investment property from associates and related tax(6)	**(1.3)**	—
Other adjusting items(7)	**11.1**	0.4
Change in fair value of financial derivatives(8)	**0.4**	1.5
Adjusted profit before tax(9)	**54.9**	46.1
Adjustments for:		
Depreciation and amortisation (excluding depreciation relating to IFRS 16)(10)	**1.6**	1.4
Amortisation of financing fees(11)	**1.4**	1.4
Adjustment in respect to IFRS 16(12)	**(1.2)**	—
Current taxes incurred(13)	**(0.9)**	—
Add back current tax relating to disposals and prior year adjustments(14)	**(0.1)**	(0.5)
Funds from operations, year ended 31 March(15)	**55.7**	48.4

Notes:
(1) Row 1 presents profit before tax which has been extracted from the consolidated financial statements.
(2) Row 2 presents the gain on revaluation of investment properties reported in the statement of comprehensive income which has been extracted from note 13 within the consolidated financial statements.
(3) Row 3 presents the gain or loss on disposal of properties which has been extracted from note 6 of the consolidated financial statements.
(4) Row 4 presents the gain or loss on disposal of properties which has been extracted from note 6 of the consolidated financial statements.
(5) Row 5 presents the gain on loss of control of subsidiaries (including tax) reported in the statement of comprehensive income which has been extracted from note 6 within the consolidated financial statements.
(6) Row 6 presents the adjustment to the share of profit of investments consolidated in the financial statements for non-operational effects.
(7) Row 7 presents other adjusting items of €2.0 million relating to the LTIP and SIP expense, €9.1 million refinancing costs extracted from note 9, €0.1 million selling costs relating to assets held for sale extracted from note 6 and €0.1 million income relating to exceptional items extracted from note 6.
(8) Row 8 presents the change in fair value of derivative financial instruments which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.
(9) Row 9 presents the adjusted profit before tax for the period ended 31 March 2020 and the year ended 31 March 2019.
(10) Row 10 presents depreciation and amortisation as extracted from note 6 of the consolidated financial statements.
(11) Row 11 presents amortisation of capitalised finance costs which has been extracted from note 9 of the consolidated financial statements.
(12) Row 12 presents the differential between the expense recorded in the statement of comprehensive income for the year ended 31 March 2020 relating to head leases in accordance with IFRS 16 amounting to €4.8 million and the actual cash expense recorded in the statement of cashflows for the year ended 31 March 2020 amounting to €6.0 million.

(13) Row 13 presents the total current income tax which has been extracted from note 10 of the consolidated financial statements.
(14) Row 14 presents the add-back of current tax relating to disposals and prior year adjustments extracted from note 10 of the consolidated financial statements.
(15) Row 15 presents the funds from operations for the period ended 31 March 2020.

Glossary of terms

Adjusted earnings	is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, gain on loss of control of subsidiaries net of related tax, finance restructuring costs net of related tax and adjustment on revaluation expense relating to leased investment properties
Adjusted net asset value	is the assets attributable to the equity owners of the Company adjusted for derivative financial instruments and deferred tax arising on revaluation gain, financial derivative instruments and LTIP valuation
Adjusted profit before tax	is the reported profit before tax adjusted for gain on revaluation of investment properties , gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates and adjustment on revaluation in respect to IFRS 16
Annualised acquisition net operating income	is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see “annualised rent roll” definition below for further explanatory information
Annualised acquisition rent roll	is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see “annualised rent roll” definition below for further explanatory information
Annualised rent roll	is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 31 March 2020. Annualised rent roll should not be interpreted nor used as a forecast or estimate. Annualised rent roll differs from rental income described in note 5 of the Annual Report and reported within revenue in the consolidated statement of comprehensive income for reasons including: • annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms; • rental income as reported within revenue represents rental income recognised in the period under review; and • rental income as reported within revenue includes accounting adjustments including those relating to lease incentives.
Capital value	is the market value of a property divided by the total sqm of a property
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA earnings	is earnings after adjusting for property revaluation, changes in fair value of derivative financial instruments, profits and losses on disposals(collectively the “EPRA earnings adjustments”), the gain on loss of control of subsidiaries, finance restructuring costs, revaluation gain on investment property relating to associates, the resulting tax adjustments and deferred tax in respect of these EPRA earnings adjustments
EPRA net asset value	is the net asset value after adjusting for derivative financial instruments and deferred tax relating to valuation movements and derivatives
EPRA net initial yield	is the annualised rent roll based on the cash rents passing at the balance sheet 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
Funds from operations	is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect to IFRS 16 and current tax excluding prior year adjustments and tax on disposals
Geared IRR	is an estimate of the rate of return taking into consideration debt
Gross loan to value ratio	is the ratio of principal value of total debt to the aggregated value of investment property
Gross yield	is the annualised rent roll generated by a property expressed as a percentage of its value
Like for like	refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are made in relation to annualised rent roll, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period
Net loan to value ratio	is the ratio of principal value of total debt less cash, excluding that which is restricted, to the aggregate value of investment property
Net operating income	is the rental and other income from investment properties generated by a property less directly attributable costs
Net yield	is the net operating income generated by a property expressed as a percentage of its value
Occupancy	is the percentage of total lettable space occupied as at reporting date
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
Rate	is rental income per sqm expressed on a monthly basis as at a specific reporting date
Total debt	is the aggregate amount of the Company’s interest-bearing loans and borrowings

Total shareholder accounting return	is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share plus dividends paid
Total return	is the return for a set period of time combining valuation movement and income generated
Ungeared IRR	is an estimate of the rate of return
Weighted average cost of debt	is the weighted effective rate of interest of loan facilities expressed as a percentage
Weighted average debt expiry	is the weighted average time to repayment of loan facilities expressed in years

Corporate directory

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