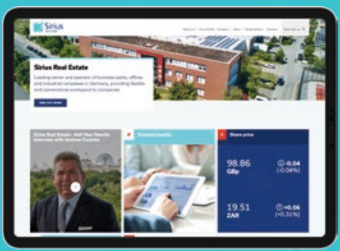
Power of platform in period of pandemic

Sirius Real Estate Limited
Annual Report and Accounts 2021

Sirius
Real Estate

Continuation of organic and acquisitive growth

Sirius Real Estate Limited is a real estate company with a portfolio of 68 business parks owned or managed across Germany, providing a combination of conventional and flexible workspace.



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

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OUR HIGHLIGHTS

Asset management continues to drive rental and valuation growth

Operating platform delivers increases in enquiries, occupancy and average rate despite pandemic.

€163.7m
↑ 47.7%
Profit before tax at 31 March 2021

2021	163.7
2020	110.8

€6.17m
↑ 3.2%
Average rate per sqm

2021	6.17
2020	5.98

€1,347.2m
↑ 13.6%
Portfolio book value – owned investment properties

2021	1,347.2
2020	1,186.2

3.80c
↑ 6.4%
Total dividend for the year

2021	3.80
2020	3.57

88.31c
↑ 14.2%
NAV per share

2021	88.31
2020	77.35

31.4%
↓ 1.4%
Net loan to value ratio

2021	31.4
2020	32.8

92.29c
↑ 14.7%
European Public Real Estate Association ("EPRA") NTA per share

2021	92.29
2020	80.44

€97.2m
↑ 7.6%
Annualised rent roll at 31 March 2021

2021	97.2
2020	90.3

87.0%
↑ 1.7%
Occupancy

2021	87.0
2020	85.3

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 HIGHLIGHTS CONTINUED

Strong trading despite the pandemic and return to acquisitive growth

The Company delivered profit before tax of €163.7 million despite unprecedented market conditions relating to the Covid-19 pandemic. A combination of increases in annualised rent roll, transformative investment to upgrade assets and continued demand for light industrial property in Germany contributed to significant valuation gains which, combined with dividends paid in the period, resulted in a total accounting return of 19.5%, the Company's highest such return since it was first listed on AIM in 2007. Dividends for the year amounted to 3.80c, an increase of 6.4% on the prior year based on a 65% funds from operations pay-out ratio.

1. Organic growth

The Company delivered its seventh consecutive year of like-for-like annualised rent roll growth in excess of 5.0% with an increase of 5.2%. Despite the pandemic, occupancy increased to 87.0% with average rental rate increasing by 3.2% highlighting the ability of the Company's internal operating platform to grow revenues in all market conditions. Taking into account the effect of acquisitions and disposals the Company's total annualised rent roll at 31 March 2021 was €97.2 million.

2. Acquisition growth

Following six months of pause from activity as we assessed the impact of Covid-19, Sirius returned to acquisitive growth on its own balance sheet as well as through the Titanium venture with AXA IM Alts in the second half of the financial year. A total of four assets were acquired and one notarised for completion in the year totalling €45.9 million providing an attractive mix of stable income and value-add opportunity for Sirius. In addition, the Titanium venture grew with the notarisation of an asset located in Augsburg totalling €79.9 million.

3. Operational excellence

During the year, the ability of the Company's internal operating platform to sustain, grow income and capital values in challenging market conditions became apparent. Enquiry levels increased 18.5% year on year due, in part, to the ability of the platform to identify changing patterns in demand rapidly and adapt marketing strategies, whilst sales conversion ratios remained high at 13%. Similarly, the Company's experienced cash collection team, in tandem with on-site staff, was able to work with tenants in assisting them to access support and maintain business continuity whilst ensuring contractual obligations were met. This resulted in a 98.2% cash collection rate for the year.

4. Balance sheet strength

As at 31 March 2021, Sirius had €49.3 million of free cash and a net LTV of 31.4%, which remains comfortably within its stated limit of 40%. The Group held 19 unencumbered assets with a book value of €245.5 million as at year end providing it with significant balance sheet flexibility and optionality from which to continue its growth.

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 out of town office properties in Germany. The Company derives value through the execution of a stringent acquisitions process followed by selective capital investment and the roll out of an intensive asset management plan which focuses on transforming vacant and sub-optimal space into high-quality conventional and flexible workspace. When assets have been fully transformed some are held for their stable income and some are recycled into opportunistic assets with value-add potential.

As at 31 March 2021 the Group owned 60, managed 2, and held a 35% interest in 6 additional properties through its Titanium venture with AXA IM Alts, which it also manages. The value of property held on the consolidated balance sheet as at 31 March 2021 was €1.3 billion. The portfolio can be split into three categories:

1) traditional business parks – 55.8% of annualised rent roll;
2) modern business parks – 26.8% of annualised rent roll; and
3) office buildings – 17.4% of annualised rent roll.

The Group's assets contain space with a range of usages including production, offices, warehouses and storage. Most sites have a combination of anchor tenants which provide secure long-term income, SME tenants on a combination of conventional and flexible lease terms and Smartspace tenants which comprise a wide variety of companies and individuals using self-storage, serviced office and workbox products. The stability of the anchor tenants is important for lenders of secured debt whereas the high-yielding Smartspace products, which are generally created from sub-optimal space, acquired for very low cost, provide a substantial boost to income returns.

Our workspace

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

Much of the workspace is created through the Company's capex investment programmes, which transform vacant and sub-optimal space into high-quality conventional production, storage and office facilities as well as our innovative range of flexible Smartspace products. As a result, the Company attracts a wide variety of tenants and increases footfall on its properties whilst generating higher income and capital growth from space that would often 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, co-working and office space are securable in Sirius business parks.

- **Conventional offices**
- **Smartspace office**
- **Officepods**
- **Virtual office**
- **39.4% of Group annualised rent roll**
- **31.7% of total sqm**
- **€7.82: 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**
- **23.1% of Group annualised rent roll**
- **31.9% of total sqm**
- **€4.48: 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**
- **17.8% of Group annualised rent roll**
- **23.9% of total sqm**
- **€4.61: average rate per sqm**

AT A GLANCE CONTINUED

Our assets and locations

The Company owns 60 and manages an additional 2 assets all located in Germany, as well as managing 6 assets held through Titanium, in which it holds a 35% interest. Our assets typically provide the 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 30,000 sqm 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 sites.

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

- **Multi-tenanted**
- **Long-term leases**
- **Production, storage and office space**
- **Large multinational companies**

Modern business parks

Modern business parks 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 20,000 sqm. 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 often very good.

- **Multi-tenanted**
- **Long and short-term leases**
- **Warehouse, storage and office space**
- **SMEs and individual customers**

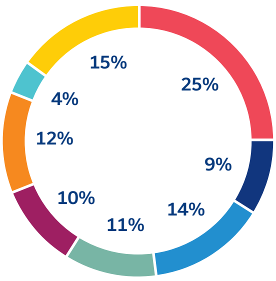
Office buildings

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

- **Single and multi-tenanted**
- **Office space**
- **SMEs**
- **Long and short-term leases**

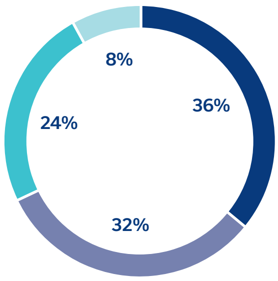
The majority of our business parks are a mixture of office, storage and production space. Whilst retaining the major core anchor industrial tenants, many of our business parks are restructured to enhance the working environment of the tenants.

Revenue by city



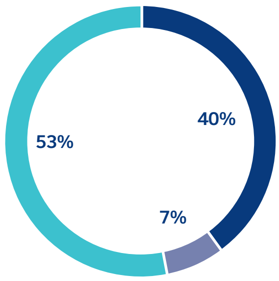
- Frankfurt
- Berlin
- Stuttgart
- Cologne
- Munich
- Düsseldorf
- Hamburg
- Other

Total portfolio split



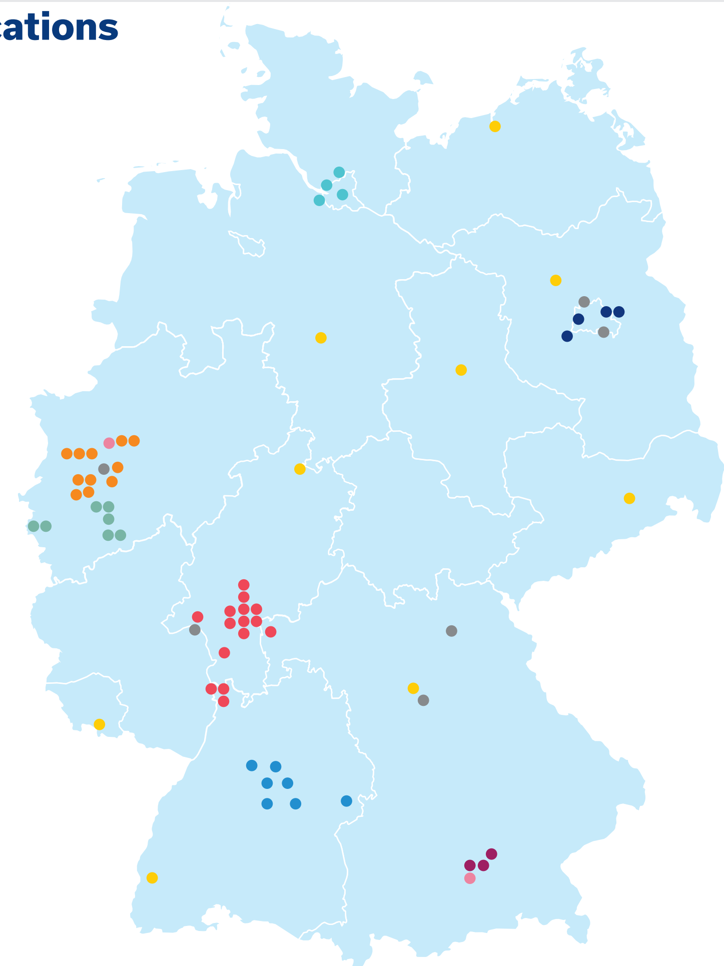
- Office
- Storage
- Production
- Other

Tenant split by revenue



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

Our locations



1.5m
Lettable sqm

5,596
Tenants

60
Total number of properties owned

72%
of revenue is created in the top five German cities

- Berlin
- Cologne
- Düsseldorf
- Frankfurt
- Hamburg
- Munich
- Stuttgart
- Other
- Titanium
- Managed properties

Some of our tenants

DEMATIC
ESE
GKN AEROSPACE
IMI BOPP & REUTHER
Mecklenburg Vorpommern
TDK

INVESTMENT REVIEW

Acquisitions providing fuel for future growth

Acquired in the period

Norderstedt

Total acquisition cost
€9,050,000

Tenants
12

Lettable space
12,626 sqm

Occupancy
100%

Annualised rent roll
€783,000

Vacant space
0 sqm

Rate per sqm
€4.99

December 2020

Nuremberg

Total acquisition cost
€13,701,000

Tenants
5

Lettable space
13,526 sqm

Occupancy
91%

Annualised rent roll
€1,093,000

Vacant space
1,193 sqm

Rate per sqm
€7.36

December 2020

Mannheim III

Total acquisition cost
€3,169,000

Tenants
7

Lettable space
2,962 sqm

Occupancy
93%

Annualised rent roll
€235,000

Vacant space
200 sqm

Rate per sqm
€6.93

December 2021

Fellbach II

Total acquisition cost
€9,228,000

Tenants
1

Lettable space
8,796 sqm

Occupancy
95%

Annualised rent roll
€730,000

Vacant space
475 sqm

Rate per sqm
€7.04

February 2021

Augsburg (Titanium)

Total acquisition cost
€79,896,000

Tenants
74

Lettable space
112,784 sqm

Occupancy
90%

Annualised rent roll
€5,426,000

Vacant space
11,300 sqm

Rate per sqm
€4.46

Notarised January 2021

Essen

Total acquisition cost
€10,706,000

Tenants
6

Lettable space
14,711 sqm

Occupancy
80%

Annualised rent roll
€829,000

Vacant space
2,897 sqm

Rate per sqm
€5.85

Notarised March 2021

CHAIRMAN'S STATEMENT

Delivery of growth in pandemic, commitment to sustainability

In Summary

- Period of operational and strategic success for the business against a backdrop of unprecedented disruption and challenges.
- Operating in a sustainable way and creating long-term social and financial value are at the heart of Sirius' purpose.
- We recognise the property sector has an important role to play in addressing environmental challenges, particularly those related to climate change.

"Operating in a sustainable way and creating long-term social and financial value are at the heart of Sirius' purpose."

Overview

This is my third Annual Report as Chairman and I am delighted to be able to record another period of operational and strategic success for the business against a backdrop of unprecedented disruption and challenges.

Sirius performed well throughout the pandemic. Significant efforts from management and employees ensured continuity of service to tenants and high levels of cash collection whilst continuing to execute on our strategy. I would like to express my gratitude to our employees and tenants who have demonstrated such resilience in difficult circumstances.

As we enter a new financial year and look towards a more normal operating environment, Sirius is well placed to keep delivering on our growth strategy. We will continue to help our tenants drive Germany's economy and to deliver attractive and sustainable returns for shareholders.

Executing the strategy

Our 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. When sites are mature and net income and values have been optimised, Sirius may 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 asset management capabilities of the Company's internal operating platform. The capex investment programmes upgrade and transform space that would often be considered as structurally void and, in doing so, aim to deliver excellent returns by growing income and capital values.

The primary focus 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 where there is a high density of commercial and industrial activity and good transport links. The Company has approximately 5,600 tenants across the 60 properties that it owns and approximately a further 500 tenants in the 6 business parks owned by Titanium, a venture with AXA IM Alts where Sirius holds a 35% equity share and which are 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 although, 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 particular phases of the asset recycling or equity raising activities. Consequently, the Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing 65% of FFO, an increase of 10.0% on the 1.80c dividend for the equivalent dividend last year. The total dividend for the year is 3.80c compared to 3.57c for the year ended 31 March 2020. The Group has not received any 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 and taking into account dividends paid in the period, the Company has delivered a record total shareholder accounting return of 19.5% for the year to 31 March 2021. While dividend distributions have typically contributed approximately 30% and adjusted NAV growth 70% of returns, it is pleasing to note that the valuation movement of our investment properties continues to be derived predominantly from organic increases in income rather than yield movement. This focus on growing income at property level is a core strategy and positions the Company well for the future.

Sustainability

Operating in a sustainable way and creating long-term social and financial value are at the heart of Sirius' purpose. Both the Board and Senior Management Team know that to achieve this we need to unlock the potential of our people, our properties and the communities in which we operate and engage closely with our tenants. We know that long-term economic success complements having a positive impact socially, environmentally and ethically. With this in mind, we were delighted to promote Kremena Wissel to the newly created executive role of Chief Marketing and Impact Officer to spearhead our efforts to embed our ESG responsibilities across our business.

As a real estate company with a large physical footprint, we recognise the property sector has an important role to play in addressing environmental challenges, particularly those related to climate change. I have been pleased to see that our progress has been recognised by MSCI, which upgraded the business' ESG rating from A to AA in November 2020. We know we have more to do having recently completed an ESG materiality assessment exercise. The results of this exercise will direct our efforts in the new financial year as we further develop our sustainability framework and chart our future direction and focus. As part of this, we are also in the process of implementing the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations, which will further integrate environmental considerations into our strategic planning. This also extends to our resource footprint and we are pleased that we supply 100% certified green energy to over 99% of our portfolio. This is the first year that we have published our Scope 1, 2 and 3 emissions, which can be found later in this report. Fundamentally, our business is built on the recycling of working spaces. By refurbishing and revitalising older buildings to fit modern needs, we can play a role in generating fewer emissions. In the new financial year, we will begin planning our carbon emissions reduction strategy and we look forward to sharing this with shareholders.

Coupled with our commitment to sustainable spaces, I am also proud that the Company truly puts people at the heart of its operations. Our employees have been exceptional throughout this extraordinary year and I believe this is as a result of their dedication to the business, the culture that we have built over the years and the support structure that the Senior Management Team has put in place. I would also like to make a particular mention of our tenants. We have always said that Sirius epitomises what can be achieved when people meet property. I have been impressed with the continual interaction and mutual support that existed between our people and our tenants throughout the year.

Governance and culture

On 1 June 2020, we welcomed Caroline Britton and Kelly Cleveland to the Board as independent Non-Executive Directors. Caroline and Kelly have brought a wealth of real estate and financial experience to the Sirius Board and have provided valuable contributions throughout the year. Further information relating to these Board changes is provided in the Corporate governance report on page 53 and in the Nomination Committee report on page 70.

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 54. This includes an explanation of the link between the Board's decision-making and the Group's purpose and strategy. It also details how stakeholder interests and the other matters set out in Section 172 of the UK Companies Act 2006 have been considered in the Board's discussions and decision making.

Information on the Group's culture can be found on page 55 of the Corporate governance report.

Outlook

On behalf of the Board I would like to thank all those connected with Sirius for their hard work which has allowed the Company to record another fantastic year, with the business weathering the challenges of the pandemic and emerging stronger than ever. The tremendous efforts of the leadership team in managing the business during unprecedented times have been truly remarkable. As we enter the next period, Sirius is in a strong position to execute on our ambitious growth strategy and to continue to leverage our resilient business model.

Daniel Kitchen
Chairman
4 June 2021

A year of adaptation and advancement

1. How has Sirius supported its employees and tenants through this exceptional financial year?

I want to start by echoing the Chairman's remarks expressing gratitude to our employees and tenants who have demonstrated such resilience through the Covid-19 pandemic. Despite the unpredictable nature of the crisis Sirius has remained steadfast and my colleagues have risen to the challenges it has presented in a commendable fashion. It has been a year in which we have seen our Company values come right to the forefront demonstrating real adaptability and industriousness. So, thank you to all of you.

Protecting the health and safety of our staff, tenants and their visitors has been our number one priority this year. We have done everything we can to keep people safe and where possible we have gone above and beyond regulatory requirements. As part of our Safer at Sirius model for tenants we have developed best practice approaches to enhanced cleaning and decontamination of our sites, as well as operating under strict social distancing rules. For our staff we offered free Covid-19 testing kits prior to Germany's free testing programme and established new home working practices. Through the crisis we have been clear that we must empower and trust our employees to make the best decisions for themselves and their own families.

It is also worth noting the German state's relatively strong performance through the crisis which has helped cushion some of the worst elements of the pandemic (although at Sirius we have not needed to access any state support). The Kurzarbeit scheme, Germany's furlough system, which has been imitated by many countries such as the UK, has been in place for years and was tried and tested long before the pandemic. This enabled funds to be efficiently distributed, keeping the economy ticking over and supporting our tenants through this exceptional financial year. The impact of the pandemic on the German economy is also expected to be amongst the least severe in Europe, due, in part, to its decisive fiscal response. Additionally, the nature of Germany's economy helped it record a stronger performance than other economies as its manufacturing and exporting base has continued operating with fewer disruptions than in service sector dominated economies.

As we look forward, some of these new ways of working for our staff and our tenants – who we have empowered to work flexibly – will clearly outlast the pandemic, and we welcome that. Thanks to the underlying resilience of our model and our people through this exceptional year, we have managed to adapt in response to shifting demand, and as we look ahead to the second half of 2021 and the start of 2022, we are well positioned for growth as we enable our tenants to further drive Germany's economic recovery.

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

This has been another year of growth for Sirius across our key operating metrics and we have maintained high cash collection rates. We have continued to execute our strategy effectively, and further built on the successful foundations we have laid over the past decade. The pandemic has demonstrated what a truly resilient and diverse business model we have now established. Diversity has been key to building this resilience. We have a diverse customer base of various sizes, sectors and industry segments. No single industry segment accounts for more than 3% of total revenue. We operate in diverse geographies and different cities with a primary focus around Germany's "big seven" cities: Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich. We have diversity of product, offering a mixture of spaces from offices to industrial warehousing and self-storage units. Put together, this means we have exposure to the entire German economy without being over-dependent on any one city, tenant, industry or type of space.

This year's performance was underpinned by a number of significant achievements. We recorded a 9.3% growth in funds from operations to €60.9 million which was driven by another year of strong organic income growth. A 5.2% increase in like-for-like annualised rent roll represented the seventh consecutive year of increases in excess of 5%. We have continued to record high levels of cash collection with 98.2% of all rent and service charge prepayments invoiced for the year collected in the period. Profit before tax of €163.7 million included net valuation gains of €99.6 million which themselves were generated predominately through increases in income rather than market-driven yield shift.

We start the new financial year with a net LTV of 31.4%, well within the Board's 40% maximum limit, and total cash balance of €65.7 million which includes €49.3 million of unrestricted cash. This in combination provides further acquisition capacity for the Company to consider as opportunities present themselves.

3. Against the backdrop of Covid-19 how have you continued to prioritise sustainability?

We had planned to place a greater priority on sustainability this year, before the pandemic, and I am pleased that we achieved this despite the additional challenges. We recognise the importance of sustainability to our business and we will be placing greater emphasis on it and embedding it further into our strategy and business model in the years ahead. We know that as a major property owner, we have a responsibility to our employees, partners, tenants and communities in which we operate, as well as to the planet. Empowering others and delivering a positive social and environmental impact is not only a moral imperative, it makes good business sense. This financial year we have made real strides to go further than ever in building a sustainable future at Sirius.

It has been a year of real progress: we relaunched the Social and Ethics Committee as the Sustainability and Ethics Committee, which I lead, in March 2020, and I am also delighted that we promoted Kremena Wissel to serve in a new role as Chief Marketing and Impact Officer. This appointment reflects the further integration of ESG into day-to-day strategy development.

Some of the progress we have made in the last year includes a major current workstream to measure and deliver a significant improvement with regard to the Company's impact on the environment. For example, in 2020, the business increased its renewable energy use to 86%, across approximately 92% of its portfolio, while almost 100% of portfolio electricity consumption is now sourced from green electricity sources.

Sirius' progress on responsible investment has also been recognised by MSCI, which upgraded the business' ESG rating from A to AA in November 2020. We are also embedding the Task Force on Climate-Related Financial Disclosures ("TCFD") into our Company strategy framework, meaning that climate change considerations will be a key part of our risk management and strategic planning processes going forward. I am pleased we have published, for the first time, our Scope 1, 2 and 3 GHG emissions in this Annual Report and we are continuing to work towards a carbon reduction strategy in partnership with a specialist ESG consultancy which we appointed in 2020. We recognise that this is a journey and we have some way to go; we have made a strong start, however, and we fully intend to see this journey through.

We absolutely recognise the key role we play as one of the largest businesses operating in the Unternehmensimmobilien asset class in Germany shaping a sustainable future. We want to work with investors and ESG ratings agencies to develop appropriate metrics that capture the nuances and complexities of the specific sector in which we operate. We will continue this important work in 2021 and beyond.

4. Could you provide an update on the Titanium venture with AXA IM Alts and how it has progressed?

This was the first full financial year since Titanium was formed in August 2019 when AXA IM Alts completed the acquisition, on behalf of clients, of a 65% stake in five German business parks from Sirius, which retained the remaining 35% and also continues to manage the assets. The primary approach of the Titanium venture is to grow through the acquisition of larger stabilised business park assets and portfolios with strong tenant profiles and occupancy. The relationship is mutually beneficial giving AXA IM Alts access to the expert Sirius platform in Germany and Sirius access to an additional source of capital and income from its asset management services.

Despite the challenging environment, Titanium notarised the Sigma Technopark in Augsburg for total acquisition costs of approximately €79.9 million. The site will be rebranded as a Sirius business park and is a multi-tenanted business park comprising 113,000 sqm of space across a range of uses. The site offers strong asset management potential and the opportunity for repositioning through capex investment to improve occupancy and rental rates. This follows the completion in March 2020 of Titanium's first external acquisition when it acquired a business park in Hilden, Düsseldorf, for total acquisition costs of €58.9 million.

Titanium was initially set up with five assets with an implied property value of €168.0 million. As at 31 March 2021 and including the Augsburg asset that was notarised in the period, Titanium holds property with a value of €324.2 million across its seven assets. We are now focused on growing Titanium to a value of over €400 million and looking forward to exploring a wider range of opportunities across Germany.

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

Despite the challenging context of the global pandemic we managed to record continued growth in this financial year, which demonstrates resilience and the underlying strength of the Company we have built. In 2021 I am confident that through organic and acquisitive growth we will be able to grow our funds from operations over the next few years, which should support an increasing dividend for our shareholders.

We have available cash resources of €49.3m and other liquid resources available to deploy into our healthy pipeline of opportunities. As the investment markets continue to open up we expect there will be consolidation opportunities in the post-Covid-19 market. We will continue to execute our disciplined capex investment and asset management programmes, which have delivered highly attractive returns over the years, in order to unlock the potential of our value-add assets which comprise over half of our €1.3 billion portfolio.

As I have previously outlined, our mission is to increase our funds from operations ("FFO") to €100 million. In this financial year we increased our FFO to €60.9 million from €55.7 million in the same period last year. While we still have a €39 million gap to meet our target, much of that gap will be filled by activity that is currently in progress but have not yet finished executing. We remain committed to pursuing this goal despite the challenging operating environment we have faced this year.

This past year or so will live long in our memories as a year of disruption and chaos in all our lives. Personally, I am proud of how the business has performed in such challenging circumstances and I believe this is a strong testament to the dedication and commitment of all of our employees – it is a privilege to lead such a high-performing business which is made up of such talented individuals. As we look forward to the second half of 2021, we will continue to be relentlessly focused on growth. That will mean continuing to apply real focus and discipline to our successful business model and carefully deploying equity to maximise shareholder returns, whilst being agile and opportunistic when the right transactions become available.

Andrew Coombs
Chief Executive Officer
4 June 2021

BUSINESS MODEL

We bring our platform and property together

Key drivers

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

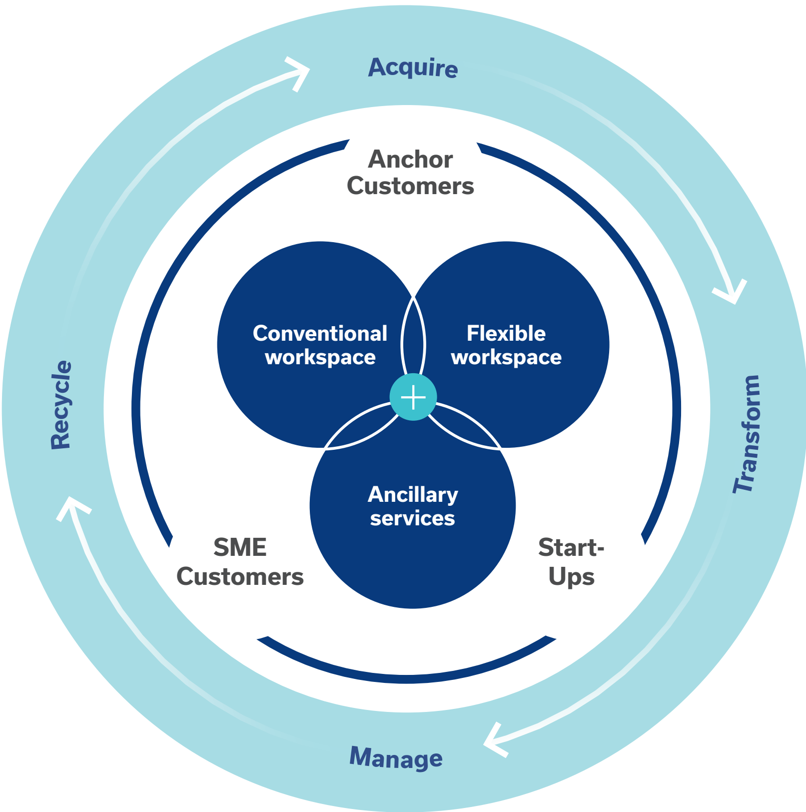
Favourable market environment
The German economy is the largest in Europe and its Mittelstand (SME) market is particularly deep, meaning demand for both the Group's conventional space and flexible workspace continues to be high.

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 of 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.



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**

Continued domestic and international demand for light industrial assets in Germany

Introduction

Sirius continues to operate solely in Germany where it owns and manages a well-diversified portfolio of mature and opportunistic business park assets. Sirius' portfolio continues to increase in size through a combination of organic and acquisitive growth underpinned by the Company's internal operating platform. 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.

Sirius' properties include traditional business parks, modern business parks and office buildings on the periphery of the "big seven" cities. The Company manages in the region of 1.5 million sqm of manufacturing, storage and office space. To maximise the utilisation of space, Sirius has developed a range of high-yielding products including serviced offices, self-storage and workboxes which have their own Smartspace brand and are particularly popular with tenants seeking flexible solutions to their accommodation needs. The products are usually created through investment into space that other owners may regard as a structurally void and using the capability of the in-house sales and marketing teams to let these at premium rental rates. The Company's tenant base is diverse ranging from multinational corporations and government agencies to SMEs within the German Mittelstand and individual tenants.

Sources:
https://initiative.bulwiengesa.de/unternehmensimmobilien/sites/default/files/2020-12/IUI_Marktbericht13.pdf.

https://www.savills.co.uk/insight-and-opinion/savills-news/309829-0/german-commercial-investment-market-in-2020.

Key market drivers

The German economy

Relative to other European economies Germany performed well through the Covid-19 crisis, with official figures citing a GDP contraction of around 5% representing a comparatively good performance relative to its peers in Europe. The impact of Covid-19 in Germany is expected to be one of the least severe in Europe due, in part, to the government's decisive fiscal response.

A number of factors have contributed to Germany's relative economic strength. Many analysts take the view that the composition of Germany's economy has been a major factor in helping it record a stronger performance than many close neighbours; its bigger manufacturing and exporting base – which accounts for more than a quarter of the German economy – is able to continue operating with fewer disruptions through the pandemic than service sector dependent economies.

The Ifo Business Climate Index – which tracks economic sentiment in Germany – has continued to improve steadily over the course of 2020, with confidence most pronounced in the manufacturing sector, implying a return to growth is possible in 2021.

Commercial real estate transaction volumes in Germany in 2020

€59bn

Seven major cities attracted the majority of capital with around

55%

of transaction volumes

The German commercial real estate market

Commercial real estate transaction volumes in Germany in 2020 were €59 billion, only 6% below the five year average, which demonstrates remarkable underlying strength given the scale of the pandemic. According to Savills, investment volumes in the second and third quarters of around €10 billion and €12 billion respectively were the lowest since 2016; however, the final quarter showed a much higher volume of around €16.6 billion. The seven major cities once again attracted the majority of capital with around 55% of the transaction volumes. A large proportion of demand is, unsurprisingly, concentrated in property that offers stable cash flow. This is particularly the case in the logistics sector and offices let on leases to public sector clients, whilst there has been a marked decline in demand for shopping centres and retail parks.

According to Savills, the proportion of German investors rose as a percentage last year, which may be as a result of travel restrictions. Domestic purchasers accounted for around 57% of investment volume, which is the highest proportion since 2013; however, capital from outside of Germany continued to play an important role in investment activity. Approximately 71% of foreign capital originated from Europe, followed by around 21% from North America and the remainder coming from the Middle East and Asia.

Looking forward, it is reasonable to assume the market will see the deployment of reserves that have been built up over the last twelve months. As such, we can expect transaction volumes to remain high this year with the majority of activity likely to take place in the second half of 2021 when the market conditions and operating environment are expected to return to some form of normality.

German industrial real estate market

Despite the challenging environment in the commercial real estate market as a whole, there has remained a strong investment market for German mixed-use and multi-let commercial properties. In the first half of 2020 alone a transaction volume of more than €1.2 billion was recorded, the second highest half-yearly volume recorded – only 2017 saw a higher volume in the first half of the year.

In the first half of 2020 business park assets accounted for almost 73% of the total investment volume with a transaction turnover of around €903 million, with the remainder of investment activity divided between warehouse and production properties.

Some clear regional trends emerged in the first half of 2020. 49% of transactions totalling €610 million occurred in the southern region of Germany, and was also the highest transaction volume ever recorded in the first half of a year. This was followed by the Rhine-Ruhr region which accounted for 13.4% of transactions totalling €166.4 million, with Munich and its surrounding area closely behind with 13% of activity totalling €162 million. The few markets where investment volumes saw a year-on-year decrease were those impacted the most by lack of supply. Demand for space remains high, however, with supply-side challenges impacting take-up which has put upward pressure on pricing. With limited volumes of new space being made available, the outlook going forward appears to be a continuation of the status quo.

It remains to be seen if the challenging macroeconomic environment leads to permanent changes in behaviour that might impact the asset class. However, when looking at past major economic events and recessions, the flexibility and diversity inbuilt within multi-tenanted business parks suggest the asset class will cope particularly well compared to other sectors. The tendency for companies engaged in production and manufacturing to respond to economic contractions by reducing output rather than space combined with the depth of the Mittelstand market should be considered key factors in the ongoing growth and stability of the asset class.

ASSET MANAGEMENT STRATEGY

Delivering our strategy

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

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

Our five value drivers

1. Active portfolio management

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

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

Link to Risks
see pages 41 to 47
1 5 6 9 11

2. Transformation and conversion of vacant space

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

The returns that the Company achieves from these improvements are high as typically they not only deliver rental income and service charge recovery gains that come from letting the transformed areas but also include significant valuation uplifts that come from improving the space and business parks as a whole. The capex investment programmes commenced in January 2014 focusing on assets already owned by the Company and extended to include assets that were acquired after April 2016. In total, the capex investment programmes are or have been focused on just over 370,000 sqm of sub-optimal or vacant space. Returns from the programmes have been highly impressive with an investment of €55.3 million generating €22.2 million of annualised rent roll based on occupancy of 75%. In addition the Company actively seeks out opportunity to make accretive investment into space that has been recently vacated or is due to be vacated in order to capture reversionary value whilst enhancing the value of the space.

Link to Risks
see pages 43 to 47
5 11

Sirius Office Center, Hamburg

3. 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 an average well in excess of 1,000 leads per month predominantly from the Company's website and the internet portals on which vacancies are advertised. Once leads have been generated, a dedicated call centre immediately deals with all enquiries and converts approximately 75% of all enquiries into viewings. The on-site sales teams follow a structured sales process and are incentivised through the setting of asset specific lettings targets.

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

Link to Risks
see pages 44 to 46
6 9 10

Sirius Office Center, Hamburg

4. Improvement in service charge recovery

Poor recovery of service charge costs in mixed-use, multi-tenanted business parks typically results in high leakage from net operating income. 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.

Link to Risks
see pages 43 and 44
5 6

Sirius Business Park, Magdeburg

5. Growth through acquisition and recycling

Sirius actively seeks to grow its portfolio through acquisitions which are typically funded through a combination of share placings, attractively priced financing and the selective recycling of equity out of mature or non-core assets. In order to establish and maintain a balanced portfolio, both opportunistic and stable assets have been acquired, providing the Company with an attractive combination of secure income and the potential to create significant value by utilising the abilities of our internal operating platform.

The Company's Titanium venture with AXA IM Alts which provides additional growth and income potential for the Company as the relationship develops and new investment opportunities are considered.

"The Group continues to be focused on delivering attractive and sustainable returns by utilising the strengths of its internal operating platform to grow both organically and acquisitively."

Link to Risks
see pages 41 to 43
1 2 3 4

Read more about our acquisitions
see pages 6 and 7

OUR PORTFOLIO

Strategy in action

Traditional business park Markgröningen – May 2016

Strategy in action

- Traditional business park located in Markgröningen acquired from the former owner totalling 56,615 sqm including 17,845 sqm of vacant space at an EPRA net yield of 10.4%
- Financed by a seven year facility at a fixed interest rate of 1.66%, maturing in April 2023
- As at 31 March 2021, occupancy had increased to 96% from 68% resulting in rent roll increasing by €1.0 million
- Significant investment made into utilities and upgrading of space considered structural void by former owner helping to reduce service charge leakage
- Total return of €21.5 million equating to a geared IRR of 38%

	Acquisition €m	As at 31 March 2021 €m	Total improvement €m
Total acquisition cost/valuation	8.7	27.7	19.0
Invested equity	6.0	–	–
Annualised rent roll	1.3	2.3	1.0
Annualised net operating income	0.9	2.1	1.2
Occupancy	68%	96%	28%
EPRA net yield[1]	10.4%	7.2%	(3.2%)

	Total return to 31 March 2021 €m
Retained profit[2]	**7.5**
Valuation increase	**19.0**
Capex	**(5.0)**
Cumulative total return	**21.5**

(1) Includes purchaser acquisition costs.

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

Actual returns

Geared annualised IRR	38%
Ungeared annualised IRR	30%

Office building Aachen I – January 2015

Strategy in action

- » Well-located office building acquired at attractive EPRA net yield of 8.3%
- » Value-add opportunity through 6,619 sqm of vacant space recognising upgrade and a targeted sales and marketing plan
- » Initially financed by a seven year facility at a fixed interest rate of 1.48% and subsequently refinanced with a blended fixed interest rate of 1.20%, maturing in October 2023
- » As at 31 March 2021, occupancy had increased from 73% at acquisition to 97% with annualised rent roll increasing by 39% to €2.5 million
- » Total return of €24.0 million equating to a geared IRR of 30%

	Acquisition €m	As at 31 March 2021 €m	Total improvement €m
Total acquisition cost/valuation	18.7	34.2	15.5
Invested equity	8.8	–	–
Annualised rent roll	1.8	2.5	0.7
Annualised net operating income	1.5	2.2	0.7
Occupancy	73%	97%	24%
EPRA net yield(1)	8.3%	6.2%	(2.1%)

	Total return to 31 March 2021 €m
Retained profit(2)	**10.9**
Valuation increase	**15.5**
Capex	**(2.4)**
Cumulative total return	**24.0**

(1) Includes purchaser acquisition costs.

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

Expected returns at maturity

Geared annualised IRR	30%
Ungeared annualised IRR	16%

KEY PERFORMANCE INDICATORS

Measuring our progress

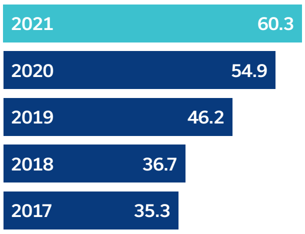
KPI | **KPI measure** | **Commentary** | **FY21/22 ambition** | **Link to strategy**

Adjusted profit before tax (€m)

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

€60.3m

↑ 9.8%



Adjusted profit before tax for the year ended 31 March 2021 was €60.3 million, representing an increase of 9.8% on the same period the previous year. Despite the limited contribution to earnings from assets acquired in the period, strong organic growth in terms of increases in both occupancy and average rate resulted in a positive result versus the prior year.

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

1 2 3 4 5

EPRA earnings per share (c)

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

5.63c

↑ 3.5%

EPRA earnings per share for the year ended 31 March 2021 was 5.63c, representing an increase of 3.5% on the previous year. The development in EPRA earnings per share is mainly due to the effect of the strong organic growth described above.

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

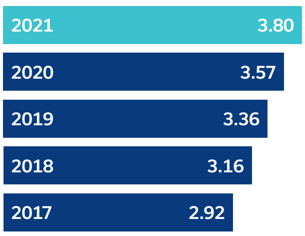
1 2 3 4 5

Dividend per share (c)

Total dividend for the reporting period which is calculated as a percentage of funds from operations ("FFO"). The Company has chosen to pay out 65% of FFO in relation to the dividend for the financial year ended 31 March 2021. 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.

3.80c

↑ 6.4%



The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing 65% of FFO, an increase of 10.0% on the equivalent dividend last year, which also represented 65% of FFO. The total dividend for the year is 3.80c, an increase of 6.4% on the 3.57c total dividend for the year ended 31 March 2020.

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

1 2 3 4 5

Strategic priorities

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

Read more about our strategy
see pages 16 and 17

KPI | **KPI measure** | **Commentary** | **FY21/22 ambition** | **Link to strategy**

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.

€1,347.2m
↑ 13.6%

Year	€m
2021	1,347.2
2020	1,186.2
2019	1,132.5
2018	931.2
2017	823.3

Commentary: The book value of the Group's owned investment property increased by 13.6% as a result of strong income driven like-for-like increases in valuation and the net effect of asset recycling and organic growth. The like for like portfolio increased in book value by €135.7 million or 11.5%. The portfolio is now valued at an average gross yield of 7.2% (31 March 2020: 7.6%).

FY21/22 ambition: To continue to grow the value of the Group's portfolio through acquisitions and valuation gains derived predominantly through increases in income. The Company's capex investment programmes and investment into vacant space are expected to continue to impact valuation positively.

Link to strategy: 1 2 3

EPRA NTA per share (c)

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

92.29c
↑ 14.7%

Year	c
2021	92.29
2020	80.44
2019	74.52
2018	68.95
2017	60.53

Commentary: EPRA NTA per share increased in the period by 14.7% to 92.29c (31 March 2020: 80.44c). 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.

FY21/22 ambition: To grow EPRA net tangible assets ("EPRA NTA") per share, through the continued execution of the Group's asset management initiatives relating to organic growth and asset recycling.

Link to strategy: 1 3

Average rate per sqm (€)

Average letting rate per sqm for the total portfolio.

€6.17
↑ 3.2%

Year	€
2021	6.17
2020	5.98
2019	5.78
2018	5.46
2017	5.27

Commentary: The average rate per sqm increased to €6.17 at 31 March 2021 from €5.98 at the same point of the previous year, representing an increase of 3.2%.

FY21/22 ambition: To continue to grow average rate through a combination of contractual increases, uplifts on renewals and active asset management.

Link to strategy: 1 2 3

Occupancy (%)

Percentage of total lettable space occupied as at reporting date.

87.0%
↑ 1.7%

Year	%
2021	87.0
2020	85.3
2019	86.1
2018	79.7
2017	80.5

Commentary: Occupancy increased to 87.0% in the period as tenants continued to be attracted to the Company's wide range of conventional and flexible workspaces and affordable products.

FY21/22 ambition: To continue to reduce vacancy within 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

ASSET MANAGEMENT REVIEW

Active asset management

Introduction

Sirius owns and manages business parks and industrial estates in and around the top seven cities in Germany. By utilising the asset management expertise of its internal operating platform it aims to increase occupancy, net operating income and capital values. The Company currently owns a total of 60 mixed-use industrial, warehouse and office properties whilst managing an additional eight (six of which it holds a 35% interest in through the Titanium venture with AXA IM Alts). The Company provides over 1.5 million sqm of lettable production, storage and office space, most of which is offered on a conventional basis with approximately 6% of space converted into Sirius' unique and highly effective Smartspace products which are offered on a more flexible basis with a range of services. Smartspace products include serviced offices, self-storage and workboxes and are usually created from excess office space, basements and redundant halls which most of Sirius' competitors would leave as structural vacancy. Key to providing such a wide range of options to its tenants is the Company's internal operating platform and sophisticated online marketing and IT infrastructure which it has developed over the last 14 years.

Sirius has approximately 5,600 tenants, 40% of the annualised rent roll is attributable to the Company's top 50 tenants which are generally large multi-national businesses and 53% to around 2,800 SME tenants who form the backbone of the German economy. The Company derives the remaining 7% of its annualised rent roll from the 2,750 micro-SMEs and individual tenants which rent space through the Company's Smartspace range of products where they benefit from cost certainty and maximum flexibility. A total of 7.9% of the Company's annualised rent roll relates to entities affiliated with the German government.

The Company's ability to provide a mix of conventional and flexible space significantly enhances the returns and sustainability of income that can be generated from German light industrial and office assets. This has been proven by the Company's track record of being able to deliver significant organic increases in net income in all market conditions in Germany over the last 14 years.

€97.2m
total annualised rent roll*

€6.17 per sqm
average rate

98.2%
cash collection rate

€45.9m
of new on balance sheet acquisitions completed or notarised in the period

Financial year overview

Sirius has successfully navigated through a year of unprecedented challenges relating to the Covid-19 pandemic. Like-for-like annualised rent roll growth has continued in line with prior years, rent collections have been affected only marginally and acquisitions have continued after a short pause in the first half of the year and profits and asset values have grown both organically and acquisitively. The Company's Senior Management Team has long considered the Sirius business model to be one with strong adaptive qualities which can deliver in both strong and weak economic environments. Against the backdrop of the pandemic the Company's performance provides clear evidence of its resilience and continued growth potential.

Lettings and rental growth

The Company recorded a like-for-like increase in annualised rent roll of 5.2% to €94.3 million (31 March 2020: €89.6 million) despite the impact of large, expected move-outs in recently acquired sites that occurred in the first half of the year and the impact of Covid-19. This is now the seventh successive year that Sirius has recorded an increase in like-for-like annualised rent roll in excess of 5.0% highlighting the consistency of performance and the ability of the Company to deliver strong results, even in challenging market conditions.

Encouragingly, while an improvement in occupancy from 85.2% to 87.0% did contribute to the like-for-like annualised rent roll growth, the main driver was a 3.5% increase in like for like average rental rates to €6.17 per sqm from €5.96 per sqm. Increasing occupancy in such a challenging year is a testament to the abilities of the Company's sales and marketing teams as well as the wide range of products it offers. On a total portfolio basis, including the acquisitions in the year, the average rental rate increased by 3.2% to €6.17 per sqm.

The positive net take-up of space in the period can be broken down into move-outs of 134,752 sqm that were generating €10.3 million of annualised rent roll at an average rate of €6.39 per sqm being offset by move-ins of 157,313 sqm generating €13.3 million of annualised rent roll at an average rate of €7.06 per sqm. Additionally, contracted rental increases and uplifts on renewals added a further €1.8 million to the annualised rent roll at the period end. The acquisitions that completed in the second half have added €2.8 million of annualised rent roll which has more than offset the €0.7 million that was lost from the sale of the Weilimdorf asset at the start of the year.

Total annualised rent roll at 31 March 2021 amounted to €97.2 million, compared to €90.3 million a year earlier.

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

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

	€m
Annualised rent roll 31 March 2020	90.3
Move-outs	(10.3)
Move-ins	13.3
Contracted uplifts	1.8
Disposals	(0.7)
Acquisitions	2.8
Annualised rent roll 31 March 2021	**97.2***

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

Underpinning the strong increase in rent roll in the year was an 18.5% increase in the number of enquiries generated compared to the previous year while a conversion rate of 13% remained in line with the 14% conversion rate for the prior year. A month-by-month comparison of enquiries generated over the last two years is set out in the table below:

Against the backdrop of the pandemic the Company adopted a highly progressive and flexible approach to marketing, making specific changes to its strategies during the year in order to address emerging drivers of demand and maintain the number of enquiries generated.

Several marketing initiatives were launched based on data generated from detailed analysis of online search patterns. As expected in difficult economic times, flexibility and competitive pricing were increasingly desirable whilst demand for storage and secondary office space also increased. As a result of having direct line of sight into the marketplace the Company was able to refocus its marketing strategies towards spaces and products that met the changing demand dynamics which resulted in an increase in the number of enquiries compared with the prior year. Whilst the Company closed a greater number of deals in the period compared to the prior year, the average deal size reduced modestly from 76 sqm to 72 sqm.

Table 3: Enquiries comparison FY21 to FY20

	No. of enquiries FY 2021	No. of enquiries FY 2020	Change %
April	**1,202**	1,100	9.3%
May	**1,248**	1,188	5.1%
June	**1,368**	1,184	15.5%
July	**1,367**	1,392	(1.8)%
August	**1,477**	1,243	18.8%
September	**1,622**	1,294	25.3%
October	**1,577**	1,201	31.3%
November	**1,591**	1,255	26.8%
December	**1,235**	1,045	18.2%
January	**1,627**	1,417	14.8%
February	**1,506**	1,307	15.2%
March	**1,716**	1,169	46.8%
Total	**17,536**	14,795	18.5%

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

Table 4: Lettings comparison FY21 to FY20

	New deals twelve months to March 2021	New deals twelve months to March 2020	**Total sqm let twelve months to March 2021**	Total sqm let twelve months to March 2020	**Average sqm per deal twelve months to March 2021**	Average sqm per deal twelve months to March 2020
April	**115**	87	**8,025**	11,468	**70**	132
May	**130**	174	**11,282**	10,550	**87**	61
June	**165**	201	**11,242**	12,450	**68**	62
July	**215**	224	**13,170**	10,787	**61**	48
August	**259**	127	**15,324**	16,065	**59**	126
September	**226**	222	**15,052**	18,361	**67**	83
October	**220**	203	**12,371**	14,282	**56**	70
November	**192**	169	**14,193**	11,306	**74**	67
December	**168**	165	**12,327**	13,573	**73**	82
January	**215**	198	**13,248**	19,383	**62**	98
February	**197**	206	**14,502**	13,867	**74**	67
March	**143**	159	**20,329**	10,515	**142**	66
Total	**2,245**	2,135	**161,065**	162,607	**72**	76

ASSET MANAGEMENT REVIEW CONTINUED

Lettings and rental growth continued

Tenant retention in the period was encouraging with 72% by square metre up for renewal in the period being successfully extended (2020: 77%). Overall, the marketing, lettings and renewals performance in the year is a clear demonstration of the ability of the Company to adapt rapidly to changing market dynamics and in doing so not only sustain but grow income.

The marketing and sales capabilities within the operating platform is one of a number of asset management disciplines that provide the Company with a significant competitive advantage over other owners of light industrial and business park assets in Germany. Being able to create and offer a wide variety of spaces and products from assets that the Company can acquire at well below replacement cost differentiates Sirius and positions the Company well to continue to grow in all market conditions going forward.

Cash collection

Having visibility and close control of cash collection has long been considered an advantage of having an internal operating platform. However, the discipline has taken on additional significance as a result of the pandemic. Through a combination of close collaboration between the experienced cash collection team and on-site staff the Company was able to work closely with its tenants in assisting them access state support and support business continuity whilst ensuring contractual obligations continued to be met. The Group collected 98.2% of all rent and service charge prepayments (excluding VAT) invoiced for the year to 31 March 2021 with the month-by-month results detailed in Table 5 on the right.

Table 5: Cash collection

	Invoiced €000	Outstanding €000	Collection %
April	11,621	106	99.1%
May	11,635	235	98.0%
June	11,716	223	98.1%
July	11,676	107	99.1%
August	11,883	128	98.9%
September	12,015	137	98.9%
October	12,026	168	98.6%
November	12,083	151	98.8%
December	12,054	254	97.9%
January	12,158	292	97.6%
February	12,374	342	97.2%
March	12,579	537	95.7%
Total	**143,820**	**2,680**	**98.2%**

From total net of VAT billing amounting to €143.8 million, uncollected debt for the year amounted to €2.7 million representing a cash collection rate of 98.2% with outstanding rent of €1.9 million and service charge prepayments of €0.8 million. From a tenant base of approximately 5,600 tenants the Group issued 13 deferred payment plans to tenants adversely impacted by Covid-19 which accounted for €0.3 million of the outstanding amount whilst total write-offs amounted to €151,000. The deferred payment plans spread the payment of rent and service charge prepayments over an average of eight months and as at the period end all plans were being fully complied with. The Company expects to collect the majority of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

Acquisitions and disposals

Sirius returned to acquisitive growth during the second half of the year after holding back to assess the impact of Covid-19 in the first six months. The Company invested or committed to invest €45.9 million into five on balance sheet acquisitions using existing cash resources that offer an attractive mix of stable income and opportunity in locations where Sirius already has a strong presence. Three of the five assets are industrial business parks whereas two of the acquisitions are smaller office buildings attached to existing sites owned by the Company. In addition Sirius will own 35% of the Augsburg business park which Titanium notarised for €79.9 million.

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

	Total investment (incl. acquisition costs) €000	Total acquisition sqm	Acquisition occupancy %	Acquisition vacant sqm	Annualised acquisition rent roll* €000	Acquisition non-recoverable service charge costs €000	Acquisition maintenance costs €000	Annualised acquisition NOI* €	EPRA net initial yield*(1) %
Sirius									
Norderstedt	9,059	12,626	100	–	783	(85)	(5)	693	7.7
Nuremberg	13,701	13,562	91	1,193	1,093	(102)	(12)	979	7.2
Mannheim III	3,169	2,962	93	200	235	(26)	–	208	6.8
Fellbach II	9,228	8,796	95	475	730	(157)	(16)	557	6.0
Subtotal	**35,157**	**37,946**	**95**	**1,868**	**2,841**	**(370)**	**(33)**	**2,437**	**6.9**
Notarised									
Essen**	10,706	14,711	80	2,897	829	(125)	(13)	691	6.5
Subtotal	**45,863**	**52,657**	**91**	**4,765**	**3,670**	**(495)**	**(46)**	**3,128**	**6.8**
Titanium									
Notarised									
Augsburg**	79,896	112,784	90	11,300	5,426	(569)	(71)	4,786	6.0
Subtotal	**79,896**	**112,784**	**90**	**11,300**	**5,426**	**(569)**	**(71)**	**4,786**	**6.0**
Total	**125,759**	**165,441**	**90**	**16,065**	**9,096**	**(1,064)**	**(117)**	**7,914**	**6.3**

(1) Includes purchaser costs.

* See the Glossary section of the Annual Report and Accounts 2021.

** Completed post year end.

With 52,657 sqm of lettable space and blended occupancy of 90% the five on balance sheet acquisitions provide strong day one cash flow with the potential to increase rental and capital values through investment into vacant space or space that is expected to be vacated after completion. A summary of the opportunities and characteristics of each asset acquired in the period is detailed below:

» The acquisition of a business park in Norderstedt, just north of Hamburg around 15 km from the city centre, adds to the cluster of properties that Sirius has established in this desirable area. The transaction is a sale and leaseback with a family-owned textile company which is expected to move out of most of the space within three years. The deal provides attractive and stable income for the initial period with an opportunity to invest and capture reversionary value following the expected move-out.

» The Nuremberg property is a high-quality mixed-use business park situated in a well-developed commercial area of Nuremberg close to the city centre and benefiting from close motorway access. The property provides quality, stable income with some uplift potential from vacant space. The property is currently let to a mix of SME tenants and located in a market of which Sirius has deep knowledge through its ownership of an asset in the city for over ten years.

» The Mannheim III acquisition is of an office building located next to an existing business park in Mannheim which Sirius acquired in 2018. The building is 93% occupied providing immediate income and broadening the Company's range of asset management options more typically associated with a larger, combined asset.

» The Fellbach II acquisition complements the Fellbach I asset which Sirius acquired in 2018 where occupancy has increased to 90% following the completion of a range of asset management initiatives. The new asset comprises an office building with a warehouse area, which together provides 8,796 sqm of lettable space and is currently fully let to a single tenant which intends to move out of 6,700 sqm in the first few months of Sirius' ownership, providing the Company with the opportunity to upgrade and re-let the space in order to capture the reversionary potential.

» The Essen asset provides 14,711 sqm of lettable space in a location with which the Company has familiarity through the longstanding management of an office property in the city. The asset is 80% occupied with all tenants forming part of the ThyssenKrupp group with varying lease lengths. The Company's asset management plan will be focused on regearing existing leases or, in the event of move-outs, to re-let the space. Additionally, there is around 3,000 sqm of sub-optimal vacant space suitable for transformation as well as 8,400 sqm of land which can be developed. Located at the heart of one of Germany's leading production regions, Essen is considered an attractive market for Sirius' combination of conventional and flexible spaces and products.

The Augsburg property, acquired by Titanium post year end is located in one of the most well-known industrial areas in Bavaria and benefits from strong public transportation connections to the city centre. The asset provides stable day one cash flows through its 90% occupancy rate whilst providing opportunity for Sirius to add value through redevelopment and active asset management.

The equity investment required into Titanium by Sirius to complete this acquisition was reduced through the injection of the Augsburg and the recent Hilden acquisition into the existing loan facility with Helaba Bank which raised €66.4 million of extra debt, also post year end. The refinancing reduced the weighted average cost of debt from 1.32% to 1.20% whilst the remaining term of the loan was extended to 5.0 years from 3.3 years. Following the completion of the Augsburg transaction and related financing activity Titanium holds €324.2 million of property and €150.4 million of debt.

Capex investment programmes

The Group's capex investment programmes have historically been focused on the transformation of sub-optimal vacant space which was acquired through the Company's acquisition programme. This space is typically acquired for very little or no cost due to it being considered structurally void by former owners. To date approximately 356,000 sqm of space has been transformed with a total investment of €55.3 million and at the financial year end was generating €22.2 million of annualised rent roll at 75% occupancy. As occupancy increases to budgeted levels, an additional €1.6 million of annualised rent roll is expected to be generated from this space. The take-up of this space has resulted in significant improvements to service charge cost recovery and this programme has been one of the main drivers of the valuation increases the Company has seen over the last five years.

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

Combined capex investment programme progress	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to March 2021 €m**	Occupancy budgeted %	**Occupancy achieved to March 2021 %**	Rate per sqm budgeted €	**Rate per sqm achieved to March 2021 €**
Completed	356,100	60.9	55.3	21.6	**22.2**	80%	**75%**	6.32	**6.93**
In progress	4,487	2.6	0.2	0.4	**0.2**	88%	**–**	8.44	**–**
To commence in next financial year	11,140	3.2	–	0.8	**–**	83%	**–**	7.21	**–**
Total	371,727	66.7	55.5	22.8	**22.4**	80%	**–**	6.39	**–**

* See the Glossary section of the Annual Report and Accounts 2021.

ASSET MANAGEMENT REVIEW CONTINUED

Capex investment programmes continued

In addition to the space that has been completed and let or currently being marketed, a total of approximately 15,600 sqm of space is either in progress of transformation or awaiting approval to commence transformation. A further €5.6 million is expected to be invested into this space, on top of the €0.2 million already spent, and, based on achieving budgeted occupancy, incremental annualised rent roll in the region of €1.0 million is expected to be generated from this space in total.

Whilst the income returns expected to be achieved on the recent projects are less than those of the original programme, the extent of transformative work involved suggests the impact on valuations may be more pronounced. The capex investment programmes have been one of the key income and valuation growth drivers over the last few years and, as a result, the Company continues to seek to acquire assets with sub-optimal vacancy in order to refuel these highly accretive programmes.

In addition to the capex investment programmes, Sirius also looks for opportunities to upgrade recently vacated space that is returned each year as a result of move-outs. Within the existing vacancy as at 31 March 2021, the Company has identified approximately 23,000 sqm of recently vacated space that has potential to be upgraded. This space was generating €1.0 million in annualised rent roll from the existing tenants and can be upgraded with an investment of €5.8 million to generate €1.7 million in annualised rent roll when re-let. This selective investment into vacated space allows the Company to capture reversionary potential whilst significantly enhancing the desirability and value of lower quality space.

The Company's headline 87.0% occupancy rate means that in total 195,575 sqm of space is vacant as at the financial year end. When excluding the vacancy, which is subject to investment (3% of total space), and the structural vacancy, which is not economically viable to develop (2% of total space), the Company's occupancy rate based on space that is readily lettable is approximately 92%.

The analysis below details the sub-optimal space and vacancy at 31 March 2021 and highlights the opportunity from developing this space.

Vacancy analysis – March 2021

Total space (sqm)	1,507,069
Occupied space (sqm)	1,311,495
Vacant space (sqm)	195,574
Occupancy	87%

	% of total space	Sqm	Capex investment €m	ERV* (post investment)
Subject to capex investment programme	1%	14,774	(5.6)	1.0
Recently vacated space	2%	22,754	(5.8)	1.7
Total space subject to investment	**3%**	**37,528**	**(11.4)**	**2.7**
Lettable vacancy:				
Structural vacancy	**2%**	**38,115**	**–**	**–**
Smartspace vacancy	2%	29,370	–	2.8
Other vacancy	6%	90,561	(1.1)	6.1
Total lettable space	**8%**	**158,046**	**(1.1)**	**8.9**
Total vacancy	**13%**	**195,574**	**(12.5)**	**11.6**

* See the Glossary section of the Annual Report and Accounts 2021.

The opportunity within the vacant space as at 31 March 2021 can be summarised as follows:

» 37,528 sqm of sub-optimal space, which requires €11.4 million of capex and will have an ERV of €2.7 million when completed; and

» 119,931 sqm of lettable space, which requires €1.1 million of capex and has an ERV of €8.9 million.

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

Sirius continues to focus on acquiring assets with vacancy with the funds that it has at its disposal as well as looking to recycle the equity within some mature assets into new acquisitions with greater opportunity. As a result, the Company can continue to refuel its capex investment programmes and continue its growth trajectory into the future. It should be noted that the Company will continue to hold a significant amount of core mature assets in order to maintain a balanced portfolio that provides a combination of stable, long-term bankable income with value-add assets with growth potential.

Well-diversified income and tenant base

Against the backdrop of the pandemic the benefit of having a well-diversified tenant base and wide range of products has proven its worth in terms of occupancy levels and income sustainability. Sirius' portfolio includes production, storage and out of town office space that caters to multiple usages and a range of sizes and types of tenants. The Company's business model is underpinned by a well-diversified tenant base which provides stability through its large long-term anchor tenants and opportunity through the SME and flexible individual tenants.

The Group's large anchor tenants are typically multinational corporations occupying production, storage and related office space whereas the SMEs and individual tenants occupy space on both a conventional and a flexible basis including space marketed under the Company's popular Smartspace brand which provides tenants with a fixed cost and maximum flexibility. The Company's largest single tenant contributes 2.5% of total annualised rent roll whilst 7.9% of its annualised rent roll comes from government tenants.

SMEs in Germany, the Mittelstand, are typically defined as companies with revenues of up to €50.0 million and up to 500 employees. SME tenants remain a key target group which the Company's internal operating platform has demonstrated an ability to attract in significant volumes as evidenced through the high number of enquiries that are generated each month, mainly through the Company's own marketing channels.

The wide range of tenants that the Sirius marketing and sales team is able to attract is a key competitive advantage for the Company and results in a significantly de-risked business model when compared to other owners of multi-tenanted light industrial and business park assets.

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

	No. of tenants as at 31 March 2021	Occupied sqm	% of occupied sqm	Annualised rent roll* €m	% of total annualised rent roll* %	Rate per sqm €
Top 50 anchor tenants(1)	**50**	580,846	44%	39,092,825	40%	5.61
Smartspace SME tenants(2)	**2,796**	64,942	5%	6,505,147	7%	8.35
Other SME tenants(3)	**2,750**	665,707	51%	51,564,308	53%	6.45
Total	**5,596**	1,311,495	100%	97,162,280	100%	6.17

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

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

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

* See the Glossary section of the Annual Report and Accounts 2021.

Smartspace and First Choice

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

11,241 sqm of Smartspace was created in the year including 8,589 sqm of Smartspace storage product developed as a direct result of the increased demand in the period for storage space identified by the Company's sales and marketing teams. The Company was also able to capitalise on the changes in, and increased importance of, supply chains created by the pandemic by providing storage container space on previously non-income-producing land which, at 31 March 2021, was generating €168,000 in annualised rent roll.

The total amount of Smartspace in the portfolio at the year end stood at 93,706 sqm (31 March 2020: 80,041 sqm), generating €6.5 million (31 March 2020: €5.7 million) of annualised rent roll which equates to 6.7% of the Company's total annualised rent roll. Encouragingly, like-for-like average rate per sqm increased by 5.8% highlighting the importance of flexibility to tenants as well as the manner in which the Company can generate positive rate movements through its asset management efforts.

At the beginning of the financial year ended 31 March 2021 the Company opened its fourth First Choice Business Centre ("FCBC") in Hallbergmoos in close proximity to Munich airport. Due to the pandemic, airport traffic is materially down resulting in performance at Hallbergmoos being slower than expected. However, as travel returns an increase in demand for space is anticipated. Excluding the Hallbergmoos asset FCBC has performed well during the year with occupancy increasing to 90%.

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

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €	% of total Smartspace annualised rent roll* %	Rate* per sqm (excl. service charge) €
First Choice office	5,117	2,875	56%	664,000	10%	19.24
SMSP office	30,356	23,354	77%	2,534,000	39%	9.04
SMSP workbox	6,997	5,718	82%	381,000	6%	5.56
SMSP storage	44,225	30,659	69%	2,555,000	39%	6.94
SMSP container	N/A	N/A	N/A	168,000	3%	N/A
SMSP subtotal	**86,695**	**62,606**	**72%**	**6,302,000**	**97%**	**8.39**
SMSP FlexiLager	7,011	2,337	33%	204,000	3%	7.27
SMSP total	**93,706**	**64,943**	**69%**	**6,506,000**	**100%**	**8.35**

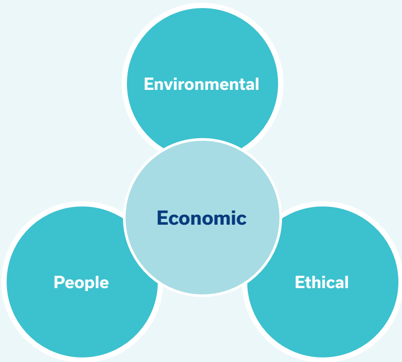
* See the Glossary section of the Annual Report and Accounts 2021.

SUSTAINABILITY

Building momentum for a sustainable future

Throughout the year we have been developing our Environmental, Social and Governance ("ESG") strategy which supports our long-term success and sustainability as a company. The Board recognises that a responsible and sustainable approach must be integral to everything we do. Underpinning this ethos is the Sirius Sustainability Strategic Framework and our Purpose. We will continue to place our people, environmental performance and ethical practices at the centre of our business and processes.

Sirius' Sustainability Strategic Framework



We published our sustainability framework in 2019 and we have continued to develop its footprint throughout the business as it provides the foundation for all of our activity. Our strategy places economic sustainability at its core as we fundamentally believe that only a financially sustainable business can provide a long-term positive contribution to both our stakeholders and the environment.

Our framework is supported by our Purpose and our Values, which guide us and our behaviour in how we work with all our stakeholders.

Empower 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.

The Board and Senior Management Team have made considerable progress in determining how best to embed ESG within our strategy and management processes. While ESG has, for a long time, been part of our business approach, we do recognise that, in certain areas, such as our efforts to minimise our environmental impacts, we have needed to accelerate the rate at which we have reported performance. We are now making good progress to address this, as we build a comprehensive ESG strategy and were pleased that our efforts were recognised by MSCI with an upgrade in our ESG rating from A to AA during the year.

In October 2020, we undertook a formal review of our ESG activities, which was presented to the Board by a specialist consultancy. This review was followed by an ESG materiality assessment, which was designed to identify sustainability and environmental issues, risks and opportunities which have the potential to impact our business model. We consulted with a number of internal and external stakeholders, including shareholders, managers, employees, tenants and suppliers. The results were presented to the Senior Management Team in February 2021. The next stage, in the new financial year, is for the identified materiality issues to be validated by the Sustainability and Ethics Committee and the Board. They will then be incorporated into our ongoing ESG strategy and management programme, together with identified actions and targets for each area of our ESG activity. We look forward to reporting on these developments in more detail in the future.

Throughout the year, we built on our purpose by clearly defining the values by which we behave and engage with all our stakeholders. We identified these values through close collaboration with our employees and believe they personify the qualities that have shaped the success of the business in recent years; crystallise the behaviours we expect to see within the Company; clearly communicate what is important to us; and are there to guide our decision making.

Sirius' Core Values

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

We will now focus on embedding these values in our policies and practices, how we operate and how we lead as they are built into our competency framework.

Environment

During the year, we reviewed our approach to the environment which will be a key part of our overall ESG strategy going forward. It is our ambition to provide a clear roadmap on how we plan to manage and minimise our environmental impacts and create a more sustainable future. We have brought climate change as a key agenda item to our Board discussions and governance structure. We believe that we have made good progress throughout the year and will continue to build our environmental strategy and targets. This will help inform our stakeholders about our climate-related financial risks and opportunities to further protect and enhance the value we create for all our stakeholders.

We see the implementation of our environmental strategy as supporting and strengthening our core strategy: transforming business parks into modernised fit-for-purpose assets through investment and intensive asset management. The maintenance and refurbishment of existing buildings help to minimise urban sprawl and will contribute to protecting undeveloped land. By recycling existing properties, we conserve resources and minimise the use of materials and energy required to construct new properties. However, we are also aware that older buildings can be responsible for higher emissions which is why a number of years ago we committed to sourcing the electricity consumption of our portfolio from renewable sources. During 2020 we continued our success with this programme, with 99.4% of the energy consumption of the portfolio sourced from 100% certified green electricity sources as of January 2021. The small percentage of exceptions to this are due to contract obligations.

We are also increasing our support to our tenants through the provision of improved energy efficiency services. In line with government subsidies, we are rolling out EV charging infrastructure across 37 Sirius sites during 2021 and have started implementing smart metering at both a property and tenant level. We have already made a good progress installing smart-metering in 10% of our portfolio and we have a target to have smart-metering across all our sites by 2027. We will continue to look at how innovation can best be used to improve environmental efficiencies across our portfolio. As an additional part of our environmental strategy, we are considering how we protect and support biodiversity. Although at an early stage, we are exploring how we can more effectively maximise the green spaces across our asset base and promote biodiversity projects.

Outlined below is our report on greenhouse gas emissions including Scope 1, 2 and 3.

Summary – Scope Wise

Scope categorisation	Category	GHG emissions tCO_2-e
Scope 1	Heating and company cars	247.15
Scope 2	Purchased electricity	152.49
Scope 3	Downstream leased assets and business travel	37,321.67
Total		37,721.31

GHG intensity for Scope 1 (heating) – 0.016 (tCO_2-e/sqm)

GHG intensity for Scope 2 (purchased electricity) – 0.027 (tCO_2-e/sqm)

Methodology and emissions factors

The GHG emissions from the energy used during construction activities such as electricity and heating have been included in our Scope 3 emissions. The emissions from purchased materials during construction and maintenance activities (referred to as "embodied carbon emissions") have not been included. We are putting in place the operational processes to capture this data and our future emissions reporting will include embodied carbon. The data used for the basis of calculations of emissions for the leased assets (Scope 3) is for energy consumption from 1 April 2019 to 31 March 2020. The data attributed to Scope 1 and 2 (energy consumption data for Sirius' own office use) is for the data collected from 1 April 2018 to 31 March 2019. Given there have not been any material changes in either the occupancy or the consumption patterns, this data is assumed to be applicable for the 2020/21 financial year.

» Electricity – Supplier specific Emissions factor

» Heating – UK Government 2019 GHG Conversion Factors for Company Reporting, DEFRA – Conversion-Factors-2019-Full-set-for-advanced-users – HEAT & STEAM (Direct Onsite + Distribution Losses) – V1.3

» DEFRA – Conversion-Factors-2019-Full-set-for-advanced-users – WATER SUPPLY – V1.3

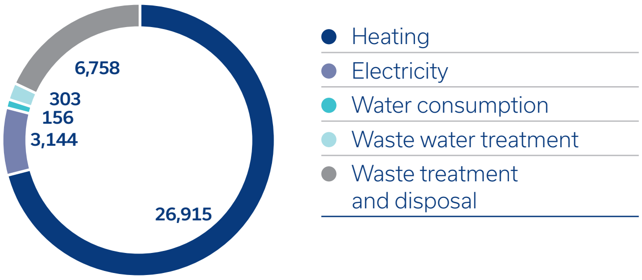
» DEFRA – Conversion-Factors-2019-Full-set-for-advanced-users – WATER TREATMENT – V1.3

» DEFRA – Conversion-Factors-2019-Full-set-for-advanced-users – WASTE DISPOSAL – V1.3

Our total GHG emissions are calculated as 37,721 tCO_2-e. As the table shows, the majority of our GHG emissions are classified as Scope 3 from the operational use of our properties by tenants across our 65 sites, representing over 90% of our total emissions.

In the chart above, we have broken down the emissions at the leased properties, which are directly attributed to the operational use of our assets.

Leased locations – GHG emissions breakup (tCO_2-e)



This chart highlights the success of our programme to acquire renewable energy over the last couple of years. If we take this year as an example, our current reporting of emissions of 3,143.8 tCO_2-e are allocated to electricity consumed by the tenants at leased properties. If we had not had our policy of utilising renewable electricity wherever possible, we estimate that the GHG emissions from electricity consumption would have amounted to over 36,000 tCO_2-e. We know that the amount of renewable energy we can use will vary from year to year and we have much more work to do to reduce our emissions. We are in the process of developing our carbon emissions reduction plans, recognising that the majority of emissions from the leased assets are from heating consumed by our tenants. However, we are pleased that our strategy to move to renewable electricity has had a positive impact on our emissions to date.

We have also started implementing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). As well as recognising the risks posed by climate change, we also believe our business model offers significant opportunities. We fully support the TCFD recommendations and intend to bring our disclosures and reporting fully in line with its methodology. The TCFD recommendations are structured around four core areas of organisational operations: governance, strategy, risk management, and metrics and targets. The table below outlines our progress to date against the TCFD recommendations.

	Disclosure
Governance Describe the Board's oversight of climate-related risks and opportunities	The Board assumes overall responsibility and accountability for the management of climate-related risks and opportunities. During the year, the Board received an initial review of climate change on the business and requested the creation of an ESG strategy, incorporating an environmental strategy and the implementation of TCFD recommendations. The Board will be supported by the Sustainability and Ethics Committee and the Audit Committee. Within Sirius Facilities, a TCFD Committee has been formed which reports through to the Sustainability and Ethics Committee.
Describe the management's role in assessing and managing climate related risks and opportunities	The management has undertaken a review of the Sirius ERM approach and climate-related issues are in the process of being integrated into the core risk management process which will report to the Audit Committee.
Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	The ESG strategy, incorporating an environmental strategy, will formalise the identification of climate-related risks and opportunities, including our approach to modernisation and refurbishment of our portfolio and how we support our tenants to achieve their business and environmental objectives. We have carried out a materiality assessment of climate risks and opportunities relevant to our business model and are in the process of going through a scenario analysis aligned with the Paris Agreement to understand the strategic and financial impacts of these issues over short, medium and long-term time horizons.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	As we develop our ESG strategy, incorporating an environmental strategy, climate-related risks and opportunities will be integrated into our business, strategy and financial planning.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We are in the process of undertaking an analysis with a Paris Agreement aligned scenario, the findings of which will be included in the ESG strategy, incorporating an environmental strategy. Once completed we will undertake a further scenario analysis.

	Disclosure
Risks and opportunities Describe the organisation's integrated processes for identifying and assessing and managing climate-related risks	Sirius considers climate-related risks and opportunities through the Board, the Audit Committee and its risk management process and framework. This process will be further developed through the ESG strategy, incorporating an environmental strategy, and integrated into our business and financial planning.
Metrics and targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	GHG emissions are disclosed in the Annual Report including Scope 1, 2 and 3. Further metrics and targets will be devised through the implementation of the TCFD recommendations and included within the ESG strategy, incorporating an environmental strategy.
Describe Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	GHG emissions are disclosed in our Annual Report.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Once further metrics and targets have been devised through the implementation of the TCFD recommendations, performance metrics for the management will be set against the agreed targets and metrics.

People

We are immensely pleased with how our colleagues have reacted and performed in the face of the many challenges we have faced through the Covid-19 pandemic. We believe this not only reflects the strength of our culture that has been built within Sirius over the years, but also the support we continually provide to ensure Sirius is a great place to work. We value the contribution of every single one of our colleagues and recognise that the success of our business is built on their efforts and achievements.

This is reflected in our annual employee survey, which was undertaken in July 2020, and we received an 86.5% response rate. 81% of the workforce showed strong approval of the leadership of the Company, an increase of 21% on 2019, and over 90% of respondents believed that Sirius took the best possible measures to protect the health of employees during the first wave of Covid-19. Almost 70% would recommend Sirius as an employer, an increase of 13% on 2019. 84%, an increase of 12%, think that positive changes have been implemented since the last survey. Despite the disruption throughout the year, we concentrated on areas of improvement highlighted by employees in the 2019 survey. These included participating in more corporate social responsibility projects, improvement in IT systems and more training and career development opportunities. The 2020 survey highlighted a post-Covid-19 working policy, and a continuation of the improvement in systems and processes. These will become part of our people programme during 2021.

Employee engagement

Just as critical as the survey itself is the follow-up roadshow, where our Chairman and CEO meet with colleagues to discuss the results and have an open dialogue on the topics covered.

Additionally, our Employee Improvement Programme team, which involves employees from right across the business, has continued to play an important role in providing a representative forum for individuals to discuss and raise issues important to them.

When Covid-19 regulations have allowed, Senior Management and Directors have continued to prioritise site visits and in-person meetings with employees. These meetings have been supplemented by virtual meetings when necessary.

Health and wellbeing

The health and wellbeing of our employees has always been a key priority for us and never more so than during the Covid-19 pandemic. As a result, we were well prepared when the crisis started and we have continued to build our support, such as the provision of personal protective equipment, home office supplies and test kits, to ensure that our colleagues have been able to work safely either in the office or remotely. Across our portfolio, we developed a hygiene concept for each property to help protect employees, tenants and visitors against infection by ensuring that everyone observed and implemented hygiene measures. We are pleased that at no point did we need, or ask for, state support throughout the crisis.

Looking beyond Covid-19, we are very aware of the importance of mental health. We offered an eight week "Mental Health" training programme for managers, with 45% participating and learning techniques for successfully dealing with stress, as well as training one individual as a mental health counsellor.

The Covid-19 pandemic has emphasised the importance of maintaining a balance between our working and private lives and how this can have a very significant impact on the health and wellbeing of our colleagues. In response, we have now introduced flexible office working hours and will continue to review our flexible working arrangements.

When possible, we have continued to host regular team sports and other wellbeing events throughout the year including running, football and yoga. During certain parts of the year, our wellbeing events were primarily online yet they remained popular and allowed employees to take time to focus on their own wellbeing, which we continue to prioritise.

Training and development

Our employees are the foundation of our business and it is their commitment which has a fundamental influence on the success of the Company. We look to provide them with training throughout the year to enable them to better perform, and enjoy, their work as well as to develop their expertise. We do not view training and development as a short-term investment, but as a long-term process in building a relationship with our employees which benefits them personally, and better enables them to deliver for our stakeholders. This relationship building is clearly demonstrated in our programme to encourage and enable employees to become shareholders in the Company.

105
employee shareholders (38% of the workforce)

Our ultimate goal is for every employee to hold shares in the Company so that they can participate more in our success.

SUSTAINABILITY CONTINUED

Training and development continued

Our training and development programmes enable employees to become a specialist in their chosen area, or to move to a different part of the business. We look to promote individual talents and offer individual training options so that our employees can obtain new degrees or additional qualifications as part of their employment with us. Career advancement and mobility is encouraged and during the year we were proud to offer promotion to 9% of the workforce. As a first step, we also offer any vacant positions internally to our employees. The aim is to give every employee the opportunity to follow their interests and work in their preferred role. As part of colleague integration and our prioritisation of inclusion, we have continued to offer German and English language lessons to colleagues.

Our Sirius training platform (the Sirius Academy) continued despite the Covid-19 disruption. Through the platform, employees offer seminars and workshops to their colleagues based on their area of expertise. The approach enables the departments to get an insight into other departments and their work and processes. In addition to gaining new knowledge, it also promotes a sense of mutual understanding for the work performed by different departments, the exchange of ideas and the streamlining of processes. This approach also refines and optimises our collective operating performance.

644
delegate days of training in the last twelve months

Community

We continue to take pride in undertaking events, sponsoring programmes, providing for sporting events and contributing to local charities. 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.

We are well aware that a key part of being a responsible business is contributing to society and our local communities. This was never more important than during the Covid-19 pandemic. During the year, we helped people facing hardship in Berlin by supporting the Berlin City Mission and encouraged our employees to participate in the "PostmitHerz.org" initiative to help those feeling lonely and isolated.

Looking beyond the pandemic, we continued our participation in "Operation Christmas Child" which organises gifts for children who are suffering and in need. We also supported one of our employees in late summer/autumn 2020 for a four week period as she worked as a volunteer at the "Gilys Daycare" centre in Tanzania. During her stay, the donations collected were used to paint the rooms in the day care centre, pay for food for the children and buy sand for the playground.

Ethical

Our purpose, values and culture are core to how we behave and operate as a company. Upholding our ethical approach and practices is overseen by the Board and the Sustainability and Ethics Committee.

Anti-bribery and corruption

We published our Anti-Bribery and Corruption Statement in 2020 and a newly established compliance team within Sirius has implemented a tailor-made compliance tool which was launched in late September 2020. Training sessions for all current staff members were completed by the end of November. Every employee also undertakes training on the issue of data protection, from an external data protection officer.

Sirius Code of Conduct

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

Diversity and inclusion

Diversity is an important part of our culture and it is embedded into our ways of working. Within our operating business we have set up a diversity committee and have appointed a Diversity Officer. Our overall approach is overseen and supported by two members of the operational Board who act as diversity ambassadors.

For Sirius, diversity means inventiveness, creativity, enrichment and growth. We accept and value differences in terms of background, gender, age, sexual orientation and religion or ideology. We expressly state that no individual will experience any form of discrimination due to their background, gender, religious ideology, disability, age, sexual identity or other physical characteristics. We aim to promote diversity, prevent discrimination and create equal opportunities. This aim is reinforced by the fact that we have been a signatory of the German Charter of Diversity since 2014. Most importantly, we believe diversity and inclusion is about actions, not just policies. Our head office has a "multi-faith room" and is available to employees of all religious denominations.

We are grateful for the diversity that already exists within the business, which consists of 28 nationalities and covers an age spectrum from 19 to 63. We have an approximately equal ratio of female and male employees: 53% of our employees are female, 47% are male. Also 36% of our managers are female. While we are glad that every third leadership position is held by a woman, we will continue to strive to create an even more balanced working environment.

FINANCIAL REVIEW

Strong profits and total shareholder accounting return despite the pandemic

Alistair Marks
Chief Financial Officer

"Sirius' operating platform has been the key enabler in continued delivery of organic and acquisitive growth amid challenging market conditions."

Strong trading despite the pandemic and return to acquisitive growth

The Company delivered profit before tax of €163.7 million for the year ended 31 March 2021 representing a 47.7% increase on the prior year. Despite unprecedented market conditions relating to the Covid-19 pandemic, the Company successfully grew both organically and acquisitively. The organic performance was highlighted by a 5.2% increase in like-for-like annualised rental income which contributed to a €135.9 million increase in the book value of investment property through capex investment and valuation uplifts. Operationally the Company grew year-on-year enquiry levels and posted a cash collected rate of 98.2%. Funds from operations(1) ("FFO") increased by 9.3% which drove a 10.0% increase in the dividend for the six months ended 31 March 2021. From a shareholder perspective a combination of the increase in adjusted net asset value[2] and dividends paid in the period resulted in a total accounting return of 19.5%. Considering the restrictions and impact on the economy from the hard lockdowns in Germany, the results of the year are a testament to the quality of the Company's portfolio and tenant base as well as the asset management capabilities of its operating platform.

Return to acquisitions

After a quiet first half of the financial year whilst the Company monitored the market and assessed the impact of the pandemic, Sirius returned to acquisitive growth in the second half with the completion of four assets totalling €35.2 million and a further asset notarised for completion shortly after the year end for €10.7 million. The Company's balance sheet remains positive with €49.3 million of free cash as at 31 March 2021 along with €13.1 million of undrawn capex related facilities. Following the repayment of the Bayerische Landesbank facility in the year under review the Company has 19 unencumbered assets with a combined value of €245.5 million. In addition, Sirius was able to notarise the acquisition of an asset in Augsburg for €79.9 million for the Titanium venture with AXA IM Alts in which Sirius holds a 35% interest. The details of all acquisitions are provided in the Asset Management review section of this report.

Trading performance and earnings

As mentioned above, the Company reported a profit before tax in the year ended 31 March 2021 of €163.7 million (31 March 2020: €110.8 million), including €103.9 million (31 March 2020: €59.7 million) of gains from property revaluations (excluding movements relating to leased investment properties in accordance with IFRS 16) net of €31.7 million of capex and adjustments in respect of lease incentives and broker fees.

(1) Refer to note 28 in the Annual Report and Accounts 2021.

(2) Refer to Glossary of Terms of the Annual Report and Accounts 2021.

Trading performance and earnings continued

FFO, which is the key measure of operational performance, increased by 9.3% to €60.9 million (31 March 2020: €55.7 million) despite the impact of costs and additional tax relating to changes in tax legislation which impacted the last quarter of the financial year. The majority of the increase in FFO came from strong organic growth within the existing portfolio with a modest positive impact coming from the net impact of the acquisitions that completed in the final quarter of the financial year and loss of income from the disposal of the Weilimdorf asset at the start of the financial year. The organic growth came predominantly from another strong improvement in the Group's like-for-like annualised rent roll amounting to 5.2% 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 €97.2 million.

On a per share basis, basic EPS showed a 48.3% increase to 14.16c per share, reflecting the strong valuation gains recorded in the year whilst adjusted EPS increased by 7.1% to 5.61c per share reflecting the positive operational performance in the year.

	Earnings €000	No. of shares	**31 March 2021 cents per share**	Earnings €000	No. of shares	31 March 2020 cents per share	Change %
Basic EPS	147,451	1,040,956,722	**14.16**	98,136	1,027,881,515	9.55	48.3
Diluted EPS	147,451	1,056,541,472	**13.96**	98,136	1,039,816,265	9.44	47.9
Adjusted EPS*	58,400	1,040,956,722	**5.61**	53,911	1,027,881,515	5.24	7.1
Basic EPRA EPS	58,633	1,040,956,722	**5.63**	55,882	1,027,881,515	5.44	3.5
Diluted EPRA EPS	58,633	1,056,541,722	**5.55**	55,882	1,039,816,265	5.37	3.4

* See note 11 and the Business analysis section of the Annual Report and Accounts 2021.

Total revenue, which comprises rent, fee income relating to Titanium, other income from investment properties, and service charge income, increased from €150.0 million to €165.4 million in the period. Total annualised rent roll at the end of the period increased by 7.6% from €90.3 million to €97.2 million with €2.1 million attributable to the net effect of acquisitions and disposals and €4.8 million to organic rent roll growth. Approximately €0.7 million of the rental income from acquisitions will be lost in Q1 of the new financial year due to the expected move-out of a large tenant in the newly acquired Fellbach II site.

Looking forward, notwithstanding the ongoing potential impact of Covid-19 and impact of the vacating tenant mentioned above, the Company is confident that through the continuation of its capex investment programmes and wide range of other intensive asset management initiatives, it can continue to grow FFO organically in the new financial year. Furthermore, the Company considers itself to have the financial capability to acquire more assets for both its own balance sheet and that relating to Titanium, as and when the right opportunities present themselves.

Portfolio valuation and net asset value

The portfolio of owned assets was independently valued at €1,350.8 million by Cushman & Wakefield LLP at 31 March 2021 (31 March 2020: €1,189.5 million), which converts to a book value of €1,347.2 million after the provision for lease incentives. Including investment property relating to leased assets the total investment property book value at 31 March 2021 was €1,362.2 million.

	Investment property – owned €000	Investment property – leased €000	Investment property – total €000
Investment properties at book value as at 31 March 2020*	1,186,183	17,832	1,204,015
Additions	35,484	–	35,484
Additions relating to leased investment properties	–	1,518	1,518
Capex investment and capitalised broker fees	31,720	–	31,720
Disposals	(10,130)	–	(10,130)
Surplus on revaluation above capex investment and broker fees	104,156	–	104,156
Deficit on revaluation relating to leased investment properties	–	(4,325)	(4,325)
Adjustment in respect of lease incentives	(246)	–	(246)
Investment properties at book value as at 31 March 2021	**1,347,167**	**15,025**	**1,362,192**

* Including assets held for sale.

The movement in owned investment property of €161.0 million was made up of €35.5 million of acquisitions, €10.1 million of disposals, a €135.9 million valuation uplift which includes capital expenditure of €31.7 million and a €0.2 million adjustment in respect of lease incentives.

In accordance with IFRS 16, the Group recognises lease liabilities of €15.0 million relating to leases on assets meeting the definition of investment property. Accordingly, an expense of €4.3 million representing the fair value adjustment in the year was recorded in the statement of comprehensive income. During the year under review the Group extended a lease on an asset meeting the definition of investment property resulting in a fair value adjustment of €1.5 million.

The valuation gain recorded in the consolidated statement of comprehensive income of €99.6 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 €135.7 million or 11.5% from €1,176.2 million to €1,311.9 million. The increase in book value for the period was driven by approximately 42 bps of yield compression and rent roll growth of €4.8 million. The assets that were acquired shortly before the year end were revalued at only €0.2 million below the total acquisition costs paid which is 6.3% above the property purchase prices paid.

The portfolio of owned properties, which excludes the assets within Titanium, comprised 60 assets at 31 March 2021 and the reconciliation of book value to the independent Cushman & Wakefield LLP valuation is as follows:

	31 March 2021 €m	31 March 2020 €m
Investment properties at market value	**1,350.8**	1,189.5*
Uplift in respect of assets held for sale	**—**	—
Adjustment in respect of lease incentives	**(3.6)**	(3.3)
Book value as at 31 March 2021	**1,347.2**	1,186.2*

* Including assets held for sale.

Over the last five years the value of the Company's owned investment property has nearly doubled. Of the €659.8 million increase in value €152.6 million has come from the net effect of acquisitions and disposals with €507.3 million coming from organic growth. The organic valuation growth has predominantly come from improving the quality of the assets and increasing income. Whilst the market has seen yields compress over this period, a significant portion of the valuation yield movement that the Sirius portfolio has seen reflects this improved quality, which itself is mainly the result of the Company's capex investment programmes. The development of Sirius' portfolio valuations and operating metrics over the last five years can be seen in the table below:

	March 2016	March 2017	March 2018	March 2019	March 2020	**March 2021**
Portfolio book valuation (€m)	687.4	823.3	967.3(1)	1,132.5	1,186.2	**1,347.2**
Annualised rent roll* (€m)	60.5	71.0	79.5	87.8	90.3	**97.2**
Gross yield* (%)	8.8	8.6	8.2	7.8	7.6	**7.2**
Like-for-like annualised rent roll increase* (%)	5.9	5.1	6.2	7.1	6.1	**5.2**
Like-for-like valuation increase (%)	10.9	8.5	11.6	13.3	9.9	**11.5**
Occupancy* (%)	80.0	80.5	79.2	86.1	85.3	**87.0**
Rate* (€sqm)	5.1	5.3	5.5	5.8	6.0	**6.2**

(1) Including two acquisitions that completed 1 April 2018.

* See the Glossary section of the Annual Report and Accounts 2021.

The 31 March 2021 book value of owned properties of €1,347.2 million represents an average gross yield of 7.2% (31 March 2020: 7.6%), which translates to a net yield of 6.5% (31 March 2020: 6.8%) and an EPRA net yield (including estimated purchaser costs) of 6.1% (31 March 2020: 6.3%).

Despite yields on these assets continuing to tighten despite the pandemic, the average gross yield of the portfolio of 7.2% still appears conservative when compared to transactions that have completed over the last year in the industrial, logistics and office sectors in Germany. This is a key point to consider in addition to the value-add potential remaining within the Sirius portfolio when reviewing the strength of the Company's balance sheet and its ability to withstand any negative market movements in the future.

Of the total portfolio 59% relates to value-add assets which, with average occupancy of 82.8% and valued at a gross yield of 7.6%, provide significant opportunity for further earnings and value growth. The average occupancy of the mature assets has now increased to 95.4% and, at a gross yield of 6.6%, these are valued at a yield that is 100 bps lower than the value-add assets. As the transformation of the value-add assets continues, the yield gap between the mature and value-add assets is expected to reduce.

	Annualised rent roll €m	Book value €m	NOI €m	Capital value €m/sqm	Gross yield	Net yield	Vacant space sqm	Rate psqm €	Occupancy %
Value-add assets	60.7	795.4	53.9	766	7.6%	6.8%	172,681	6.07	82.8%
Mature assets	36.5	551.8	34.9	1,054	6.6%	6.3%	22,893	6.35	95.4%
Other	—	—	(1.1)	—	—	—	—	—	—
Total	97.2	1,347.2	87.7	863	7.2%	6.5%	195,574	6.17	87.0%

FINANCIAL REVIEW CONTINUED

Portfolio valuation and net asset value continued

The average capital value per sqm of the entire portfolio of €863 (31 March 2020: €775) remains well below replacement cost and illustrates the excellent opportunity for further growth from upgrading and letting up the sub-optimal vacant space through the Company's capex investment programmes. This remains a major competitive advantage for Sirius and is one of the main reasons that its business model is able to produce higher returns with lower risk than the typical operator of light industrial and office business parks in Germany in all market conditions. The full details of the capex investment programmes are detailed in the Asset Management review section of this report.

The valuation increases along with profit retention resulted in an increase in net asset value per share to 88.31c at 31 March 2021, an uplift of 14.2% from 77.35c as at 31 March 2020. Similarly, the adjusted net asset value(1) per share increased to 93.79c at 31 March 2021, an uplift of 15.0% from 81.54c as at 31 March 2020. In addition, the Company has paid out 3.62c per share of dividends during the financial year which contributed to a total shareholder accounting return (adjusted NAV growth plus dividends paid) of 19.5% (31 March 2020: 13.1%). 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 2020	77.35
Recurring profit after tax	5.57
Surplus on revaluation	9.90
Deferred tax charge	(1.35)
Scrip and cash dividend paid	(3.38)
Share awards and adjusting items	0.22
NAV per share at 31 March 2021	**88.31**
Deferred tax and derivatives	5.48
Adjusted NAV per share at 31 March 2021(1)	**93.79**
EPRA adjustments(1)	(1.50)
EPRA NTA per share at 31 March 2021(1)	**92.29**

(1) See Annex 1 for further details.

The EPRA NTA per share, which, like adjusted NAV per share, excludes the provisions for deferred tax and fair value of derivative financial instruments but also includes the potential impact of shares issued in relation to the Company's long-term incentive programmes and excludes intangible assets, was 92.29c (31 March 2020: 80.44c).

Financing

The Company continues to seek ways to further optimise its financing structure which is why there was limited activity with regard to financing during the financial year. The Company completed the final drawdown of its unsecured Schuldschein loan amounting to €20.0 million and fully repaid upon maturity in October 2020 its Bayerische Landesbank facility.

As a result total debt decreased by €13.8 million in the period to €472.0 million (2020: €485.8 million) representing the net effect of the transactions outlined above and scheduled amortisation of €10.9 million repaid during the year. Details of movement in debt during the year are included in the table below:

	€000
Total debt as at 31 March 2020	485,755
Drawdown of Schuldschein	20,000
Repayment of Bayerische Landesbank facility	(22,845)
Scheduled amortisation	(10,878)
Total debt as at 31 March 2021	**472,032**

The Company's weighted average cost of debt remained stable at 1.5% (2020: 1.5%) whilst the number of unencumbered properties has increased from twelve to nineteen with a book value of €245.5 million.

As at 31 March 2021, Sirius had a net LTV of 31.4% which remains materially below the stated maximum of 40%. This calculation includes the unrestricted cash balances held by the Group of €49.3 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 11.0x to 12.5x in the period.

With a weighted average debt expiry of 2.7 years (2020: 3.6 years) it is an opportune time for the Company to assess its financing structure. As has been mentioned consistently over the last few years, the Sirius Board strongly believes in the benefits of unsecured debt and the completion of the Company's first unsecured facility in the form of the €50.0 million unsecured Schuldschein has been well received by its shareholders.

Dividend

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing a pay-out of 65% of FFO, an increase of 10.0% on the equivalent dividend last year which was also based on 65% of FFO. The total dividend for the year is 3.80c, an increase of 6.4% on the 3.57c total dividend for the year ended 31 March 2020. It should be noted that the Group has not received any state financial assistance in connection with the Covid-19 crisis or otherwise.

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

	First half dividend per share (cents)	Second half dividend per share (cents)	Total dividend per share (cents)	Blended pay-out ratio (% of FFO)
Year ended March 2017	1.39	1.53	2.92	65%
Year ended March 2018	1.56	1.60	3.16	75%
Year ended March 2019	1.63	1.73	3.36	70%
Year ended March 2020*	1.77	1.80	3.57	66%
Year ended March 2021	**1.82**	**1.98**	**3.80**	**65%**

* 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 2021, the ex-dividend date will be 7 July 2021 for shareholders on the South African register and 8 July 2021 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 9 July 2021 and the dividend will be paid on 19 August 2021. A detailed dividend announcement will be made on 14 June 2021, including details of a scrip dividend alternative.

Outlook

Despite the impact of the pandemic over the last year, Sirius has been able to produce a number of record results in the period. A combination of the effectiveness and adaptability of its operating platform, its range of products and its well diversified tenant base enabled the Company to increase income and valuations across the portfolio whilst maintaining high cash collection rates. The organic growth in annualised rent roll combined with further improvements to service charge recovery were the primary drivers behind the Group's increase in FFO and hence dividend.

In challenging market conditions and with assets that meet the Company's return expectations increasingly harder to find, progress was also achieved on acquisitions through the completion or notarising of five acquisition assets totalling €45.9 million.

The Titanium venture increased in scale with the notarisation of the Augsburg asset for €79.9 million. Titanium continues to provide the Company with an excellent alternative income stream by way of its 35% ownership and income from its continued management of the assets.

Looking forward the focus remains on taking a well-balanced and measured approach to our business whilst trading through the pandemic to its conclusion. The comprehensive governmental response to the pandemic in Germany appears to have succeeded in maintaining employment and limiting the economic damage that many had predicted. Whilst there still remains some uncertainty as the roll out of vaccination programmes in Germany and across Europe continues, the Company's performance over the last year gives reason for cautious optimism going forward.

The Company will remain focused on maximising the capability of its internal operating platform to continue to deliver attractive risk-adjusted returns through its 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 looks forward to continuing to deliver attractive and sustainable returns for shareholders in the future.

Alistair Marks
Chief Financial Officer
4 June 2021

Managing our risks

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

Risk management framework

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

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

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

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 risks 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.

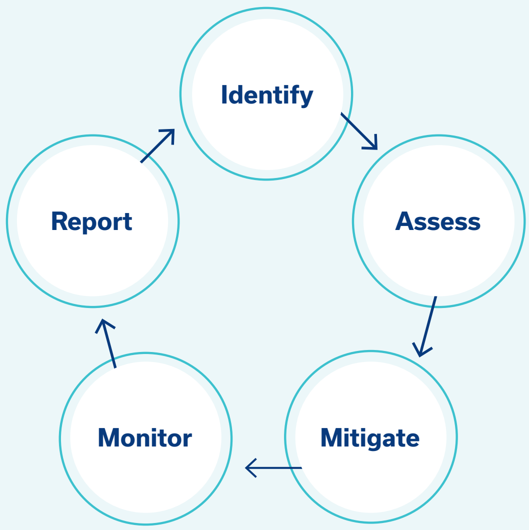
This process includes the following:

» 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



> **“Risk management is an integral part of the Group’s business and risks are considered at every level of decision making and across all business activities.”**

Risk management framework diagram

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

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

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

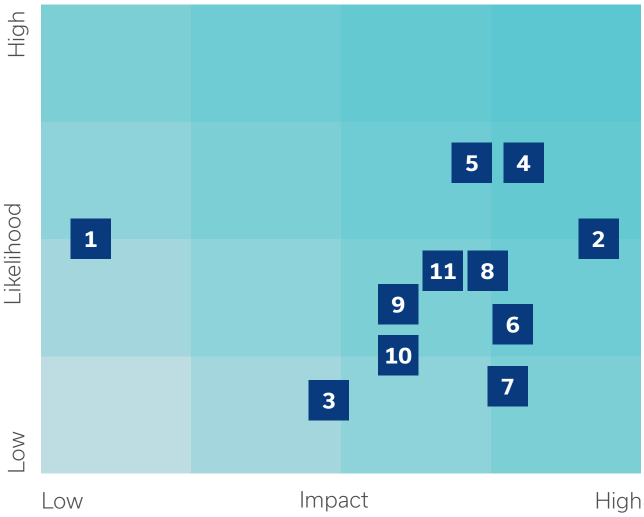
Senior Management Team and Company Secretary
- Define risk management responsibilities at operational and key initiative level.
- Ensure risk is considered in all business decision making.
- Continuously identify risks, provide assurance and self-assess.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

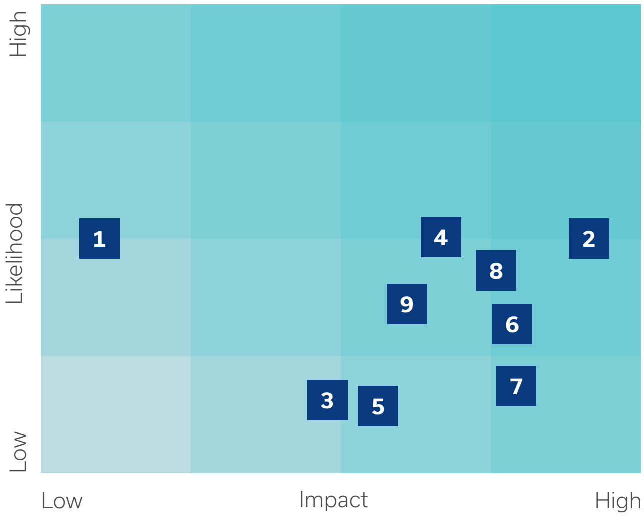
Principal risks summary

Risk area	Principal risk(s)
1 Financing	» Availability and pricing of debt » Compliance with 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 wellbeing of colleagues
11 ESG	» Climate change – physical and transition risks » Ethics and governance » Diversity and inclusion

Current assessment of principal business risks post mitigation



Previous assessment of principal business risks post mitigation



1 Financing

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 the Company from providers of capital.

Mitigation

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

Developments in the year

- All bank covenants were met in full during the year with the Group increasing its interest covenant Group net operating income level to 12.5 times.
- 86.0% of the total borrowings of €472.0 million have been fixed with a fixed interest rate or swap and 14.0% are floating or hedged with an interest rate cap.
- The weighted average cost of debt remained stable at 1.5%.
- Weighted average debt expiry of 2.7 years is slightly down from 3.6 years at 31 March 2020.
- The Group's gross LTV ratio at 31 March 2021 was 35.0%. The gross yield of the asset valuations upon which this ratio is based is 7.2%.
- The Group recorded a net LTV ratio of 31.4%, which includes unrestricted cash balances of €49.3 million.
- The Group increased its number of unencumbered assets from twelve to nineteen with a book value of €245.5 million.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

2 Valuation

Principal risks

- Property assets are inherently difficult to value as there is no standard pricing mechanism and there are many factors to consider. As a result, valuations are subject to substantial uncertainty.
- Asset values decline as a result of lower 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 7.2%.
- The existing portfolio book valuation increase of €135.9 million or 11.5% for the year was predominantly as a result of the Group's investment and asset management initiatives.

3 Market

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.
- 40% 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.
- 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 which are underpinned by strong supply and demand fundamentals.

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 2.5% of total annualised rent roll and the top ten tenants representing 16.9% 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.
- 7.9% 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

Principal risks

- Inability to source and complete on assets that meet the Group's return expectations.

Potential impact

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

Mitigation

- 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 it 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 15 years in Germany and is seen in the market as a very reliable and desirable purchaser.
- Through the Titanium venture with AXA IM Alts the Company has an alternative source of capital from which to gain exposure to assets with alternative returns profiles compared to the assets held on its own balance sheet.

Developments in the year

- During the year under review the Group received and reviewed over 924 investment opportunities which consisted of both on and off-market opportunities.
- A total of four assets were acquired in the reporting period with these proceeds totalling €35.2 million and one asset notarised for completion after the year end totalling €10.7 million.
- The Company's Titanium venture with AXA IM Alts notarised an asset located in Augsburg for completion after the year for total acquisition costs of €79.9 million.

5 Organic growth

Principal risks

- 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 refuel the capex programme through value-add acquisitions and asset recycling.

Potential impact

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

Mitigation

- Sirius has many years of experience in reconfiguring space and obtaining all necessary permissions as well as engaging appropriate contractors at the right price. This significantly mitigates the risk of not being able to deliver projects.
- This experience also provides substantial data on developing its vacancy and the take-up of its and its competitors' products in the markets that it operates, so assessments and projections are based on detailed information and knowledge.
- Extensive analysis is performed to assess demand and costs before an investment decision is made to ensure each project meets local demands and returns are realistic.
- The Group is continuing to invest in its internal operating platform, which ensures the delivery of all aspects of projects including development, marketing, lettings, renewals, service charge recovery and collections.

Developments in the year

- As at 31 March 2021, the original capex investment programme that commenced in 2015 is complete. A total of €25.5 million was invested into the completed space and, at 79% occupancy, this space is generating €12.8 million of annualised rent roll.
- The Company commenced a new capex investment programme on acquisitions that completed from April 2016. As at 31 March 2021, a total of 169,936 sqm of space had been fully refurbished for an investment of €30.1 million and is currently generating incremental annualised rent roll of €9.6 million on 82% occupancy.
- The Company continued to identify space suitable for investment that is expected to be returned from vacating tenants. A total of 22,754 sqm of space has been identified for investment of €5.1 million that is expected to upgrade the space and generate €1.7 million in annualised rent roll.
- For more details on our organic growth programme, see the case studies within this report.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

6 Customer

Principal risks

» 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 13% 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.

» A full-time experienced cash collection team forms part of the Group's internal operating platform.

» 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 cash collection rate of 98.2% for the year ended 31 March 2021.

» The Group recorded a renewal rate of 72% for the year ended 31 March 2021.

» The Group generated 17,536 letting enquiries, of which 13% were converted into new deals. 81% 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 86.9% in the period.

» As at 31 March 2021, 40% of rental income was contracted to the top 50 tenants.

» As at 31 March 2021, €12.7 million was held in escrow accounts for tenant deposits.

7 Regulatory and tax

Principal risks

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

Potential impact

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

Mitigation

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

Developments in the year

- No changes to accounting standards, tax law or accepted practice have been identified as material to the Group's performance and results in the period.
- The Group continues to have tax losses that are potentially available for offset against future profits of its subsidiaries. As at 31 March 2021, tax losses amounted to €325.3 million.
- The Company implemented recommendations from its tax advisers in relation to its corporate structure and operations to ensure it is correctly assessing and minimising its tax risks and liabilities.

8 People

Principal risks

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

Potential impact

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

Mitigation

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

Developments in the year

- Caroline Britton and Kelly Cleveland were appointed to the Board as independent Non-Executive Directors in June 2020.
- A share-based incentive plan for the Group's top 50 employees, launched in August 2019, will release shares in March 2022.
- The Group has 105 employee shareholders and plans to build on that through a new share-based incentive plan to succeed the one launched in August 2019.
- 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.

Risk key

No change | Increased risk | Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

9 Systems and data

Principal risks

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

Potential impact

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

Mitigation

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

Developments in the year

- Ongoing assessment and continuous monitoring of IT related risks.
- The Group's IT strategy was presented to the Board and subject to full review.
- Cyber security upgrades completed in the period.
- Replaced or upgraded core infrastructure technologies.
- Continued development of security management system.
- Enhancement of disaster recovery and business continuity planning.

10 Covid-19

Principal risks

- 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.

Potential impact

- Loss or delay in receipt of income resulting in reduced profits and unexpected variability in cash flows.
- 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

- 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 predominantly situated in "out of town" locations across Germany and competitively priced versus alternative accommodation options.
- 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.

Developments in the year

- The Group successfully rolled out its business continuity plan in early April 2020 facilitating remote working for all employees.
- As at 31 March 2021, the Group had approximately 5,600 tenants with 40% of income coming from top 50 tenants, 53% from SME tenants and 7% from Smartspace tenants.
- In April 2020 the German government announced a raft of support measures in light of Covid-19 including 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 and implementing short-time work (Kurzarbeit) thus enabling businesses to temporarily reduce personnel costs without reducing headcount. Sirius did not receive any state financial assistance.
- The Group monitors its cash collection performance on a daily basis. The cash collection rate for the reporting period is 98.2%.
- As at 31 March 2021 the Group had cash balances amounting to €65.7 million, of which €49.3 million is unrestricted cash. In addition, the Group has €13.1 million of committed but undrawn capex facilities available and a total of 19 unencumbered assets with a book value of €245.5 million.
- The Group's loan covenant position at 31 March 2021 supports significant headroom across both LTV and income related covenants and has undergone stress testing as part of regular internal risk management activities.
- Revised cash flow 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.

11 ESG

Principal risks

- Climate change – physical and transition risks.
- Ethics and governance.
- Diversity and inclusion.

Potential impact

- In respect of climate risks, the Group is currently going through the TCFD implementation process, which involves a scenario planning exercise, to understand the plausible impacts of climate change.
- Reputational damage to the Company, reducing the talent pool.
- Reduced ability to implement the business strategy.
- Insufficient resources in place to support the Company's growth ambitions.

Mitigation

- The mitigation actions will be reviewed after the completion of the TCFD implementation process by the end of May 2021.
- The Group is likely to commence a feasibility study in May 2021 to investigate possible actions to reduce emissions from its portfolio aligned with the Paris Agreement.
- Oversight by the Sustainability and Ethics Committee and the ESG Committee in Sirius Facilities GmbH.
- Continued commitment to the training and development of staff through the Sirius Academy training programme and Company leadership programme.
- Annual employee survey.

Developments in the year

- The Group has carried out its GHG accounting exercise to locate its Scope 1, 2 and 3 emissions and the details are provided in the Sustainability section of this report.
- The Group has aligned its Sustainability and Ethics Committee with its governance structures via the Audit Committee to manage ESG risks.
- ESG materiality assessment undertaken during the year with internal and external stakeholders.
- ESG strategy and implementation programme in development.

Risk key

No change | Increased risk | Decreased risk

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 on page 40 of the Annual Report and Accounts 2021. The financial position of the Group and information relating to cash flows and liquidity are highlighted in the Financial Review on pages 33 to 37 of the Annual Report and Accounts 2021. The Group manages its financing by utilising a range of funding sources and 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 plan 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 its review the Board of Directors considers 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 2024 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 statement

In order to assess viability, consideration has been given to the potential impact on the business of the Group's principal risks and uncertainties as set out on pages 38 to 47 on the assumptions made in the Group's forecasts. The Directors considered it prudent to assess viability using what they consider to be a severe but plausible downside scenario that includes consideration of a potential downturn in the Group's performance, including as a result of 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 38 to 47 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.

The key assumptions modelled within the severe but plausible downside scenario, linked to the corresponding principal risks and uncertainties set out on pages 38 to 47, are detailed in the table below:

Scenario	Principal risk and uncertainty
A reduction in rental income and increase in net service charge costs following a reduction in occupancy of 5% per annum over a three year period	» Organic growth » Customer » Covid-19
A reduction in investment property values following declines in occupancy and market uncertainty of 5% per annum over a three year period	» Customer » Valuation » Market » Covid-19

The Directors consider the likelihood of the scenario 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 Senior Management Team's experience of the global financial crisis during which many of the Group's asset management strategies were developed.

Included in the viability assessment is the assumed refinancing of €387.7 million of maturing debt during the three year period on existing terms. 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 severe but plausible downside scenario set out above, covenant breaches would require a combination of cash cures and partial repayments of debt facilities, which have been included in the scenario.

Based on unrestricted cash at 31 March 2021 amounting to €49.3 million, fully committed but as yet undrawn capex facilities amounting to €13.1 million, the assumed Group's ability to refinance the debt maturing in the viability period, the forecast cash availability in the scenario 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 scenario detailed above is 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 a scenario 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 capex facilities and arranging finance against or selling 19 unencumbered assets with a value of €245.5 million as at 31 March 2021.

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 2024.

Contents

BOARD OF DIRECTORS

Experienced and growing Board

N R

Daniel Kitchen[1] (69)
Chairman

Appointed to the Board
2018

Career and experience
Daniel Kitchen brings more than 26 years of property and finance experience in both the listed and private markets. After 14 years in corporate finance and M&A with the Investment Bank of Ireland, he was appointed in 1994 as chief finance officer of Green Property Plc an Irish listed property company. In 2003 he left to join Heron International as group finance director and deputy chief executive. Daniel was appointed chairman of Irish Nationwide Building Society between 2008 and 2011 and was a director of the Irish Takeover Panel. He is currently non-executive chairman of Hibernia REIT Plc and holds no further listed non-executive directorship positions.

S

Andrew Coombs (56)
Chief Executive Officer

Appointed to the Board
2014

Career and 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 (52)
Chief Financial Officer

Appointed to the Board
2014

Career and experience
Alistair Marks joined the Sirius Facilities group in 2007 from MWB Business Exchange Plc just before Sirius' original IPO, and became CFO of Sirius Facilities in January 2012 when management was internalised. Prior to MWB Business Exchange, Alistair held financial roles with BBA Group Plc and Pfizer Ltd, and qualified as a Chartered Accountant with BDO in Australia. Alistair 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' capex investment and service charge recovery programmes.

A N R S

Mark Cherry (62)
Independent Non-Executive Director

Appointed to the Board
2019

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

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

Caroline Britton (56)
Independent Non-Executive Director

Appointed to the Board
2020

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

Kelly Cleveland (44)
Independent Non-Executive Director

Appointed to the Board
2020

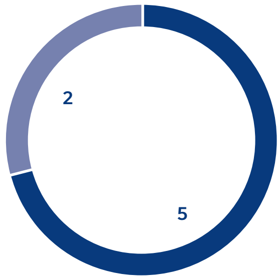
Career and experience
Kelly Cleveland is a Chartered Accountant, having qualified in New Zealand in 2001 at PricewaterhouseCoopers, and has worked in real estate in the UK since 2004. She is currently head of investment for British Land Co Plc the FTSE 100 REIT, where she has worked for more than nine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

James Peggie (50)
Senior Independent Director

Appointed to the Board
2012

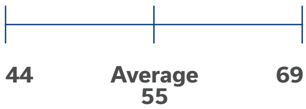
Career and experience
James Peggie is a director and general counsel of the Principle Capital group, a private investment business he co-founded in 2004. He is a qualified solicitor and previously was head of legal and corporate affairs at the Active Value group. Before that he worked in the corporate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

Board composition

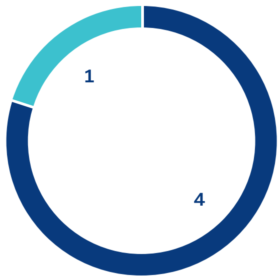


- Non-Executive Directors
- Executive Directors

Age



Board tenure
(Chairman and Non-Executive Directors)



- 0–3 years
- 4–7 years
- 7–9 years

The tenure for both Executive Directors is 7 years.

Note: As at 4 June 2021.

Committee membership

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

SENIOR MANAGEMENT TEAM

Strong leadership and operating excellence

AM

Andrew Coombs (56)
Chief Executive Officer
See page 50

AM

Alistair Marks (52)
Chief Financial Officer
See page 50

AM HR

Rüdiger Swoboda (57)
Chief Operating Officer

Joined: 2010

Experience

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

AM ESG HR

Craig Hoskins (50)
Asset Management Director

Joined: 2006

Experience

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

AM TEC

Stuart Gale (43)
Information Technology Director

Joined: 2019

Experience

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

AM ESG TEC

Diarmuid Kelly (40)
Group Finance Director

Joined: 2015

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 Group 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.

AM TEC

Anthony Payne (53)
Director of Yield Management and Information Services

Joined: 2010

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 and 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.

AM ESG HR

Kremena Wissel (42)
Chief Marketing and Impact Officer

Joined: 2006

Experience

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

Committee membership

AM Asset Management Committee

ESG Environmental, Social and Governance Committee

HR Human Resources Committee

TEC Technology Committee

Chairman of Committee

Increasing value and importance of Governance

Daniel Kitchen
Chairman

Dear Shareholder

Last year was been a very challenging one for the Company with the emergence of Covid-19 and the resulting pandemic which is still very much a part of daily life. The rapid spread of Covid-19 and the consequent restrictions imposed by governments required the Board and in particular the two Executive Directors to navigate the business successfully through the initial stages of the crisis. I have been impressed with the way in which senior management and the wider Sirius team have performed under this added pressure and how the resilience of the Company's business model led to favourable outcomes for the year.

Environmental issues and climate change are increasingly dominating our Board discussions. In March 2020 we relaunched the Sustainability and Ethics Committee to improve the Group's economic sustainability and ethical performance. In January 2021 we promoted Kremena Wissel to Chief Marketing and Impact Officer ("CMIO") to lead the Group sustainability strategy and we have engaged external specialists to assist us to broaden our reporting and to prepare for TCFD (further details are reported on page 73).

We have engaged with stakeholders throughout the year, from tenants (assisting with pandemic requirements), communities (charitable giving) and employees (lead Director activities). At the 2021 Annual General Meeting ("AGM") shareholders expressed specific views on two particular issues. Since then we have continued to engage with them to address their concerns and an update is provided in this report on page 63.

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 was delighted, therefore, to welcome Caroline Britton and Kelly Cleveland to the Board, as independent Non-Executive Directors. They have received the initial stages of their induction and I am pleased that they both have made valuable contributions to the Board and Committees since their appointment.

My priorities for the coming year are to continue the search for an additional independent Non-Executive Director to succeed as Chair of the Remuneration Committee, to hold the postponed Board strategy discussion, to complete the inductions of the two new Directors that were appointed in 2020 and to arrange for our first ever externally facilitated Board evaluation.

The Annual General Meeting will be held at 11.00am (UK time) on Friday 30 July 2021 at 33 St James' Square, London SW1Y 4JS. I draw your attention to the Shareholder Circular and Notice of Meeting (the "Notice of AGM") which now includes a description of the reasons to re-elect the individual Directors. The Notice of AGM accompanies this Annual Report and Accounts, where you will find further details.

Daniel Kitchen
Chairman
4 June 2021

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, other than for mandated corporate governance matters.

Except as described below, the Board considers that the Company has complied in all material respects with the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") throughout the financial year ended 31 March 2021, a copy of which can be found at www.frc.org.uk.

We recognise that the Company did not comply fully with the 2018 Code in aligning Executive Director pension payments with the wider workforce. Although an initial step was taken during the year towards alignment, by maintaining Executive Director pension contributions at 2020 levels, full alignment at 9.7% of base salary was achieved on 1 April 2021. See page 77 of the Remuneration Committee report for further details.

Leadership and purpose

How Sirius is governed

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

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

Anthony Gallagher
Company Secretary

Executive leadership

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

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

Independent

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

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

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

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

Audit Committee **see page 64**
» Ensures the integrity of financial statements
» Oversees the internal and external audit programmes
» Monitors the financial control and risk management systems, and compliance with laws, regulations and ethical codes of practice

Nomination Committee **see page 70**
» Monitors the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees
» Oversees succession planning
» Ensures procedures are in place for senior management development and succession

Remuneration Committee **see page 75**
» Designs and determines the remuneration and associated benefits of the Executive Directors and senior management
» Reviews workforce remuneration and related policies for alignment with the Group's values and culture, and reflects this when setting executive remuneration

Sustainability and Ethics Committee **see page 73**
» Advises the Board on the economic sustainability of the business and ethical matters relating to the Group
» Provides a leadership forum for non-executive directors to work with executive management to shape policy, strategy and, where appropriate, targets to improve the Group's economic, sustainability and ethical performance

Our purpose

"Empowering business, unlocking potential."

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

Information about how our purpose relates to our strategy can be found respectively on pages 16 and 17.

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 2021 financial year the Company continued to review and develop the Group's culture and its alignment with our purpose and strategy. The focus was on the Group's first and second-line managers who, together with the Senior Management Team, have the biggest impact on the business culture.

Leadership structure

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

Division of responsibilities

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

Non-Executive Chairman Daniel Kitchen	Responsible for leading the Board and the quality of its performance. Provides guidance to the Chief Executive Officer when requested. Sets the Board's programme of work. Ensures that the Directors understand the views of shareholders and other stakeholders on relevant topics. Promotes a culture of openness and debate in the boardroom and constructive relations between the executive and non-executive elements of the Board. Ensures that the Board receives accurate, timely and clear information.
Chief Executive Officer Andrew Coombs	Formulates and proposes strategy for the Board's approval. Responsible for executing the strategy and the day-to-day management of the Group. Shapes a business culture which is aligned with the delivery of the strategy and the overall values set by the Board. Allocates resources and creates direction and momentum to deliver success for the Group within the agreed risk framework set by the Board.
Chief Financial Officer 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* Caroline Britton Mark Cherry Kelly Cleveland	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 joined the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both were appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May stepped down from the Board at the close of the Company's Annual General Meeting on 31 July 2020 and Caroline was appointed as Chair of the Audit Committee.

CORPORATE GOVERNANCE CONTINUED

How the Board operates

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

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

The six scheduled Board meetings in the financial year and a number of unscheduled meetings, often called at short notice, were very well attended by all members of the Board. The Board had to postpone a scheduled Board visit to Germany due to Covid-19 restrictions but hopes to be able to do so in FY 2022. The following table sets out the Directors' attendance at scheduled Board and Committee meetings during the 2021 financial year:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability and Ethics Committee
Total meetings	6	3	4	6	2
Daniel Kitchen (Non-Executive Chairman)	6/6		4/4	6/6	
Justin Atkinson[2] (Non-Executive Director)	3/3	1/1	2/2	1/1	
Caroline Britton[1] (Non-Executive Director)	5/5	2/2	2/2	5/5	2/2
Mark Cherry (Non-Executive Director)	6/6	3/3	4/4	6/6	2/2
Kelly Cleveland[1] (Non-Executive Director)	5/5	2/2	2/2	5/5	2/2
Jill May[2] (Non-Executive Director)	3/3	1/1	2/2	1/1	
James Peggie (Senior Independent Director)	6/6	3/3	4/4	6/6	2/2
Andrew Coombs (Chief Executive Officer)	6/6				2/2
Alistair Marks (Chief Financial Officer)	6/6				

Chairman of Committee   Committee member

(1) Caroline Britton and Kelly Cleveland were appointed to the Board and Committees on 1 June 2020 and Caroline Britton succeeded Justin Atkinson as Chair of the Audit Committee at the close of the AGM on 31 July 2020.

(2) Justin Atkinson and Jill May stood down from the Board and Committees at the close of the AGM on 31 July 2020.

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: » A total of four assets were acquired and one notarised for completion in the year of mixed-use lettable space totalling almost 53,000 sqm for €45.9 million » Organic growth programme focusing capital on the most accretive opportunities » Completed the disposal of a property in Weilimdorf for €10.1 million Titanium portfolio: » Acquisition of a business park in Augsburg for €79.9 million, resulting in Titanium owning in excess of €324.2 million of property at 31 March 2021.	Follows the Group's stated drivers of value creation (see page 13): » 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; and » highly accretive capex investment programmes.	These strategic decisions were made with the longer-term success of the Company foremost in the Board's thinking. Considerations included advancing the successful relationship with AXA IM Alts, the suitability of provision to current and potential tenants, and the efficient deployment of our field colleagues who serve the core and Titanium portfolios.
Emerging risk	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 severe 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 2021 financial year and forecasts for 2022 financial year; » potential impact on dividend sustainability; and » 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; and » 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 the Company's income generation and 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 2020 and beyond. It was decided not to seek any salary reductions or to reduce headcount, but recruitment was initially frozen in relation to current vacancies and those arising through natural attrition.

CORPORATE GOVERNANCE CONTINUED

Key focus areas continued

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Business	» Monitoring the implementation of Titanium » 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 13): » 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; and » 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	» Drawdown of the final tranche of the Schuldschein facility » Decision to pay a dividend for the 2021 financial year per normal policy » Repayment of the Bayerische Landesbank facility upon maturity in October 2020 » Increased the capex threshold requiring a Board decision to €2.0 million, but continuing to report capex investment over €500,000	Follows the Group's stated drivers of value creation (see page 13): » strong banking relationships; » utilisation of "structural" vacancy; » improvement of service charge recovery; and » highly accretive capex investment programmes.	Capital efficiency and flexibility have a direct effect on the Group's current and future success and improve its management of risk. 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 engagement with investors in relation to AGM vote intentions » Daniel Kitchen is the designated Non-Executive Director with responsibility for engaging with the workforce and reported on his engagement with colleagues » Detailed review of workforce remuneration » Received a summary of the findings of the annual employee survey and the actions taken » Received reports from investor roadshows and ad hoc meetings with investors and analysts » Received market updates from the Company's UK brokers and South African sponsor	Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. The health of these relationships are critical to the Group's ongoing success.	By continually developing its understanding of investors' and colleagues' views on a range of issues, the Board is able to make better decisions with wider considerations in mind. The impact of Covid-19 on colleagues and tenants in addition to investors was taken into consideration by the Board at each meeting throughout the financial year 2021.

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Sustainability	» Considered climate change as an emerging financial risk » Review of the business' environmental, social and governance programmes in Germany » Received reports on ESG considerations for each proposed acquisition » Appointed specialist consultants to assist with preparations towards reporting carbon emissions and TCFD reporting » Received update reports from the CMIO in relation to progress to ESG (see separate report on page 73)	Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. Develops the Board's understanding of how, and the extent to which, climate change might impact the Company's business model in the medium to longer term. Recognises that climate change is also a concern to tenants, which provides an opportunity to engage and collaborate with them.	While Sirius is at a relatively early stage in the development of its response to climate change risk and sustainability, the Board recognises that it is a primary concern to all its stakeholders, including the local communities which are directly and indirectly affected by the Group's operations.
Governance	» Considered Hampton-Alexander diversity targets and Parker ethnicity targets for FTSE 250 companies » Conducted an internal Board evaluation » Appointed two new independent Non-Executive Directors and provided initial induction programmes » Approved 2021 Modern Slavery Statement and implemented Anti-Bribery and Corruption Policy, including gifts and hospitality » Various post-Committee meeting updates from Committee chairs » Reviewed Committees' Terms of Reference	Builds and maintains the trust and confidence of investors, colleagues, tenants and local communities in the Board and Senior Management Team. Directly contributes to effective decision making and stewardship.	The Board is committed to a process of continual improvement, which is served by addressing 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, and environmental considerations, the Group's work in the community and fostering consumer and supplier relationships can be found in the Stakeholder engagement section of this report on page 63, on pages 73 and 74 of the Sustainability and Ethics Committee report, and on pages 79, 83 and 89 of the Directors' Remuneration Report Section 172 sets out the UK's law on directors' duties, being: the duty to act in a way the director considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard (amongst other matters) to: (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly between members of the company.

Germany site visits

In August 2020, the Chairman, CEO and newly appointed Directors visited three sites in the Berlin and Hamburg areas over two days, which included properties owned by the Group and the Norderstedt business park at Hamburg which was subsequently acquired. These visits enabled the new 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 finance and the work of the executive ESG Committee. During the first evening, the Directors had an informal dinner together with local management.

Diversity – our journey so far

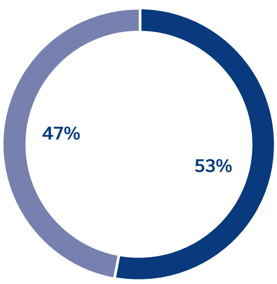
Boardroom diversity

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

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

The importance of taking measured steps towards broadening boardroom diversity in all its forms has been important in the Board's thinking during Board appointments over recent years. Since 2017, we have been progressively working towards greater gender diversity in the boardroom. Following all the Board changes in 2020, 28.6% of the Board are 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 Board is taking active steps to appoint an additional Non-Executive Director. Further information on the Board's succession planning is set out on page 72 of the Nomination Committee report.

Gender-balanced workforce



- Women
- Men

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 (53% women and 47% men), and more than 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 28 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 one of the independent Non-Executive Directors currently maintain external non-executive appointments with listed companies. The Board has considered their commitments and has taken the view that they do not materially affect their ability to fulfil their roles for the Company effectively. This is illustrated by the ongoing Covid-19 crisis during the financial year, whereby every Director fully prepared for, and participated in, the scheduled formal Board meetings as well as a number of unscheduled Board calls.

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

Director induction and development

Following their appointments in 2020, Caroline Britton and Kelly Cleveland each received a formal induction to the Company and the business. This entailed:

» specific briefings from the Chairman, the Chief Executive Officer, the Chairs of the Remuneration Committee and Audit Committee, and the Company Secretary;

» a review of the Company's strategy, corporate goals and current challenges;

» a review of the Group's structure;

» a review of key corporate documents, such as the Articles of Incorporation and Group policies and procedures;

» a review of recent Board and general meeting minutes; and

» specific training on the JSE Listings Requirements, and professional update seminars on current topics.

As part of their ongoing development, the new 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 2020 is provided in the table below.

Routine topics	Navigating the 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 reviewed progress against the actions agreed from the 2020 evaluation and noted that it had achieved some progress towards increasing the time spent on strategic discussion by redesigning the agendas to separate these items from housekeeping matters and by approving new style management accounts reports. The Board has rescheduled the Board strategy sessions from February to August 2021 to facilitate further strategic-level discussions in Germany, if permitted. The Board had increased the links with the wider Senior Management Team, each of whom have presented papers to the Board. In addition, new Board members met with senior management in Germany as part of their induction. Board relationships were fostered with a Board lunch in July 2020, new Board members, together with the Chairman and CEO, had dinner with management in Berlin in August 2020 and a dinner was held for the Chairman and NEDs only in September 2020. The Chairman increased the meetings and calls with Board members throughout the year.

The Board undertook an internal evaluation in February 2021 and an externally facilitated evaluation is programmed for 2022. The process and outcomes of the 2021 evaluation are summarised below. These themes will be taken forward in the coming year and we will report our progress in the 2022 Annual Report and Accounts.

Scoping questionnaire	One-to-one conversations	Summary report	Nomination Committee recommendations
» Alignment around strategy, values and culture » Composition: skills, knowledge, experience, balance, diversity of thought and risk appetite » Breadth, importance and relevance of Board topics » Quality of information » Quality of debate » Quality of decision making » Particular strengths and capabilities » Particular weaknesses » Non-Executive Director independence	» Review of the Board Chairman by the Senior Independent Director » Review of the Senior Independent Director by the Board Chairman » Reviews of the Executive Directors and the Non-Executive Directors by the Board Chairman » Review of the Committee Chairs by the Board Chairman	» Hold Board strategy sessions in Germany (scheduled for August 2021) » Focus on succession for Senior Independent Director and Chair of the Remuneration Committee » Build on links with and presentations from senior management » Focus on ESG matters, including sustainability and climate change as Company prepares to implement TCFD » Continue to develop Board relationships and cohesion » Continue to develop gender and ethnic diversity at and below Board level » Continue improvements to Board packs and include the context for decisions	» Reschedule Board strategy following postponement » Implement succession plan to build on diversity » Foster the links between the Board and the Senior Management Team, including management presentations to the Board » Increase the time the Chairman spends with the other Non-Executive Directors and continue to hold Board lunches and dinners » Continue to develop and streamline the content of Board information » Good breadth in thought and risk diversity » Good support and challenge in decision making

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 further broaden the Board's composition. More information about the steps taken is provided in the Nomination Committee report on page 72.

Independence

The Nomination Committee undertook a review of the independence of each Non-Executive Director during the year in accordance with the 2018 Code. Other than Daniel Kitchen, who was considered to be independent on his appointment as Non-Executive Chairman in 2018, the Board is satisfied that the Non-Executive Directors continue to be independent in thought and judgement.

Risk and internal control

Information regarding the Group's principal risks is provided in the Strategic report on pages 38 to 47. A description of the Group's internal control framework and risk management systems is provided in the Audit Committee report on page 68.

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.

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's AGM every year.

Approach to greenhouse gas emissions

The Group's planned approach to the management of greenhouse gas emissions through its governance, processes and internal control is summarised in the Sustainability and Ethics Committee report on page 74.

Engagement with our stakeholders

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

The Board has noted the two resolutions which received adverse votes of 20% or more at the 2020 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 2021 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 primary reasons behind the dissenting votes which were identified by the Board and the Board's responses to them related to:

» the number of Daniel Kitchen's external appointments; and

» the use of a common base year and the size of the maximum potential awards under the Company's 2018 LTIP and aligning Executive Directors' pensions with those of the workforce.

Daniel Kitchen's external appointments – (Resolution 6)

The votes against Resolution 6 centred on Mr Kitchen's additional board roles, in particular the number of chairmanships of the other listed companies he holds.

Mr Kitchen stepped down as non-executive chairman of Workspace Group Plc at the conclusion of Workspace's 2020 annual general meeting and has subsequently stepped down as a director of the Irish Takeover Panel. As a result of a recommended cash offer by Causeway Consortium Limited, announced on 22 December 2020 and the scheme of arrangement announced on 25 January 2021, having been approved by the shareholders of Applegreen Plc Mr Kitchen resigned as chairman of the Applegreen Board on 10 March 2021.

The Directors of Sirius believe that Mr Kitchen is a valuable and experienced Non-Executive Chairman. While recognising that the number of Mr Kitchen's past commitments exceeded some investor guidelines, taking into consideration his significant reduction of those commitments, the relatively non-complex nature of the other company of which he is chairman and in particular his effective stewardship of the Company throughout the Covid-19 pandemic, the Board is satisfied that he is able to devote sufficient time to his role with Sirius in order to discharge his responsibilities effectively.

Remuneration Policy – (Resolution 12)

Resolution 12 was proposed in 2020 as in 2019 as an advisory vote in accordance with the rules of the Johannesburg Stock Exchange and is not a requirement under the rules of the London Stock Exchange. The votes against Resolution 12 related to a number of aspects of the Remuneration Policy, specifically the use of a common base year under the 2018 LTIP, the maximum cap on the LTIP awards, the requirement to reduce pensions to be in line with the workforce, the length of the post cessation shareholding requirement and the provisions relating to payment of bonuses on termination.

The Remuneration Committee has reviewed its current Remuneration Policy with a view to a vote being proposed to shareholders at the AGM to be held on 30 July 2021. In respect of the issues highlighted above:

» The 2018 LTIP is a three-year plan that was approved by shareholders in December 2018 and the final tranche of awards was granted in June 2020. This tranche was at a lower quantum than in previous years. This reflects the transitional nature of the 2018 LTIP from the previous plan, as the Company explained when the policy was first approved by shareholders. It is the Committee's view that this current scheme remained effective for this transitional period and has contributed to the very positive performance of the Company in the past three years. As part of its policy review the Committee will be proposing a new LTIP to shareholders in respect of awards to be made for the financial year ending 31 March 2022. The proposal will include removing the common base year and lowering the cap on awards, lengthening the post cessation shareholding requirement, lowering the maximum cap on LTIP awards and amending the provisions relating to payment of bonuses on termination.

» The Board has already taken the first steps in 2020 for alignment of pensions for existing Directors by freezing the Company's contributions to the Executive Directors' pensions for the year ended 31 March 2021 and adopted a pension alignment policy for all new Directors. The Board has completed this pension alignment for existing Executive Directors within the new policy.

Details of the proposed new LTIP and how it compares with the 2018 LTIP are set out on page 78. Additional information on the remuneration vote at the 2020 AGM pursuant to the JSE Listings Requirements is provided on page 99 of the Directors' Remuneration Report.

Engagement with colleagues

The Group has engaged with colleagues through a number of channels during the year; details are set out on pages 31 and 83.

Engagement with the community

The Group has several initiatives with local communities which are set out on page 32.

AUDIT COMMITTEE REPORT

Continuation of rigorous oversight

Caroline Britton
Chair of the Audit Committee

The primary functions of the Audit Committee are to:

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

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

Dear Shareholder

I am pleased to present the Audit Committee report (the "Report") for the financial year ended 31 March 2021.

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

The Committee maintains a busy and wide-ranging agenda. In addition to the usual work carried out by the Committee, the continuation of the Covid-19 crisis as a significant risk has 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 for a second financial year end, 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' operating performance in the period, 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 69 of this Report, and the viability statement itself can be found on page 48 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. In 2020, the Committee commissioned BDO LLP ("BDO") and PricewaterhouseCoopers LLP ("PwC") to carry out reviews respectively of the Group's internal financial controls and 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 substantially implemented the recommended improvements.

The Committee, for the 2022 financial year, is seeking to complete the actions arising from the 2020 PwC report and to identify areas where there is greatest value from performing targeted internal audit procedures. The Committee will report progress against these procedures in the 2022 Annual Report.

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

- Restoring trust in audit and corporate governance, the long-awaited consultation, was published by the UK government in March 2021 and the Committee will review the package of proposed reforms for their implications for the Company.
- 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 Committee members' ability to visit a few operating sites in Germany was curtailed by pandemic related travel restrictions, although two new members carried out visits which included spending time in the offices of Sirius Facilities GmbH, the operating company of the Group, and in doing so gained valuable insights into the Group's operations and management of risk.

I would like to thank the members of the Committee 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 the management team 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 underpinned by tireless commitment and considerable flexibility.

Caroline Britton
Chair of the Audit Committee
4 June 2021

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Caroline Britton (Chair)(1)	2/2
Justin Atkinson (former Chair)(3)	1/1
Mark Cherry	3/3
Kelly Cleveland(2)	2/2
Jill May(3)	1/1
James Peggie	3/3

(1) Caroline Britton was appointed to the Committee on 1 June 2020 and was appointed Chair at the conclusion of the AGM held on 31 July 2020.

(2) Kelly Cleveland was appointed to the Committee on 1 June 2020.

(3) Justin Atkinson resigned as Chair and both Justin Atkinson and Jill May resigned as members of the Committee with effect from the conclusion of the AGM held on 31 July 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 Caroline Britton, who is a qualified Chartered Accountant and was an audit partner at Deloitte LLP from April 2000 to May 2018, is a non-executive director of Moneysupermarket.com Group Plc and Revolut Limited, at both of which she chairs the audit committees, possesses the qualifications, together with the necessary recent and relevant financial experience, to satisfy the requirement of the 2018 Code. The qualifications and experience of the other current members of the Committee are set out on pages 50 and 51 of this Report.

Roles and responsibilities

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

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

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

Similarly, it is the Board which is ultimately responsible for the Group's internal control environment. The responsibility for monitoring the Group's risk management arrangements and assessing the effectiveness of internal controls has been delegated to the Committee. The Group's risk management process and system of internal controls are designed to manage rather than eliminate risk and are described in more detail in the principal risks and uncertainties section of the Strategic report on pages 38 and 39.

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

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

AUDIT COMMITTEE REPORT CONTINUED

Key focus areas

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

Area	Subject
External audit	» Assessed EY's annual submission of eligibility to act as auditors for the purposes of paragraph 3.84(g)(iii) of the JSE Listing Requirements through requesting the information detailed in part 22.15(h) of the JSE Listings Requirements » Received a report and presentation from the Group's valuers, Cushman & Wakefield ("C&W"), on the portfolio valuation for the 2021 financial year » Received and discussed EY's final report on their audit for the 2021 financial year » Reviewed the Directors' representation letter to the auditors in relation to the audit for the 2021 financial year and recommended it to the Board for approval » Received and discussed EY's audit strategy and planning report for the 2021 audit, including the scope, areas of focus, materiality, team and programme » Reviewed the audit firm's public disciplinary and quality record, and its auditor transparency report » Assessed the auditors' performance, quality and independence » Assessed the quality of the 2020 audit » Received EY's audit update report in relation to the 2021 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 2021 and announcement of results	» Reviewed the Board's going concern and viability statement » Carried out a "fair, balanced and understandable" assessment » Reviewed the content, including the Audit Committee report, and recommended the Annual Report and preliminary announcement to the Board for approval
Half Year Report 2021 and announcement of results	» Reviewed the CFO's summary of the half year results » Received and discussed EY's report on their half year review » 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 2020, recommending it to the Board for approval » Reviewed a solvency statement and considered the dividend for the six months ended 30 September 2020, recommending it to the Board for approval
Internal audit	» Discussed progress on implementing changes arising from PwC's review of the Group in relation to the impact of legislative changes affecting the Group and ensuring that the Group continues to optimise its corporate structure; and » Received periodic updates on the implementation of the principal recommendations from the BDO review
Risk, controls and regulation	» As part of wider Board calls, reviewed severe 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 (zero cases) » Monitored and reviewed the Group's responses to the JSE in relation to 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	» Applied the new Non-Audit Fee Policy following the Revised Ethical Standard 2019 published by the FRC in December 2019 and updated the policy following a law change in Guernsey
Governance	» Considered the underlying reasons for proposed increases in audit fees » Received feedback relating to the Committee from the 2021 Board evaluation

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

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

Significant matters considered in relation to the financial statements

Significant matters considered	Audit Committee response
Valuation of investment properties The carrying value of owned investment properties is material to the Group's balance sheet. The valuation, which is performed half yearly by Cushman & Wakefield LLP ("C&W"), is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount and exit cap rate. There is a risk that the carrying value will differ from its fair value.	The fair value of the Group's owned investment properties is determined by an independent valuer on the basis of a discounted cash flow model using a range of 10–14 years. The Committee considered the independent valuers' report and met with the valuers to understand the basis for the valuation, the scope of their work and the level of available transactional evidence to support the carrying value of investment property and the appropriateness of supporting business plans as well as the transactional evidence available on the market. The Committee also considered offers that have been received by the Group on properties that have been marketed for sale. EY reported to the Committee at the half year on their review and the year end in relation to the audit on their results and findings of their assessment of C&W's valuation judgements. Having considered and challenged EY's reporting, the Committee concluded that, based on the degree of oversight and challenge applied to the valuation process, the valuations are conducted appropriately and objectively. The Committee considered the explanations of C&W and EY as to how the Covid-19 pandemic impacted property valuations as at 31 March 2021 and the audit of the Company's reporting on them. Generally, there were no adjustments to yield assumptions, except in relation to those properties affected by noticeable changes in lease situation as well as those affected by market movements since the last valuation as at 30 September 2020. While Covid-19 uncertainty continues, the German real estate market remains active. Physical inspections of properties were not possible early on in the lockdown period although all planned inspections were carried out while complying with the lockdown restrictions. For the September 2020 valuation C&W have inspected eighteen properties and for March 2021 C&W have inspected 23 properties, including the four newly acquired properties, equating to approximately 60% of properties. The Committee noted the main driver of valuation growth in the year to 31 March 2021 to be related to growth in income rather than changes to yield. The Committee compared the C&W valuations with the results presented by EY on their audit of the valuations, which included the input of an EY Chartered Surveyor, as part of the external audit plan agreed by the Committee. The Committee discussed the impact of the Covid-19 crises on the Group's property valuations with EY and C&W respectively. Having considered and challenged EY and C&W respectively, the Committee concluded that the valuations as at 31 March 2021 are appropriate.
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 considered and challenged EY's work and reporting on revenue recognition. Having considered and challenged EY's reporting, the Committee concluded that, having consulted EY and considered the main areas of judgement applied by management, revenue is appropriately recognised and reported.
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. PwC reported to the Committee in 2020 on their review of the Group's legal structure and tax compliance. The review gave comfort that the Group's tax compliance arrangements operated satisfactorily and the Group continued to optimise its structure in compliance with applicable legislation in 2021. 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. Having considered and challenged EY's reporting, 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.
Directors' going concern assessment The Covid-19 crisis increased the level of uncertainty, affecting the Directors' assessment of going concern over the period to 30 June 2022. 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 and regulatory developments have prompted the Company to prepare detailed stress tests and sensitivity analyses which model the effects of severe and more realistic scenarios on the Group's financial position and prospects. By basing the going concern assessment on an severe but plausible stress scenario, the Directors exercise greater prudence even if they consider such a scenario eventuating to be remote.	The key additional considerations for the Committee were the changes in, and uncertainty within, the assumptions of occupancy, movement in valuations and compliance with debt covenants. Sensitivities have been applied to key income and expense items including rental income, service charge recovery and overhead costs as detailed on page 69 of the report. In considering the going concern assessment, the Committee reviewed management's projections on a severe but plausible stress scenario that results from a major impact relating to Covid-19. The severe but plausible assumptions included in the stress case, the available mitigations should they be required and the available financial resources are set out in detail on pages 102 and 103 of the Directors' report. The Committee also considered the auditors' opinion on the going concern assessment. 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 the 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 auditors' report on pages 105 to 111 and the significant accounting policies disclosed in the notes to the financial statements.

AUDIT COMMITTEE REPORT CONTINUED

Auditor independence and the effectiveness of the external audit process

EY was appointed as the Company's auditors in September 2018 following a competitive audit tender process which included Big Four audit firms and one second tier audit firm. The audit will be put out to tender again no later than 2027. The Committee recommends the reappointment of EY as auditors at the Company's Annual General Meeting on 30 July 2021. The lead audit engagement partner is Dan Saunders, who was appointed in September 2018.

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

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 20 August 2020; and
- carrying out an internal review of the auditors and audit conduct for the 2020 financial year.

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

The auditors' fee for the statutory audit increased for the 2021 financial year to €684,000 (31 March 2020: €493,000). The main reasons for the increase included early direct and indirect effects on the audit market of the various reviews summarised on pages 64 and 65, 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 2020 anticipating higher fees, citing unprecedented market forces linked to increased regulation.

While the Committee was disappointed to see such increases 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 auditors remain independent and are suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements (which relates to the provision of regulatory decision letters to the Company following an inspection by the regulator; no inspection of the auditor by the regulator was carried out in FY 2021).

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

Performance evaluation of the Committee

The Committee's performance was considered as part of the Board evaluation process, which is described in the Corporate Governance report on page 62. 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 in 2020 respectively of the Group's internal financial controls, and 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 as reported earlier in the Committee report.

The Committee commenced its review of the internal audit plan for FY 2022, which comprises a number of targeted areas where the Group identifies value in having internal audit procedures carried out.

Risk management and internal controls

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

- review the effectiveness of the Company's financial reporting and internal risk and control policies and procedures for the identification, assessment and reporting of risks;
- monitor the integrity of the Company's financial statements and all formal announcements relating to its financial performance and ensure they are fair, balanced and understandable;
- review significant financial reporting issues and judgements;
- make recommendations relating to the appointment, reappointment and removal of the auditors;
- monitor the independence and effectiveness of the auditors; and
- review the Company's procedures for preventing and detecting fraud and bribery.

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

Whistleblowing

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

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

During the year, there were no whistleblowing cases raised which, although this appears to be satisfactory, led the Committee to seek assurance that whistleblowing was publicised to all employees. Management confirmed this to be the case and close to year end the Board approved changes to the existing policy (ahead of the coming into force of an EU Directive). These changes provide for: calls to be made to an independent German speaker (the majority of employees are based in Germany); calls to be investigated by an independent third party; a wider remit of areas covered by the Directive (e.g. data and privacy, environmental protection, security of network and information systems); protected persons now covers not only employees but also third parties (e.g. service providers); the misconduct of any employee (not just senior management) can now be reported; and now confirmation of reports must be given within seven days of a report being made and feedback must be provided on reports within three months.

Going concern and viability statement testing

The Board's going concern statement is provided on pages 102 and 103 of the Director's report, and the viability statement is provided on page 48 of the Strategic report. The Group's ability to continue as a going concern and Viability statement are based on current trading and the latest three-year forecasts prepared by the Senior Management Team. A model has been created for this which uses a combination of existing contractual agreements and future assumptions of performance of existing assets and expected acquisitions and disposals for which the Group currently has the resources.

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

In considering the Board's going concern and viability statement, the Committee reviewed detailed stress tests and sensitivity analysis provided by management which modelled the effects of severe but plausible and more realistic scenarios 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 severe but plausible scenario.

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

Non-Audit Services ("NAS") Policy

The Committee has had to update its NAS Policy again in 2021 for application in the 2022 financial year as explained in the following paragraph.

The revised NAS Policy is in accordance with the FRC Revised Ethical Standard 2019 ("2019 ES") and with applicable Guernsey regulation as it applies to a Guernsey registered company. The main difference from a UK registered company is that the restriction in the 2019 ES to a limited "whitelist" of audit related services does not apply.

The policy requires the Committee's prior approval for all non-audit work to be carried out by the auditors and limits all such fees in any year (excluding specified services required by law or regulation) to a maximum of 35% calculated by reference to the average statutory audit fee over the previous three years.

The total non-audit fees paid to the auditors during the year ended 31 March 2021 was €63,000 (representing 10% of the statutory audit fee) (31 March 2020: €63,000) paid to EY, with a three year average rate of 11% of the statutory audit fee. The fee for 2021 covered work related mainly to the Interim Report and the provision of a reporting accountant report, for which the auditors were judged to be best placed to provide the services. The Committee continues to monitor the extent of the non-audit related work undertaken by the auditors to ensure auditor objectivity and independence are safeguarded.

NOMINATION COMMITTEE REPORT

Ensuring balance and diversity

Daniel Kitchen
Chairman of the Nomination Committee

The primary functions of the Nomination Committee are to:

- monitor the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees;
- oversee succession planning and the process for nominating, selecting, appointing, developing and evaluating Directors; and
- ensure that appropriate procedures are in place for succession planning (including diversity considerations) and development in relation to the senior management of the Group.

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

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 March 2021.

This has been a busy year for the Committee with the addition of Caroline Britton and Kelly Cleveland to the Board as Non-Executive Directors on 1 June 2020, and the commencement, towards the end of the financial year, of a search for another Non-Executive Director, primarily to succeed James Peggie as Chairman of the Remuneration Committee.

Caroline Britton and Kelly Cleveland joined the Board as independent Non-Executive Directors on 1 June 2020. On the same date, both were appointed as members of the Audit, Nomination, Remuneration and Sustainability and Ethics Committees. Justin Atkinson and Jill May stepped down from the Board at the close of the Company's Annual General Meeting ("AGM") on 31 July 2020, at which time Caroline took over as Chair of the Audit Committee.

A comprehensive review of the Committee's Terms of Reference was carried out during the year, to align further with best practice and make them more consistent with the 2018 Code. Due to the Covid-19 crisis, which demanded more of the Board's time early in the financial year, the Committee deferred its planned review of succession planning and the leadership pipeline to the September 2020 Committee meeting. Following this review of the talent pipeline, two in-house promotions of senior managers were implemented as follows: Rüdiger Swoboda became Chief Operating Officer on 30 March 2021 and will continue to oversee customer sales and lettings activities, while also taking responsibility for business operations at an executive level, aligning two integral customer facing functions within the Senior Management Team; and Kremena Wissel was promoted to the newly created role of Chief Marketing and Impact Officer on 18 February 2021 and will manage the Group's ESG strategy in addition to her existing marketing responsibilities. As the promotions dealt with the short-term senior management needs, we will continue to review succession as the Company grows in size and complexity to ensure the availability of a pool of suitably qualified and talented managers to deliver the Sirius medium and long-term strategy. We will keep shareholders informed as decisions are made and will provide an update in the next Annual Report.

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have taken measured steps towards broadening boardroom diversity since then. Page 71 of this report addresses the Board's Diversity Policy, and the Corporate Governance report on page 60 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 2020 and conversations with numerous colleagues, I was particularly impressed by the attitudes to diversity and inclusion which run through the business. I plan to visit more sites in 2021 to engage with colleagues across a range of topics and will provide summary feedback to the Board.

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 62 of the Corporate governance report. The key takeaway for this Committee is to focus on short-term succession as described on page 72.

We implemented a new procedure for the 2020 Board appointments in line with the 2018 Code, which is summarised later in this report and we are using this procedure again in 2021.

We believe we have begun to address the reasons for the votes against my election as Chair at the 2020 AGM, which related to the number of my external commitments. I stepped down as chairman of Workspace Group Plc at its AGM in July 2020 and as chairman of Applegreen Plc in March 2021. The Board has expressed its confidence that my remaining commitments do not materially affect my availability and effectiveness for the reasons provided on page 63 of the Corporate Governance report.

Over the new financial year, the Committee's priorities were 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 eighth year as a Non-Executive Director in November 2020, succession for his key roles of Chair of the Remuneration Committee and Senior Independent Director is 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.

Daniel Kitchen
Chairman of the Nomination Committee
4 June 2021

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Daniel Kitchen (Chairman)	4/4
Justin Atkinson(2)	2/2
Caroline Britton(1)	2/2
Mark Cherry	4/4
Kelly Cleveland(1)	2/2
Jill May(2)	2/2
James Peggie	4/4

(1) Caroline Britton and Kelly Cleveland were appointed to the Committee on 1 June 2020.

(2) Jill May and Justin Atkinson stepped down from the Committee at the close of the AGM on 31 July 2020.

Key focus areas

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

Area	Subject
Appointments	» Appointed Caroline Britton and Kelly Cleveland as independent Non-Executive Directors » Agreed the search criteria and process for the appointment of another independent Non-Executive Director, noting the skills required to implement Board succession plans
Policy	» Implemented Procedure for New Appointments
Governance	» Reviewed the Company's progress on gender and ethnic diversity in the boardroom » Reviewed the Management Structure Plan » Reviewed findings of 2021 internal Board evaluation and made recommendations in relation to actions to be taken » Reviewed Non-Executive Director independence » Approved revisions to the Nomination Committee Terms of Reference » Reviewed the 2020 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 60 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 36% of our managers and 53% of the total workforce being female, over time it is expected that more women will be represented in the higher leadership roles.

Procedure for New Appointments

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

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

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

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

Executive search consultants were used for the appointments of the two new independent Non-Executive Directors. These were SpencerStuart for Caroline Britton and Redgrave Partners for Kelly Cleveland. These two search consultancies have no other connection with the Company. Redgrave Partners has been retained to assist with the search for an additional Non-Executive Director in 2021, prioritising diversity as well as experience (in particular in relation to Remuneration) 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 September 2020 Committee meeting. The Committee also considered succession for the key roles of Chair of the Remuneration Committee and Senior Independent Director as James Peggie completed his eighth year as a Non-Executive Director in November 2020. The Committee discussed the requirements for these challenging roles, being knowledge of Directors' remuneration (framework and regulatory environment), highlighted investor relations and diplomacy skills as well as commercial property experience.

The Committee is cognisant of the current gender composition of the Senior Management Team. While comfort is taken from the greater gender balance at middle management levels, the progression of the leadership pipeline was a key focus for the Committee during the formal review in 2020.

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

Board evaluation

A summary of the 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 62 of the Corporate governance report.

Commitment to lasting change

Andrew Coombs
Chairman of the Sustainability and Ethics Committee

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

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

- advise the Board on the economic sustainability of the business and ethical matters relating to the Group; and
- provide a leadership forum for Non-Executive Directors to work with executive management to shape policy, strategy and, where appropriate, targets to improve the Group's environmental, social and governance ("ESG") performance.

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

Dear Shareholder

On behalf of the Board, I am pleased to present the Sustainability and Ethics Committee report for the year ended 31 March 2021. The Sustainability and Ethics Committee fulfils the function of a social and ethics committee under the terms of the JSE Listings Requirements and it has fulfilled its mandate as prescribed by corporate law and that there were no instances of material non-compliance to disclose.

The Committee considers and makes recommendations to the Board in relation to the critical dimensions of how the Company does business, specifically its value system surrounding environmental impact, ethical standards and social responsibility. This Committee report should be read in conjunction with the separate Sustainability report, set out on pages 28 to 32.

As a major property owner, we recognise our responsibilities to our stakeholders, being employees, business partners, tenants and the wider communities in which we operate. With that as background, we recognise the importance of sustainability to our business and we have made this a key priority for 2021 by embedding it further into our strategy and business model.

This commitment to our responsibilities is underlined by my leadership of this Committee as well as the promotion of Kremena Wissel to serve as Chief Marketing and Impact Officer from January 2021, a new role to lead further integration of ESG into Sirius' strategic development. Kremena has already presented ESG reports to the Board and discussed progress across a range of environmental, social and governance topics with the Non-Executive Directors. The Non-Executive Directors of the Committee noted the "stepped change" in ESG that had taken place in the second half of 2020 during the evaluation exercise carried out in early 2021.

Our progress in the year included a major current workstream to measure and deliver a significant improvement with regards to the Company's impact on the environment. Examples include sourcing almost 100% of portfolio electricity energy from green electricity sources (an increase from 86% in 2020) and the recognition by MSCI, which upgraded our business' ESG rating to AA (previously A) in November 2020.

I am pleased we have published, for the first time, our Scope 1, 2 and 3 greenhouse gas emissions in this Annual Report and we are continuing to work towards a carbon reduction strategy in partnership with a specialist ESG consultancy which we appointed in 2020.

We are also working to embed the Task Force on Climate-related Financial Disclosures ("TCFD") into our Company strategy framework, so that climate change considerations will be a key part of our risk management and strategic planning processes.

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

Andrew Coombs
Chairman of the Sustainability and Ethics Committee
4 June 2021

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Andrew Coombs (Chairman)	2/2
Caroline Britton(1)	2/2
Mark Cherry	2/2
Kelly Cleveland(1)	2/2
James Peggie	2/2

(1) Caroline Britton and Kelly Cleveland joined the Committee on their appointment to the Board on 1 June 2021.

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
Values	» We set out not only our Company purpose but also our values and are undergoing a project for establishing a competencies framework across the business, ensuring our culture is aligned to our business strategy
Competencies framework	» Advanced draft of the competencies framework in progress for implementation across the business, to ensure our culture is aligned to our business strategy
Sustainability	» Reviewed the Group's outline sustainability strategy, including a strategic framework and draft climate change statement. Since October 2020, the Company has undertaken a full review of its ESG strategy and programme involving a specialist consultancy which remains ongoing. This includes the potential impact of ESG reporting requirements and a materiality assessment including investors and wider stakeholders
Colleague update	» Received an update from the CEO on employee engagement during 2020 financial year and planning for 2021 financial year
Ethical policies	» Reviewed drafts of the Modern Slavery Statement 2021, the Anti-Bribery and Corruption Statement and Procedures, the Diversity and Inclusion Policy and the updated Whistleblowing Policy – each of which were approved by the Board
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 » TCFD – Sirius TCFD group was established, has completed two workshops and had commenced scenario planning following financial year end. Through the TCFD framework, climate change will be embedded into the Company's strategy and management of risks and integrated into the Company's enterprise risk management process

Completing our journey to a conventional remuneration framework for a FTSE 250 company

James Peggie
Chairman of the Remuneration Committee

"We believe that our proposed new Remuneration Policy will help support our strategy and provide a clear, consistent and cohesive approach to reward for a FTSE 250 company."

The primary functions of the Committee are to:

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

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

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

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2021.

First and foremost I would like to echo our Chairman's thanks to the staff of Sirius whose incredible efforts in this most challenging of years has been a matter of pride for the Board. As a small show of gratitude to the workforce for their support, I am happy to announce it is our intention to award a one-off bonus of €350 to over 200 non-senior management staff to be paid in October.

Following my letter there is a short summary of:

» how the Committee operated during the year;

» our approach to setting pay and market reference points and peer groups considered by the Committee;

» how the proposed new Remuneration Policy is aligned with the requirements of the UK Corporate Governance Code; and

» wider workforce remuneration and employee engagement.

There then follows the two principal sections of the report:

» the Directors' Remuneration Policy (the "Remuneration Policy") – this sets out our forward-looking Remuneration Policy for Directors, which is subject to shareholder approval at the 2021 AGM. If approved, the Remuneration Policy will take effect from the conclusion of that meeting; and

» the Annual Report on Remuneration – this provides details of the amounts earned by the Directors in respect of the year ended 31 March 2021.

Our current Directors' Remuneration Policy (the "2018 Policy") was adopted at the general meeting held on 5 December 2018 and reapproved on an advisory basis at the 2019 and 2020 AGMs. In line with typical UK practice, following the end of the three year period for which the 2018 Policy applied, the Committee has approved the Remuneration Policy for which shareholder approval on an advisory basis will be sought at the 2021 AGM. Our approach to the new Remuneration Policy is summarised below. In connection with the approval of the new Remuneration Policy, shareholders will also be asked to approve at the 2021 AGM the new Sirius Real Estate 2021 Long Term Incentive Plan.

The Committee has had a busy year consulting and preparing for the new policy, as well as establishing new remuneration packages and contractual terms for our three promoted C Suite Directors and ensuring that a consistent and sensible approach to remuneration during the pandemic has been taken throughout the year. As such I would like to thank my colleagues on the Committee for their insight and support.

Business performance

Despite the challenges of the pandemic this has been another strong year in terms of financial performance for the Company. Revenue increased 10.3% to €165.4 million from €150.0 million in the previous financial year, while like-for-like annualised rent roll increased 5.2%, from 31 March 2020. Funds from operations ("FFO"), a key measure of operational performance, increased 9.3% to €60.9 million (31 March 2020: €55.7 million), EPS increased by 48.3% to 14.16c per share and adjusted EPS increased by 7.1% to 5.61c per share. The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing 65% of FFO, an increase of 10.0% on the equivalent dividend last year. The total dividend for the year is 3.80c, an increase of 6.4% on the 3.57c total dividend for the year ended 31 March 2020. The Group has not received any state financial assistance in connection with the Covid-19 crisis.

During the year, the Company completed the acquisition of four assets totalling €35.2 million and a further asset was notarised for completion shortly after the year end for €10.7 million. The venture with AXA IM Alts grew in the year through the notarisation of an asset located in Augsburg for €79.9 million which completed shortly after the year end.

As at 31 March 2021, the Company's owned investment property portfolio had a book value of €1,347.2 million (31 March 2020: €1,186.2 million) with total debt of €472.0 million (31 March 2020: €485.8 million). The Group had unrestricted cash and undrawn facilities of €62.7 million and a net loan to value ratio of 31.4% (31 March 2020: 32.8%). NAV per share increased by 14.2% to 88.31c per share, adjusted net asset value per share ("Adjusted NAV per share") rose 15.0% to 93.79c per share (31 March 2020: 81.54c) and total shareholder accounting return, based on adjusted NAV per share and dividends paid in the period, was 19.5% in the period (31 March 2020: 13.1%), the highest annual total shareholder accounting return recorded in the past several years.

This performance reflects a continuation of the Group's successful strategy, its talented leadership and the capability of the internal operating platform to outperform in all market conditions.

Executive Directors' remuneration for the 2021 financial year

We have summarised below the implementation of the 2018 Policy for Executive Directors in respect of the financial year. It was not necessary for the Committee to exercise discretion in relation to variable pay outcomes during the financial year.

Salary

As set out in the Directors' Remuneration Report for the year ended 31 March 2020 the Committee decided to defer the decision over base salary increases for both the Executive Directors for the 2021 financial year until such time as the Company's performance during the initial period of the pandemic had been able to be assessed. Taking into account our resilient performance throughout the pandemic, the Committee decided, in July 2020, that the increases for the 2021 financial year would be effective from 1 April 2020, in the normal course, and amounted to an increase of 5.5% for Andrew Coombs (£406,720 to £429,385) and 4.0% for Alistair Marks (€350,796 to €364,828).

These increases also partially helped to bring the Executive Directors in line with salary increases for the rest of the workforce (excluding senior management) over the period since the Company moved to the Main Markets in London and Johannesburg. The salaries from 1 April 2020 (converted to euros based on the exchange rate of 1.17, where relevant) were as follows:

Executive Director	Base salary at 1 April 2020
Andrew Coombs	€502,035
Alistair Marks	€364,828

As disclosed in the 2020 Directors' Remuneration Report the Committee considered these increases to be justified for several reasons because: (i) the maximum opportunity under the 2018 LTIP awards was reduced by 33% in 2020 as part of the planned transition to a more conventional pay structure in 2021; (ii) the CEO's base salary and total compensation, in particular, were markedly below the lower quartiles of a peer group of comparator companies, part of the reason for this lag being due to their having waived their proposed salary increases for the 2020 financial year in order that the 52 of the lowest paid workers be given higher salary increases; and (iii) significant progress had been made in the Group's development in recent years (which had increased the scope and complexity of the business and the role of the Executive Directors – this is discussed in more detail below).

Annual bonus outturn

The maximum bonus opportunity for the financial year was equal to 100% of base salary.

As a consequence of the Company's strong financial performance (as highlighted above) and excellent delivery around strategic and personal targets, Andrew Coombs and Alistair Marks both earned 100% of their maximum bonus opportunity, details of which are provided on pages 90 to 94. An explanation of how these targets align with the Group's Key Performance Indicators is provided on pages 92 and 93. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year as well as the experience of our shareholders and employees.

35% of the bonus will be deferred into shares, 50% of which will be released to the Executive Directors after one year and 50% after two years, subject to their continued employment.

LTIP awards with performance period ending during the year

The 2018 LTIP awards granted on 15 January 2019, in the form of nil-cost options, with a three year performance period from 1 April 2018 to 31 March 2021 vested in May 2021 at 100% of maximum. The Committee considers the level of pay-out is reflective of the outstanding overall performance of the Group over the performance period as well as the experience of our shareholders and employees. See page 94 for further details.

2018 LTIP awards

During the year, the third 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 95.

Chairman and Non-Executive Director fees

As set out in the Directors' Remuneration Report for the year ended 31 March 2020, it was considered increasing the Non-Executive Directors' base fee from £40,000 to £55,000, and supplementary fees for chairing the Audit or Remuneration Committee from £7,500 to £10,000 and for holding the office of Senior Independent Director from £5,000 to £10,000. However, it was decided to defer the decision to implement these increases for the 2021 financial year until such time as the Company's performance during the initial period of the pandemic had been able to be assessed. Taking into account our resilient performance throughout the pandemic, the Committee decided that the increases for the 2021 financial year should be implemented and take effect from the start of the 2021 financial year, in the normal course.

As the Chairman was only appointed in 2018, he confirmed that he did not wish his Chairman's fee to be reviewed for the FY 2021 year. However, it is the intention of the Committee to review his fees in FY 2022.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.17).

	Fees at 1 April 2020
Chairman fee	€140,400
Non-Executive Director fee	€64,350
Additional fee for Chair of the Audit Committee	€11,700
Additional fee for Chair of the Remuneration Committee	€11,700
Additional fee for Senior Independent Director	€11,700

Remuneration Policy

During the early part of 2021, the Committee undertook a full review of its Remuneration Policy, having regard to market practice and changes in best practice since 2018. As previously indicated, the intention with our new policy is to take a conventional approach suitable for a FTSE 250 company in all aspects of the reward structure. This has necessitated a rebalancing of the fixed and variable pay elements and alignment with best practice in line with the UK Corporate Governance Code, whilst ensuring we retain sufficient flexibility over the next three years to support the execution of our strategy.

The proposed changes to the Remuneration Policy also reflect that Sirius Real Estate has been one of the fastest growing listed real estate companies over the last few years. Since admission to the Main Market of the London Stock Exchange in March 2017, the Company's market capitalisation has increased from c.£430 million to just over £1 billion. The Company is now a constituent of the FTSE EPRA NAREIT Global Index, the US NAREIT Index, the South African Property Index and the FTSE 250 Index.

Since 2018, the complexity of the Company's operations has continued to increase. Some of the key developments have been:

» Sirius Real Estate owns and/or operates a portfolio worth around €1.68 billion, an increase of 68% (31 March 2018: €1 billion);

» Sirius owns and/or operates 68 business parks (an increase of 26% from 54);

» the Company has entered three new major markets, including Hamburg, one of the seven largest cities in Germany;

» the Company's investor base has increased significantly, including with North American investors now representing 10.5% of shareholders (up from 1%), and continental European investors 9% (up from 2%), requiring considerably greater management time;

» the Company has developed the Titanium venture with AXA IM Alts which has seven business parks worth €324 million, including the Augsburg transaction that was notarised in the period and completed in April 2021; and

» the importance of sustainability and Sirius reducing its environmental impact and footprint and IT systems and security (including remote working) has resulted in two major new business functions for which the CEO has direct responsibility. In particular, the CEO has taken on the Chair of the Sustainability and Ethics Committee and is leading the Group's initiatives in this important area.

The proposed changes to the current Remuneration Policy have been summarised below. How we propose to operate the policy for the year ending 31 March 2022 is set out on pages 79 to 81.

Reward element	2018 Policy	New Remuneration Policy
Salary	» Usually reviewed annually taking into account Group performance, role, experience and individual performance, competitive salary levels and market forces and pay and conditions elsewhere in the Group.	» No change.
Benefits	» Executive Directors currently receive private medical insurance, income insurance, death-in-service benefits and a company car. » Other benefits may be provided based on individual circumstances, for example relocation or travel expenses.	» No change.
Retirement benefits	» The maximum contribution level is set at 15% of salary.	» Pension for Executive Directors to be reduced in alignment with the majority of the wider workforce (9.7% of salary).

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration Policy continued

Reward element	2018 Policy	New Remuneration Policy
Annual bonus	» Maximum opportunity of 100% of salary. » 35% of bonus earned is normally deferred into shares, half of which are released after one year and the other half after two years, subject to remaining in employment. » At least 50% of the bonus will be based on profit related measures. » Malus and clawback provisions apply.	» The current annual bonus maximum, at 100% of salary, is positioned at the lower end of the market practice for a FTSE 250 company and below Sirius Real Estate's peers. The Committee considers it important to be able to be competitive with its peers over the next three years and the increase in the maximum bonus is intended to provide this flexibility under the new policy and therefore increased the maximum opportunity to 150% of salary. » To recognise the increase in the size and complexity of Sirius Real Estate, the intention is that the maximum bonus opportunity for both Executive Directors will increase to 125% of salary for the year ending 31 March 2022. The increase in quantum will be commensurate with an increase in the stretch in targets, in particular a stretch in the financial target compared to previous years, and a dedicated element of the bonus conditions will be to meet appropriately stretching ESG targets. » 35% of bonus earned is normally deferred into shares, half of which are released after one year and the other half after two years. A greater proportion of the bonus may be deferred with the agreement of the Executive Director. » At least 60% of the bonus will be based on financial measures. » For financial measures, no bonus is earned for threshold performance rising to a maximum of 50% of the bonus for on-target performance. » Malus and clawback provisions apply.
LTIP	» Maximum award to an Executive Director under the 2018 LTIP is three annual grants over a fixed number of shares. » Vesting by reference to performance over three, four and five years, each period beginning 1 April 2018. Two year holding period after vesting. » Performance measures: two-thirds Total Net Asset Value (plus dividends) and one-third relative TSR versus bespoke peer group. » Threshold vesting: 25% of maximum. » Malus and clawback provisions apply	» Maximum annual grant opportunity of 200% of salary. The Committee considers it important to be able to remain competitive with its peers over the next three years and this quantum will provide flexibility under the new policy, in addition to recognising Sirius Real Estate's increase in size and responsibilities of the Executive Directors' roles. » Three year performance period and two year holding period will apply. » Flexibility to set performance measures other than financial, i.e. strategic/individual measures, with at least 60% of the opportunity to be based on financial measures. No less than one-third to be based on relative TSR versus bespoke peer group. » Threshold vesting will be up to 25% of maximum.
Shareholding guidelines	» Executive Directors are expected to retain 50% of all shares acquired under the Deferred Bonus Plan and the Company's LTIP (after sales to cover tax) until such time as their holding has a value equal to 300% of salary.	» Executive Directors are expected to retain 100% of all shares acquired under the Deferred Bonus Plan and the Company's LTIP (after sales to cover tax) until such time as their holding has a value equal to or greater than 300% of salary.
Post-cessation shareholding guidelines	» 200% of salary for at least twelve months following the date of cessation for each Executive Director. 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.	» 200% of salary for two years following the date of cessation for each Executive Director. Shares are subject to this guideline only if they are acquired from share plan awards. Shares purchased by an Executive Director are not subject to this guideline.
Other governance changes	» Recovery provisions (malus and clawback) apply to the annual bonus and LTIP. » The Committee has discretion to amend annual bonus pay-outs should any formulaic output not reflect its assessment of performance.	» Recovery provisions will continue to apply, updated to enable their application in the event of serious reputational damage and material corporate failure. » The discretion to amend formulaic bonus pay-outs has been enhanced such that, in addition to an overall assessment of performance, an adjustment may be made in the event of circumstances that were unexpected or unforeseen at the start of the bonus year or where the Committee considers the pay-out to be inappropriate in the context of other relevant factors. A similar discretion is included for the 2021 LTIP.

Shareholder views

The Committee believes that ongoing dialogue with major shareholders in relation to Executive Director remuneration is of key importance and consulted with major shareholders and investor agencies in relation to the new Remuneration Policy. Having regard to feedback received, the Committee revised its initial proposals such that: (i) 35% of any bonus earned will be deferred into shares for all Executive Directors; (ii) until the shareholding guideline is met, Executive Directors are expected to retain all shares under the Deferred Bonus Plan and the Company's LTIP (after sales to cover tax), rather than the originally proposed 50% which applies under the 2018 Policy; (iii) the post-cessation shareholding guideline is set at 200% of salary for two years following cessation rather than the originally proposed twelve months which applies under the 2018 Policy, in order to align the guidelines with best practice; and (iv) no additional "exceptional circumstances" headroom has been included in the LTIP section of the Remuneration Policy, as had originally been proposed.

Engagement with dissenting shareholders following the previous AGM

Since the non-binding vote on Sirius's Remuneration report for the year ended 31 March 2020 garnered less than 75% of the votes exercised, Sirius invited dissenting shareholders through the LSE's Regulatory News Service and the JSE's Stock Exchange News Service to communicate their concerns/questions on the Remuneration report to Sirius' Company Secretary by email by no later than close of business (SAST) on Monday 10 August 2020. No shareholders took up this invitation. The Company also wrote to the Investment Association on 29 January 2021 in which it set out its proposals to introduce the new Remuneration Policy which it hoped would address concerns previously made by shareholders in relation to the 2018 Policy. This was published on the Company's website.

To enable effective two-way communication, Sirius urges shareholders to use the channels made available to them to engage with the Company.

Implementation of Remuneration Policy for the 2022 financial year

As part of the policy review the Committee has considered the positioning of both the fixed and variable pay elements of the remuneration package of our Executive Directors alongside their respective roles and responsibilities. Information on how the Company intends to implement the Remuneration Policy for the year ending 31 March 2022 is set out below:

Element	Application of the Remuneration Policy
Salary	Andrew Coombs' salary will be increased from £429,385 to £485,000 (c.13% increase) with effect from 1 April 2021. This increase takes into account the significantly increased role and corresponding responsibilities of the CEO role within Sirius Real Estate, which has seen a material change in the scale and complexity of the business, as outlined on page 76, and is expected to continue with our ambitious plans in the future. For reference, over the three and a half years to October 2020, being the period since the Company was admitted to the Main Market of the London Stock Exchange, the aggregate salary increase received by the wider workforce has been 19.3%. This equates to an average annual increase of 5.5%. Applying the same annual increase in the CEO's base salary over this period would have increased his base salary to £483,000. Therefore, the proposed increase for Andrew Coombs would now bring his salary in line with the average annual rate of increase received by the wider workforce. This does not include the expected future increase to workforce pay in FY 2022. Alistair Marks' salary will remain at €364,828 as of 1 April 2021 but will reduce to €320,000 from 1 October 2021 (c.12% decrease). This reflects the appointment of Diarmuid Kelly as Group Finance Director on 1 April 2021 which will allow Alistair to focus on acquisitions and disposals, the capex investment programmes and banking. Whilst Alistair remains as CFO, the Committee felt that a reduction in salary was appropriate to reflect the greater responsibility for the finance function being taken on by Diarmuid.
Pension	Pension for Executive Directors has been reduced from 15% of salary to be aligned with the rate available to the majority of the wider workforce (currently 9.7% of salary) with effect from 1 April 2021.

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation of Remuneration Policy for the 2022 financial year continued

Element	Application of the Remuneration Policy
Annual bonus	Up to a maximum of 125% of base salary for each Executive Director. The annual bonus will be subject to stretching performance conditions based on a combination of financial measures, strategic/personal objectives and ESG targets. The Committee considers the performance targets and objectives to be commercially sensitive, however there will be a stretch in the financial target compared to previous years and a new dedicated element of stretching ESG targets. Details of the performance targets and objectives, and performance against them, will be disclosed in the Directors' Remuneration Report for the year ending 31 March 2022, unless they are considered to remain commercially sensitive.

65% of the bonus earned will be paid in cash, with the remaining 35% deferred into shares (50% of which will be released to the Executive Directors after one year and 50% after two years).

The proposed performance measures and weightings for the FY 2022 bonus are as follows:

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

(1) Adjusted FFO is defined for the purposes of the bonus objectives as being funds from operations (as defined in the Glossary) adjusted for senior management bonus costs and accruals and excluding any acquisitions that may be made during the year to 31 March 2022 except for Essen which completed early in the reporting period. Profit and fees impacting funds from operations that relate to the Titanium venture with AXA IM Alts shall include those relating to the Augsburg acquisition but those from further acquisitions that may be made during the year to 31 March 2022 shall not be included. The adjusted FFO figure shall be further adjusted in such manner as is agreed with the Remuneration Committee for any disposals completed in the year to 31 March 2022.

Element	Application of the Remuneration Policy
LTIP award	Up to a maximum award level of 1,000,000 shares for Andrew Coombs and 580,000 shares for Alistair Marks, or 200% of salary at the time of award, whichever is the lower. Vesting of the awards will be subject to stretching performance measures and targets based on annualised TNR growth (two-thirds of maximum) and relative TSR (one-third of maximum). The performance measures will be assessed over three years and a two year holding period will then apply to any shares which vest. The targets for the 2022 LTIP grant are as follows:

Annualised TNR[1] growth over the performance period	Vesting percentage
< 7.5% p.a.	0% of maximum
7.5% p.a.	25% of maximum
7.5% p.a. >x< 10% p.a.	Pro rate vesting between 25% and 62.5% of maximum
10% p.a.	62.5% of maximum
10% p.a.>x< 13.5% p.a.	Pro rate vesting between 62.5% and 100% of maximum
13.5% p.a.	100% of maximum

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

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

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

(1) TSR peer group: Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, alstria office REIT-AG, Custodian REIT Plc, Warehouse REIT, Plc Regional REIT Ltd, Hamborner REIT AG, DIC Asset AG, VIB Vermögen AG, Urban Logistics REIT Plc, Stenprop Ltd, CLS Holdings Plc, Londonmetric Property Plc, Deutsche Industrie REIT-AG, McKay Securities Plc, Demire Deutsche Mittelstand Real Estate AG and Shurgard Self Storage SA.

It is expected future awards will have greater weighting towards relative TSR, but the Committee felt that the markets were insufficiently stable to justify increasing the weighting for this financial year.

Element	Application of the Remuneration Policy
Chairman and Non-Executive Director fees	The Committee intends to review the Chairman's fee in FY 2022. The basic fee for Non-Executive Director fees will be increased by 1% to £55,550, effective from 1 April 2021, in line with inflation. No increase will be made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director.

Additional disclosures

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

Committee evaluation

The Committee's performance was considered as part of the Board evaluation process, which is described in the Corporate governance report on page 62. I am pleased to report that the Board considers that the Committee continues to perform well in its role supporting the Board.

We hope that shareholders will support the proposed Remuneration Policy, the 2021 LTIP and the Annual Report on Remuneration at the AGM on 30 July 2021.

James Peggie
Chairman of the Remuneration Committee
4 June 2021

How the Committee operated during the year

Membership and attendance

Committee members as at 31 March 2021	Meeting attendance
James Peggie (Chairman)	6/6
Justin Atkinson(1)	1/1
Mark Cherry	6/6
Daniel Kitchen	6/6
Jill May(1)	1/1
Caroline Britton(2)	5/5
Kelly Cleveland(2)	5/5

(1) Justin Atkinson and Jill May stepped down from the Committee and the Board on 31 July 2020.

(2) Caroline Britton and Kelly Cleveland were appointed to the Committee and the Board on 1 June 2020.

Key focus areas

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

Area	Subject
Decisions relating to the Executive Directors	» Taking into account our resilient performance throughout the pandemic, approved salary increases effective from 1 April 2020 » Carried out a benchmarking exercise of Executive Director pay » Approved bonus outturns for FY 2020 and retention of 35% by deferral in shares through the Deferred Bonus Plan » Released the remaining 50% of FY 2018 Deferred Bonus Plan awards and the first 50% of FY 2019 Deferred Bonus Plan awards » Approved Ordinary Awards under 2018 LTIP and performance conditions » Set financial objectives and targets for FY 2021 bonuses
Decisions relating to other members of the Senior Management Team	» Approved outturns for FY 2020 bonuses and the percentage cash retention for one year » Released retained bonuses from FY 2019 » Set financial objectives for FY 2021 bonuses » Approved Ordinary Awards under 2018 LTIP and performance conditions » Assisted with and approved new remuneration packages and contract terms for the new C Suite Directors
Decisions relating to managers below Senior Management Team	» Inclusion of new members of the Senior Managers' Share Incentive Plan
Remuneration Policy	» Reviewed the Directors' Remuneration Policy and undertook shareholder and investor agency consultation in advance of seeking shareholder approval at the 2021 AGM
Governance	» Reviewed 2020 Directors' Remuneration Report » Reviewed workforce pay across the Group

Our approach to setting pay market reference points and peer groups considered by the Committee

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 allows them to share in the successful delivery of value to shareholders.

To ensure we maintain competitive, from time to time, the Committee benchmarks Executive Director pay. For the benchmarking exercise undertaken in 2020, the following market reference points were considered:

» market practice in FTSE 250 companies (excluding the top 50 companies in the FTSE 250), the index of which Sirius is a constituent; and

» market practice in an industry comparator group. Sirius provides branded business parks to the German SME market as well as larger tenants. The industry comparator group comprised the following companies that are listed on the London Stock Exchange or Frankfurt Stock Exchange: alstria office REIT-AG, Big Yellow Group Plc, Capital & Counties Properties Plc, CLS Holdings Plc, DIC Asset AG, Londonmetric Property Plc, McKay Securities Plc, RDI REIT Plc, Safestore Holdings Plc, Stenprop Ltd, St Modwen Properties Plc, VIB Vermögen AG and Workspace Group Plc.

While market data provides a valuable insight into pay levels and structures, the Committee recognises that benchmarking should not be the sole determinant when considering Executive Directors' remuneration. In line with Sirius Real Estate's general approach to setting pay, the Committee therefore considered many factors, alongside benchmarking, when reviewing the proposed revisions to the Remuneration Policy and implementation of the Remuneration Policy.

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

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

The 2018 Code applied to the Company from the start of 2020 financial year and we have reported compliance with the 2018 Code within our Corporate governance report on page 54.

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

Principle	Commentary
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We operate simple variable pay arrangements, which are subject to clear performance measures aligned with the Group's strategy and the interests of all stakeholders. Details of our remuneration arrangements are disclosed clearly and concisely.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Committee to have appropriate regard to risk considerations. Annual bonus deferral is in place for all Executive Directors. In addition, the large shareholdings of the Executive Directors and the operation of in-employment and post-employment shareholding guidelines further align the interests of our Executive Directors to serve the long-term interests of the Company and shareholders. The Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found on page 86.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Committee considers the approach to wider workforce pay and policies when determining the Directors' Remuneration Policy to ensure that it is appropriate in this context.
Alignment to culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	In determining the Remuneration Policy, the Committee was clear that this should drive the right behaviours, reflect our values and support the Group purpose and strategy. The Committee will review the remuneration framework regularly so that it continues to support our strategy.

Wider workforce remuneration and employee engagement

Sirius seeks to be an employer of choice for all of its employees. Compensation is therefore structured competitively within the market and is regularly reviewed in order to attract and retain talent. Although employees are not actively consulted on Directors' remuneration, as the Non-Executive Director designated under the 2018 Code for employee engagement, the Chairman, Daniel Kitchen, engages directly with employees on a range of topics of interest to them, including pay. This year the Chairman accompanied the CEO, Andrew Coombs, on a roadshow of twelve different sites where there was attendance by 80% of the workforce. Those who could not attend in person were provided with a presentation. The roadshow addressed the results of the annual employee survey, the alignment of Executive Director remuneration to Company performance and related targets for each employee, the focus on being an employer of choice and on FFO, gender pay balance, participation by employees in Company share plans, the Board's appreciation of employee efforts during the pandemic and planned changes to management structure in Germany.

There were open Q&A sessions on these and other topics of interest to colleagues and the CEO took away a number of topics for consideration as a result of the engagements, such as employee wellbeing initiatives, the continuing development and training of employees and the development of a Diversity and Inclusion Policy. Progress on these topics will be reported in the Annual Report 2022.

The Board and the Committee also receive updates from members of the Senior Management Team on workforce compensation and undertook an analysis of the average increase in workforce salaries since the move to the Main Markets in 2017, as part of their exercise in reviewing the Executive Directors' pay.

As described in the Sustainability report on page 31, the Group engages with colleagues through a number of formal and informal channels, including an annual employee survey, which explores a range of engagement, welfare and satisfaction areas.

Additionally, Share Incentive Plans are used by the Company to motivate, reward and retain key members of staff. In particular, we have in place a senior managers' Share Incentive Plan ("SIP") to create staff alignment with the Group and promote a sense of ownership. 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

This part of the Directors' Remuneration Report sets out Sirius Real Estate's Directors' Remuneration Policy which, subject to shareholder approval at the 2021 AGM, shall take effect from the close of that meeting. The Remuneration Policy has been determined independently by the Remuneration Committee.

The Remuneration Policy was adopted at the general meeting held on 5 December 2018 and reapproved on an advisory basis at the 2019 and 2020 AGMs in accordance with the requirements of the JSE Listings Requirements that the Remuneration Policy be put to a non-binding advisory vote each year. In line with typical UK practice, following the end of the three year period for which the Remuneration Policy originally approved in 2018 applied, the Remuneration Committee has reviewed the policy to ensure it remains fit for purpose. A summary of the principal changes made between the former Remuneration Policy and this Remuneration Policy is set out on pages 77 and 78. Other minor changes have been made to the former Remuneration Policy as a consequence of these principal changes, to aid the operation of the Remuneration Policy and to take account of developments in practice.

Executive Directors' Remuneration Policy

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

Fixed remuneration

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

Variable remuneration

Element, purpose and strategic link	Operation	Maximum opportunity and performance measures
Annual bonus Rewards performance against targets which support the strategic direction and financial performance of the Group. Deferral provides a retention element and direct alignment to shareholders' interests.	Awards are based on performance (typically measured over one financial year). Pay-out levels are normally determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend pay-outs if it considers that the formulaic output does not reflect its assessment of performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year, or is not appropriate in the context of other factors considered relevant by the Remuneration Committee. A proportion (normally up to 65%) of any bonus is paid in cash with the balance normally paid in the form of ordinary shares in the Company ("Shares"), half of which are usually deferred for one year and half for two years. A greater proportion of the bonus may be deferred with the agreement of the Executive Director. Additional shares may be delivered in respect of deferred bonus award shares to reflect dividends over the deferral period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the Remuneration Committee determines. Recovery provisions apply as referred to below.	The annual bonus opportunity is up to a maximum of 150% of base salary. However, for the year ending 31 March 2022, the Executive Directors' maximum award level will be capped at 125% of salary. The financial target will be stretched as compared to previous years (when the maximum bonus was 100% of salary) and a dedicated element of the bonus objectives will be based on appropriately stretching ESG targets. Targets are set annually and aligned with key financial, strategic and/or individual personal targets (including ESG targets) with the weightings between these measures determined by the Remuneration Committee each year considering the Group's priorities at the time. At least 60% of the bonus will be based on one or more financial measures. For the year ending 31 March 2022, 70% of the bonus will be based on financial measures. For financial measures, no bonus is earned for threshold performance, rising to a maximum of 50% of the bonus for on-target performance and to 100% of the maximum for the financial element for maximum performance. The performance measures chosen for the year ending 31 March 2022 are described on page 80. Vesting of the bonus in respect of strategic measures or individual objectives will be between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the relevant metric or objective has been met.
2021 LTIP To provide a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned to shareholders' interests.	The Remuneration Committee may grant awards as conditional shares or as nil (or nominal) cost options. Awards will usually vest following the assessment of the applicable performance measures, which will usually be assessed over three years, but will not be released (so that the participant is entitled to acquire shares) until the end of a holding period of two years beginning on the vesting date. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The Remuneration Committee has discretion to amend pay-outs if it considers that the formulaic output does not reflect its assessment of performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant, or is not appropriate in the context of other factors considered relevant by the Remuneration Committee. Additional shares may be delivered in respect of LTIP award shares to reflect dividends over the performance period and, if relevant, holding period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the Remuneration Committee determines. Recovery provisions apply as referred to below.	For the year ending 31 March 2022, the maximum award level will be: » 1,000,000 shares in the case of the CEO; and » 580,000 shares for the CFO, or, in either case and if lower, such number of shares as have a market value equal to 200% of salary. For any other year, the maximum award will be 200% of salary. For these purposes, the "market value" of a share will be the closing share price on the day of announcement by the Company of its results for the financial year preceding the year in respect of which the award is granted, unless the Remuneration Committee decides to determine market value on some other basis. Performance measures for LTIP awards will include financial measures (which may include, but are not limited to, Total Net Asset Value and Total Shareholder Return) and may include strategic measures (which may include ESG measures). At least 60% of the award will be subject to performance conditions based on financial measures and at least one-third will be based on a Total Shareholder Return measure. The performance measures chosen for the year ending 31 March 2022 are described on page 81. Subject to the Remuneration Committee's discretion to override formulaic outturns, awards will vest as to 25% for threshold performance, increasing to 100% for maximum performance.

Information supporting the Remuneration Policy table

Explanation of performance measures chosen

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

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

Recovery provisions

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

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

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

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

Shareholding guidelines during employment

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

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

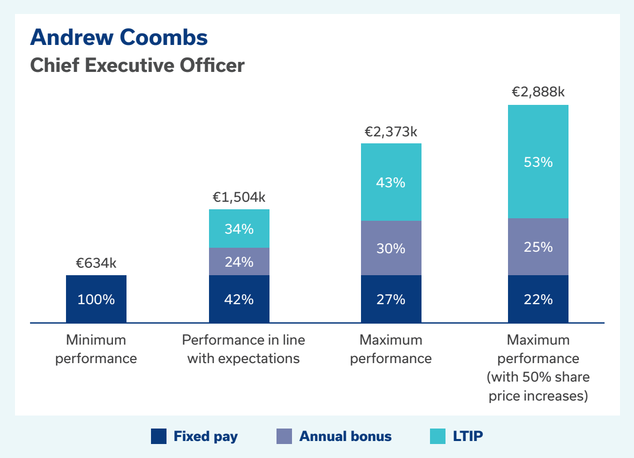
Shareholding guidelines after employment

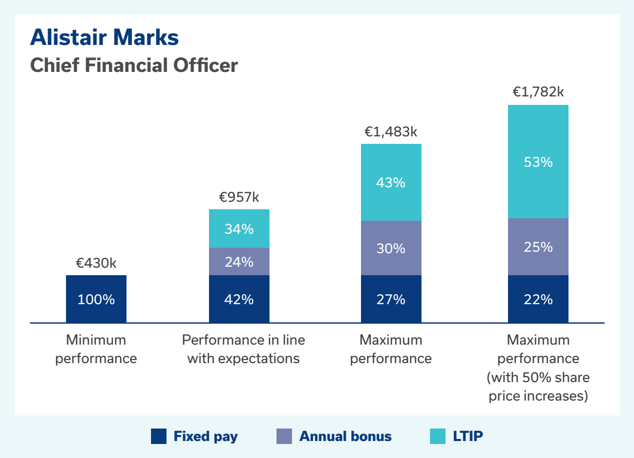
The Remuneration Committee has adopted a post-employment shareholding guideline. Shares are subject to this guideline only if they are acquired from share plan awards. Shares purchased by an Executive Director are not subject to this guideline.

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

Illustrations of application of Remuneration Policy

The following charts provide an illustration, for each of the Executive Directors, of the application of the Remuneration Policy for the year ending 31 March 2022. The charts show the split of remuneration between fixed pay (base salary, benefits and employer pension contributions/salary supplement), annual bonus and long-term incentive pay on the basis of minimum remuneration, remuneration receivable for performance in line with Sirius Real Estate's expectations, maximum remuneration and maximum remuneration assuming a 50% increase in the share price for the purpose of the LTIP element.





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

	Fixed pay	Annual bonus	LTIP
Minimum performance	Base salary (being the latest known salary as at 1 April 2021, converted into € at an exchange rate of 1.17 where necessary). Employer pension contributions at an assumed rate of 9.7% based on the latest known salary. Benefits as disclosed in the single figure table on page 90 for 2020/21.	No bonus.	No LTIP vesting.
Performance in line with expectations		Bonus equal to 62.5% of salary is earned (50% of maximum).	LTIP award granted over 1,000,000 shares in the case of Andrew Coombs and 580,000 shares in the case of Alistair Marks, with 50% of the shares vesting and a share valued at €1.03 (being the closing price of £0.88 on 31 March 2021 converted at an exchange rate of 1.17).
Maximum performance		Bonus equal to 125% of salary is earned (maximum bonus earned).	LTIP award granted over 1,000,000 shares in the case of Andrew Coombs and 580,000 shares in the case of Alistair Marks, with 100% of the shares vesting and a share valued at €1.03 (being the closing price of £0.88 on 31 March 2021 converted at an exchange rate of 1.17).
Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)			LTIP award granted over 1,000,000 shares in the case of Andrew Coombs and 580,000 shares in the case of Alistair Marks, with 100% of the shares vesting and a share valued at €1.03 (being the closing price of £0.88 on 31 March 2021 converted at an exchange rate of 1.17).

Non-Executive Directors' Remuneration Policy

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

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

Approach to recruitment remuneration

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

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

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension will only be provided in line with the above Remuneration Policy.
- The Remuneration Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus").
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short-term basis;
  - if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;

Approach to recruitment remuneration continued

- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
- if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Remuneration Committee.

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

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

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

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

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

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

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

Service contracts

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

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

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

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

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

2021 LTIP

Leaving before an award has vested

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

Committee also has discretion to release the award at another time (such as following the end of the performance period).

Leaving during the holding period

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

Other payments

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

Where the Remuneration Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

Where a "buyout" or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award.

Corporate events

In the event of a change of control of the Company or other relevant event:

» unvested awards under the 2021 LTIP will be released to the extent determined by the Remuneration Committee taking into account the relevant performance conditions and, unless the Remuneration Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the relevant performance period that has elapsed;

» awards under the LTIP which are in a holding period will be released to the extent already vested by reference to the performance conditions;

» deferred bonus awards will be released in full; and

» awards under the 2018 LTIP will be treated in accordance with the rules of that plan.

In appropriate circumstances, share plan participants may be invited (or required) to exchange their awards over Sirius Real Estate shares for equivalent awards over shares in the acquiring company.

There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or being terminated without notice in accordance with their terms.

Operation of share plans

The Remuneration Committee may operate the Company's share plans, as approved by shareholders where relevant, in accordance with their terms, including exercising any discretions available to them under the plans. Awards may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the relevant plan. Awards may be settled, in whole or in part, in cash, although the Remuneration Committee would only settle an Executive Director's award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares or as regards the tax liability arising in respect of the award.

Legacy arrangements

The Remuneration Committee retains discretion to make any remuneration payment or payment for loss of office outside the Remuneration Policy in this report and to exercise any discretion available in relation to any such payment:

» where the terms of the payment were agreed before the Remuneration Policy came into effect (including the satisfaction of awards granted under the 2018 LTIP); and

» where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a Director of the Company.

For these purposes, "payment" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Engagement with dissenting shareholders following the previous AGM

Since the non-binding vote on Sirius' Remuneration report for the year ended 31 March 2020 garnered less than 75% of the votes exercised, Sirius invited dissenting shareholders through the LSE's Regulatory News Service and the JSE's Stock Exchange News Service to communicate their concerns/questions on the Remuneration report to Sirius' Company Secretary by email by no later than close of business (SAST) on Monday 10 August 2020. No shareholders took up this invitation. The Company also wrote to the Investment Association on 29 January 2021 in which it set out its proposals to introduce the new Remuneration Policy to address concerns previously made by shareholders in relation to the 2018 Policy. This was published on the Company's website.

To enable effective two-way communication, Sirius urges shareholders to use the channels made available to them to engage with the Company.

Consultation with shareholders

The Remuneration Committee believes that ongoing dialogue with major shareholders in relation to Executive Director remuneration is of key importance, and consulted with major shareholders and investor agencies in relation to the new Remuneration Policy, finalising the proposals having regard to feedback received. The Remuneration Committee will consider shareholder feedback received on remuneration matters including issues raised at the Annual General Meeting as well as any additional comments received during any other meeting with shareholders. The Remuneration Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Annual Report on Remuneration, the Company will, in its voting announcement, pursuant to the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the Company, through dialogue, requesting written submissions or otherwise, in order to address shareholder concern, always with due regard to meeting the Company's stated business objectives whilst being fair and responsible.

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee considers the pay and employment conditions of Group employees generally and takes these into account when determining the remuneration of the Executive Directors. The level of salary increases of employees within the wider Group is considered when setting base salary for Executive Directors. The Remuneration Committee is also kept informed of general decisions made in relation to employee pay and related issues.

External appointments

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, they must first seek approval from the Chairman.

Annual report on remuneration

Single figure table

The following table sets out total taxable remuneration for each Director in respect of the year ended 31 March 2021 (converted, where relevant, to euros based on an exchange rate of 1.17 unless stated otherwise).

31 March 2021	Salary/fees	Benefits(3)	Pension(4)	Bonus(5)	LTIP(6)	**Total**	**Total fixed pay**	**Total variable pay**
Executive Directors								
Andrew Coombs	€502,035	€11,667	€71,379	€502,035	€1,708,650	**€2,795,766**	**€585,081**	**€2,210,685**
Alistair Marks	€364,828	€29,754	€54,723	€364,828	€1,708,650	**€2,522,783**	**€449,305**	**€2,073,478**
Non-Executive Directors								
Daniel Kitchen	€140,400	–	–	–	–	**€140,400**	**€140,400**	**–**
Justin Atkinson(1)	€25,350	–	–	–	–	**€25,350**	**€25,350**	**–**
Mark Cherry	€64,350	–	–	–	–	**€64,350**	**€64,350**	**–**
Jill May(1)	€21,450	–	–	–	–	**€21,450**	**€21,450**	**–**
James Peggie	€87,750	–	–	–	–	**€87,750**	**€87,750**	**–**
Caroline Britton(2)	€61,250	–	–	–	–	**€61,250**	**€61,250**	**–**
Kelly Cleveland(2)	€53,625	–	–	–	–	**€53,625**	**€53,625**	**–**

(1) Justin Atkinson and Jill May stepped down from the Board on 31 July 2020.

(2) Caroline Britton and Kelly Cleveland were appointed to the Board on 1 June 2020 and their fees reflect their roles since their appointment.

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

(4) Pension contribution was 15% of salary for each Executive Director.

(5) Includes the value of the bonus paid in cash and the value of the bonus deferred into shares, as described below.

(6) The LTIP figures relate to the 2018 LTIP granted in January 2019 which vested after a three year performance period and are calculated using a share price of €1.13, being the share price at the date of vesting (21 May 2021), converted to euros based on an exchange rate of 1.16.

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 an exchange rate of 1.12 unless stated otherwise).

31 March 2020	Salary/fees	Benefits(2)	Pension(3)	Bonus(4)	LTIP	Total	Total fixed pay	Total variable pay
Executive Directors								
Andrew Coombs	€455,526	€11,993	€68,329	€432,750	–	€968,598	€535,848	€432,750
Alistair Marks	€350,796	€28,855	€52,619	€333,256	–	€765,526	€432,270	€333,256
Non-Executive Directors								
Daniel Kitchen	€134,400	–	–	–	–	€134,400	€134,400	–
Justin Atkinson	€53,200	–	–	–	–	€53,200	€53,200	–
Mark Cherry(1)	€35,742	–	–	–	–	€35,742	€35,742	–
Jill May	€44,800	–	–	–	–	€44,800	€44,800	–
James Peggie	€58,800	–	–	–	–	€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 was 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 on page 88 of the 2020 Directors' Remuneration Report.

Additional disclosures in respect of the single figure table

Base salary

The salaries applicable at 1 April 2020 are shown below (converted to euros based on an exchange rate of 1.17, where relevant).

Executive Director	Base salary at 1 April 2020(1)
Andrew Coombs	€502,035
Alistair Marks	€364,828

(1) Further information in relation to the salaries for the year ended 31 March 2021 is set out on page 76. Note, Andrew Coombs is paid in sterling. The base salary increase for FY 2021 amounted to an increase of 5.5% for Andrew Coombs (£406,720 to £429,385) and 4.0% for Alistair Marks (€350,796 to €364,828).

Non-Executive Director fees

As set out in the Directors' Remuneration Report for the year ended 31 March 2020, the Chairman and CEO considered increasing the Non-Executive Directors' base fee from £40,000 to £55,000 and supplementary fees for chairing the Audit and Remuneration Committees from £7,500 to £10,000 and for holding the office of Senior Independent Director from £5,000 to £10,000. However, it was decided to defer the decision to implement these increases until there was greater certainty regarding the impact of Covid-19 on the business. Taking into account our resilient performance throughout the pandemic, the Committee decided that the increases for the 2021 financial year should be implemented and take effect from the start of the 2021 financial year, in the normal course.

As the Chairman was only appointed in 2018, he has confirmed that he did not wish his fee to be reviewed in the FY 2021 year. However, it is the intention of the Committee to review his fees in FY 2022.

Non-Executive Director fees are shown below (converted to euros based on an exchange rate of 1.17).

Executive Director	Fees at 1 April 2020
Chairman fee	€140,400
Non-Executive Director fee	€64,350
Additional fee for Chair of the Audit Committee	€11,700
Additional fee for Chair of the Remuneration Committee	€11,700
Additional fee for Senior Independent Director	€11,700

Taxable benefits

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

Annual bonus

For the year ended 31 March 2021, each of Andrew Coombs and Alistair Marks was awarded a bonus opportunity equal to 100% of base salary. As explained in the Directors' Remuneration Report for the year ended 31 March 2020, due to the uncertainty during the Covid-19 crisis, the Committee delayed its setting of targets for the Executive Directors' annual bonus plan for the 2021 financial year, until the overall picture became clearer. At the July Committee meeting the Committee agreed to base the 2020/21 annual bonuses 70% on Adjusted funds from operations ("Adjusted FFO"), 10% on other strategic objectives, and 20% on personal objectives (which included ESG objectives).

Adjusted FFO is used by the Board as a primary measure of the performance of the business, as it best reflects the changes in cash flow the Group is generating from its operations. It is the measure the Company uses to determine the level of dividend payable to its shareholders and cash flow from operations is a key factor in improving the value of the Group's properties, as valuers and potential buyers normally use a discounted cash flow model in determining values and offer prices. Adjusted FFO is defined for the purposes of the bonus objectives as being recurring profit before tax, adjusted for depreciation, amortisation of financing fees, senior management bonus costs and accruals and current tax receivable/incurred. In the calculation of Adjusted FFO for the purpose of the bonuses, the Committee has excluded acquisitions made during the year, to enable a like-for-like comparison with the previous year. Further information on its relationship with the Company's KPIs and its relevance as a short-term bonus performance measure is provided in the KPI section on pages 20 and 21 (Adjusted profit before tax and Dividend per share) and in the Dividend section of the Financial review on page 37.

2021	Weighting (% of salary)	Target range	Actual performance	Pay-out (% of salary)
Adjusted FFO	70%	€53.7m – €59.3m	€62.7m	70%
Strategic objectives	10%	See below	10%	10%
Personal objectives	20%	See below	20%	20%
Total	100%			100%

Annual bonus continued

Personal objectives and strategic objectives 2021 financial year – outturn

For the 2021 financial year, the Executive Directors both received the same strategic and personal objectives. Following comments received by shareholders that they prefer to see separate personal objectives for each Executive Director, the Committee considered this for the 2021 financial year and set the following objectives.

Executive Director	Objectives	Actual performance	Bonus earned (% of salary)
Strategic objectives			
BOTH	Increasing the gross asset value of the Titanium portfolio to a minimum of €325 million by 31 March 2021; and completing 75,000 sqm of refurbishment of lettable space pursuant to the capex investment programme.	10% – the Titanium portfolio grew to €324.2 million during the year and 101,566 sqm of refurbishment of lettable space was completed. In assessing the strategic objectives, the Committee took into account the significant outperformance of the capex investment programme and the fact that the performance of the portfolio was so close to €325 million. This was considered to be an exceptional performance given the Company held back from acquisitions for much of the first half of the year whilst assessing the impact of the pandemic. The Committee therefore determined that the strategic element of the bonus should vest in full.	10% of salary from a maximum of 10% of salary
Personal objectives			
BOTH	**Employees** Delivering a comprehensive training programme to employees (including senior management) of over 500 days.	644 days of training delivered including sessions to the Board of Directors as well as one-to-one training with the Senior Management Team.	2% of salary from a maximum of 2% of salary
Andrew Coombs	**Employees** Promoting staff wellbeing and encouraging charitable activities during the year. Obtaining and implementing staff feedback, with a focus on improving behaviours across the workforce. Developing and updating succession plans for all key roles within the operational business.	Berlin staff wellbeing promoted through free membership to local gym, free weekly yoga courses, free flu vaccinations and training in mental health resilience. Charitable activities during the year included employee donations to Berlin City Mission and Sirius' donation to Step, as well as the free supply of old computers to employees' children who underwent home schooling during Covid-19 lockdown and the registration of 54 employees as potential bone marrow donors for cancer patients in Germany. Feedback from the staff survey set overriding foundations to change and guide behaviours. Succession plans updated and presented to the Sirius Board; plans implemented included promotion of the C Suite Directors in Q4 of the financial year.	2% of salary from a maximum of 2% of salary
Alistair Marks	**Employees** Developing the personnel in the finance function and ensuring the function is fully resourced in line with the Company's growth targets.	Individual training delivered to the senior team and oversight of continued resourcing activities including the appointment of a newly created Head of Finance role.	2% of salary from a maximum of 2% of salary
Andrew Coombs	**Crisis management** Demonstrating effective leadership of the business throughout the Covid-19 crisis.	Evidenced by the results the Company has achieved together with the 99% approval rating in the staff survey specifically related to the question of effective leadership in the first wave of Covid-19.	4% of salary from a maximum of 4% of salary
Alistair Marks	**Crisis management** Reviewing and updating crisis management processes and procedures and business continuity planning.	Business continuity redesigned and implemented in the year and evidenced by the enabling of the entire workforce to work remotely during Covid-19. Set-up of dual connectivity into HQ. All core systems now replicated in the cloud to facilitate remote access with updates made every five minutes.	4% of salary from a maximum of 4% of salary

<table>
<tr><th>Executive Director</th><th>Objectives</th><th>Actual performance</th><th>Bonus earned (% of salary)</th></tr>
<tr><td>Andrew Coombs</td><td>Portfolio management
Delivering best in class experience to prospective customers, identifying and growing incremental revenue opportunities and identifying scale opportunities to grow the business and proceed with acquisitions/ disposals with appropriate return criteria.</td><td>Mystery shopping was not carried out in the year in question due to Covid-19 related restrictions; however, a new process to enable virtual viewings to take place was rolled out and although sales conversion fell below 10% during the first wave of Covid-19 a total of 160,000 sqm of new sales was achieved in the year with an overall sales conversion of 13%.
<table>
<tr><th></th><th>March 2020
€</th><th>March 2021
€</th><th>Increase
%</th></tr>
<tr><td>Parking income</td><td>3,939,452</td><td>4,202,648</td><td>7%</td></tr>
<tr><td>Conference and catering</td><td>1,101,642</td><td>1,359,335</td><td>23%</td></tr>
<tr><td>Virtual office</td><td>434,203</td><td>580,177</td><td>34%</td></tr>
</table>
Completion of the sale of Weilimdorf together with the acquisition of a total of six assets totalling €126 million.</td><td>4% of salary from a maximum of 4% of salary</td></tr>
<tr><td>Alistair Marks</td><td>Portfolio management
Identifying and growing incremental revenue opportunities and modelling the Company's growth plans, updating these in line with activities in the portfolio and financing opportunities.</td><td>Company forecast model prepared and presented to the Board regularly. Company growth opportunities (acquisitions, disposals, financings and refinancings) modelled and presented alongside base case.
<table>
<tr><th></th><th>March 2020
€</th><th>March 2021
€</th><th>Increase
%</th></tr>
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<tr><td>Virtual office</td><td>434,203</td><td>580,177</td><td>34%</td></tr>
</table></td><td>4% of salary from a maximum of 4% of salary</td></tr>
<tr><td>Andrew Coombs</td><td>Reporting
Delivering a comprehensive investor and analyst engagement programme, including investor visits, site tours and conferences. Delivering an engaging programme for Board meetings, including presentations by senior staff and external advisers on current and relevant topics, as well as Board visits and tours.</td><td>Undertook over 150 meetings with people in five different countries as well as making various presentations at events hosted by EPRA, Berenberg, Peel Hunt and Panmure Gordon. In addition, three new analysts were recruited to provide coverage on Sirius.

Members of the Sirius Board were hosted during visits to Germany on three separate occasions and a series of presentations were made to the Sirius Board by four different senior members of staff as well as SIFA, our specialist ESG external adviser, Panmure Gordon, the Company's external IR adviser, and HSBC, the Company's appointed financial adviser.</td><td>4% of salary from a maximum of 4% of salary</td></tr>
<tr><td>Alistair Marks</td><td>Reporting
Developing and delivering an improved Board reporting pack and delivering a high-quality Annual Report and Company presentations, implementing feedback from proxy agencies and investors and developments in ESG reporting requirements and keeping the website engaging and relevant.</td><td>Streamlined management accounts developed and implemented during the year.

Engaged FTI to oversee changes to presentations and website that have generated positive feedback from shareholders. Clean audit report received with no unadjusted errors.

Engagement of SIFA to assist with the development of new reporting to be included in the Annual Report and Accounts 2021 (reporting on carbon emissions), where we will now report carbon emissions (scopes 1, 2 and 3) for the first time and are working towards TCFD, to be reported on in 2022. Alignment of Company pensions occurring in FY 2022 and as regards the "Living Wage", the Remuneration Committee recently received a paper that demonstrated that Sirius pays well above the German statutory minimum.</td><td>4% of salary from a maximum of 4% of salary</td></tr>
<tr><td>Andrew Coombs</td><td>ESG
Incorporating ESG factors in investments, refurbishment and development projects and property management decisions.

Providing training in ESG factors to key staff involved in relevant activities.</td><td>ESG factors now included in all papers relating to acquisitions, including Sirius Board recommendation papers.

The Board of Directors, regional managers, and the marketing and development teams all underwent initial ESG training in the year.

In terms of governance issues the whole Company has undergone GDPR training along with training in Anti-Bribery and Corruption ("ABC") alongside the recent introduction of our ABC Policy. In terms of the social aspect all staff were trained in relation to the Company's approach to diversity (which is in line with the German Charter of Diversity).</td><td>4% of salary from a maximum of 4% of salary</td></tr>
<tr><td>Alistair Marks</td><td>Financial
Ensuring appropriate funding is available to support the Company's growth plans and implement tax review and associated restructuring of the corporate structure.</td><td>Extensive work done to deliver the corporate level investment grade rating from Fitch and stable BB+ rating from S&P. Bayern LLB loan repaid upon maturity to facilitate unsecured debt options.

All PwC recommendations fully implemented and presented to the Audit Committee.</td><td>4% of salary from a maximum of 4% of salary</td></tr>
</table>

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual bonus continued

Personal objectives and strategic objectives 2021 financial year – outturn continued

By reference to the achievement of each Executive Director against their strategic/personal objectives detailed in the table above, the bonus earned in respect of their achievement against these strategic and personal objectives is 100% of salary and 100% of salary for Andrew Coombs and Alistair Marks respectively.

Based on this performance, Andrew Coombs and Alistair Marks both earned a bonus of 100% of their respective salaries. The Committee considers the level of pay-out is reflective of the outstanding overall performance of the Group in the year as well as the experience of our shareholders and employees. 65% of the bonus earned is paid in cash with the remaining 35% deferred into a share award under the Deferred Bonus Plan, half of which vests after one year and half of which vests after two years, with the benefit of dividend equivalents (paid in shares) in respect of dividends paid on the deferred shares over the deferral period.

			Bonus deferred into shares	
Executive Director	Bonus earned	Bonus paid in cash	Vesting after one year	Vesting after two years
Andrew Coombs(1)	€502,035	€326,323	€87,856	€87,856
Alistair Marks	€364,828	€237,138	€63,845	€63,845

(1) Converted to euros based on the exchange rate of 1.17.

LTIP awards vesting in respect of the year ended 31 March 2021

The 2018 LTIP awards granted to each of Andrew Coombs and Alistair Marks on 15 January 2019, in the form of nil-cost options, with a performance period which ended on 31 March 2021 vested in May 2021. As shown in the table below, the 2018 LTIP award vested at 100% of the maximum number of shares.

Award	Weighting % of award	Performance measure	Threshold	Target	Maximum	Actual	Number of shares vesting
Ordinary Award	Two-thirds	Annualised TNR(1) growth	7.5%: 166,667 shares vest for each award	10%: 483,333 shares vest for each award	13.5%: 800,000 shares vest for each award	17.3%	800,000
	One-third	Relative TSR(2) against the peer group	Median: 83,333 shares vest for each award	n/a	Upper quartile: 400,000 shares vest for each award	Ranked 2, Upper quartile	400,000
Outperformance Award	100%	Annualised TNR growth	13.5%: nil shares vest for each award	n/a	15%: 300,000 shares vest for each award	17.3%	300,000
							1,500,000

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

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

The vesting of the 2018 LTIP award was subject to a requirement that the Company's LTV ratio policy over the applicable performance period in the opinion of the Committee had not been materially exceeded. In addition to this, the Committee considered the underlying performance of the Group during the performance period, taking into account overall business performance and whether there has been a significant negative event (such as an ESG event) which would warrant an adjustment. The Committee concluded that the LTV policy had not been exceeded and that there had not been any negative event warranting adjustment. Accordingly, it confirmed the proposed vesting outcome of 100% of the maximum number of shares to be appropriate.

The awards are subject to a two year holding period following vesting. The rules of the 2018 LTIP and the Company's Directors' Remuneration Policy permit that holding period to be operated on the basis that the shares cannot be acquired until the end of it, or that they can be acquired following vesting but that the shares acquired must (other than any sold to cover tax liabilities) be retained until the end of it.

Therefore, the vesting for each Executive Director will be:

Executive Director	Number of awards granted	Vesting (% maximum)	Total number of shares vesting	Total estimated value of award on vesting
Andrew Coombs	1,500,000	100%	1,500,000	€1,708,650
Alistair Marks	1,500,000	100%	1,500,000	€1,708,650

The value of the vesting awards is based on the share price at the date of vesting (21 May 2021), being €1.1391, converted to euros based on the exchange rate of 1.16. The estimated value of the vesting awards has been included within the "single figure" total remuneration table on page 90.

The 2018 LTIP awards were granted when the share price was €0.62. Therefore, the amount of the vested award attributable to share price appreciation was €0.52 per share (not taking into account fluctuations in exchange rates).

LTIP awards granted during the year ended 31 March 2021

Awards were granted to the Executive Directors (and other members of the Senior Management Team) on 15 June 2020 under the 2018 LTIP, as set out in the table below. Each award was granted in the form of a nil-cost option.

Executive Director	Type of award	Maximum number of shares	Face value at grant[(1)]	% of award vesting at threshold	% of CEO's salary[(2)]	Performance period
Andrew Coombs	Ordinary Award	1,000,000	€877,500	25%	173%	1 April 2018–31 March 2023
Alistair Marks	Ordinary Award	1,000,000	€877,500	25%	238%	1 April 2018–31 March 2023

(1) For these purposes, the face value of the award is calculated by multiplying the number of shares by €0.87 (being the share price at the date of grant), converted to euros based on the exchange rate of 1.17.

(2) The maximum cap on the face value of awards at grant was 300% of the CEO's salary at the date of grant.

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") 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 "Ordinary 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. No "Outperformance Award" was granted in respect of the 2021 financial year.

Performance measure	Threshold	Target	Maximum
Annualised TNR[(1)] growth over the performance period (two-thirds 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 (one-third 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 Aroundtown 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 which may be operated as referred to above in relation to the awards granted in previous years under the 2018 LTIP. In the event of cessation of employment, the holding period is replaced by a post-cessation shareholding guideline as detailed in the Remuneration Policy.

Deferred Bonus Plan awards granted in the year

The following nil-cost options were granted on 15 June 2020 under the Deferred Bonus Plan in respect of bonuses earned for the period ended 31 March 2020.

	Type of award	Maximum number of shares awarded	Face value at grant[(1)]
Andrew Coombs	Nil-cost option	173,890	€158,244
Alistair Marks	Nil-cost option	134,238	€122,144

(1) For these purposes the face value of the award is calculated by multiplying the number of shares by £0.7777 (being the share price at 15 June 2020, converted to euros based on the exchange rate of 1.17).

On 15 June 2021, 50% of the shares will vest (rounded down to the nearest whole share where necessary) with the remaining balance vesting on 15 June 2022. Dividend equivalents will be settled in shares in respect of dividends paid over the deferral period.

Payments made to former Directors during the year

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

Payments for loss of office made during the year

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Shareholding guidelines and statement of Directors' shareholdings and share interests

In respect of the financial year ended 31 March 2021, the Company's shareholding guidelines required Executive Directors to have acquired and retained a holding with a value equal to 300% of salary. Unvested share-based incentives do not count towards the guidelines. Shares which are vested but have not been released (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 2021 (or on retirement date, if earlier) were as set out below. Andrew Coombs' and Alistair Marks' shareholding as a multiple of salary is 1,748% times and 1,896% times respectively (calculated using the share price as at 31 March 2021 of £0.888 and using an exchange rate of 1.17). The shareholding guidelines have been met by the Executive Directors. There have been no changes to those interests between 31 March 2021 and the date of signing of these financial statements.

Share ownership

	Shares owned as at 31 March 2020	Shares owned as at 31 March 2021
Executive Directors		
Andrew Coombs(1)	9,058,564	**8,447,714**
Alistair Marks(1)	7,070,828	**6,659,078**
Non-Executive Directors		
Daniel Kitchen	100,000	**100,000**
Justin Atkinson(2)	87,000	**—**
James Peggie	1,346,428	**1,374,536**
Jill May(2)	—	**—**
Mark Cherry	—	**—**
Caroline Britton(3)	n/a	**—**
Kelly Cleveland(3)	n/a	**—**

(1) Andrew Coombs and Alistair Marks encumbered 3.0m shares and 6.03m shares respectively. In both cases the encumbrances were for a rolling credit facility of up to £1.0m (Andrew Coombs) and £1.75m (Alistair Marks) for private purposes and for an indefinite period.

(2) Justin Atkinson and Jill May stepped down from the Committee and the Board on 31 July 2020.

(3) Caroline Britton and Kelly Cleveland were appointed to the Committee and the Board on 1 June 2020.

Share plan interests

Director	Award	Date of grant	Number of shares subject to award as at 1 April 2020	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 2021**	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	102,941	–	–	(102,941)	**–**	Vested(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	–	–	(106,651)	**106,652**	Unvested, not subject to performance conditions(4)
	2020 LTIP	15 June 2020	–	1,000,000	–	–	**1,000,000**	Unvested, subject to performance conditions(5)
	2020 DBP	15 June 2020	–	173,890	–	–	**173,890**	Unvested, not subject to performance conditions(6)
Alistair Marks	2018 LTIP	15 January 2019	1,500,000	–	–	–	**1,500,000**	Unvested, subject to performance conditions(1)
	2018 DBP	4 June 2018	77,659	–	–	(77,659)	**–**	Vested(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	–	–	(81,268)	**81,268**	Unvested, not subject to performance conditions(4)
	2020 LTIP	15 June 2020	–	1,000,000	–	–	**1,000,000**	Unvested, subject to performance conditions(5)
	2020 DBP	15 June 2020	–	134,238	–	–	**134,238**	Unvested, not subject to performance conditions(6)

(1) These awards are subject to performance conditions as set out on page 94. The awards vested on 21 May 2021 as to 100%.

(2) 50% of the shares vested on 4 June 2019; the remaining 50% of the shares vested on 4 June 2020.

(3) These awards are subject to performance conditions as set out on page 84 of the Annual Report and Accounts for the year ended 31 March 2020.

(4) 50% of the shares vested on 14 June 2020; the remaining 50% of the shares will vest on 14 June 2021.

(5) These awards are subject to performance conditions as set out on page 94.

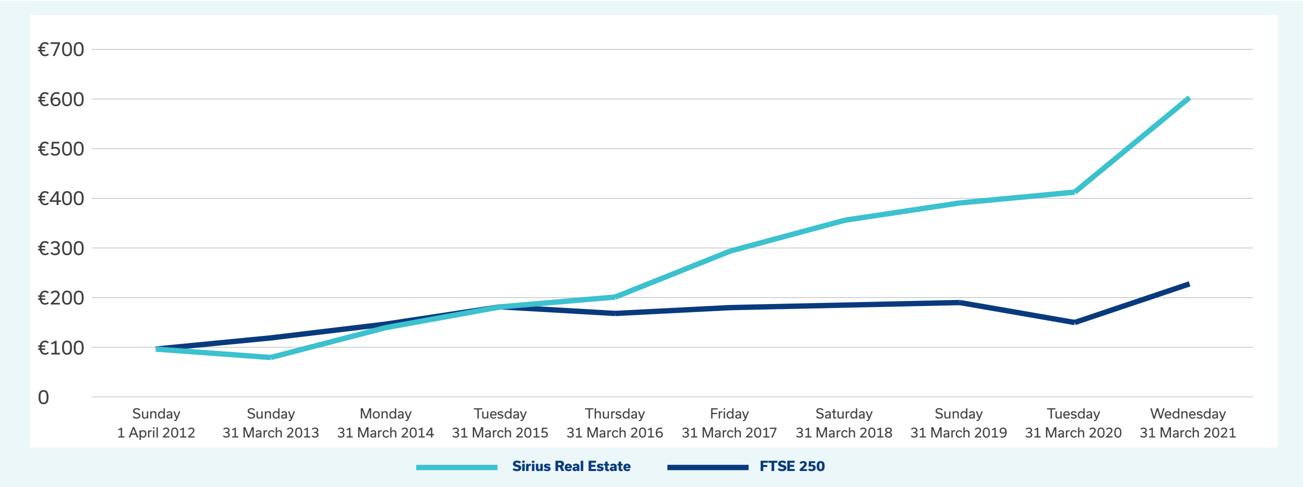
(6) These awards will vest in respect of 50% of the shares on each of 15 June 2021 and 15 June 2022.

Implementation of Directors' Remuneration Policy for the 2022 financial year

Information on how the Company intends to implement the new Remuneration Policy, subject to shareholder approval at the 2021 AGM, for the financial year ending 31 March 2022 is set out in the Committee Chairman's letter on page 75.

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 2021. 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 2021 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 five(1) financial years is shown below. The annual bonus pay-out and LTIP vesting level as a percentage of the maximum opportunity are also shown.

Year ended 31 March	Total remuneration €	Annual bonus (% maximum)	LTIP vesting (% maximum)
2021	2,795,766	100%	100%
2020	968,598	95%	–
2019	6,631,533	95%	96%(2)
2018	989,175	100%	–
2017	906,143	83%	–

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

(2) The 2015 LTIP vested in full in this year, having only had one single award grant in 2015. 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 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.

	2021 €000	2020 €000	% change
Dividend payments	**37,596**	35,906	4.71%
Total employee pay	**22,262**	18,923	17.65%

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 2021. 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 £18,750 for the year ended 31 March 2021. Deloitte was appointed by the Committee and has provided share scheme advice and general remuneration advice to the Company.

Statement of voting at the previous Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out the actual voting in respect of the non-binding 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 31 July 2020.

Resolution	Votes for	% of votes	Votes against	% of votes	Votes withheld
Remuneration Policy	506,455,738	74.03%	177,621,580	25.97%	5,362,178
Remuneration Report	573,297,154	83.81%	110,780,164	16.19%	5,362,178

In accordance with the JSE Listings Requirements, as the non-binding advisory vote at the 2020 AGM on the Remuneration Policy was voted against by more than 25% of the votes exercised at the meeting by the Company's shareholders, the Company extended an invitation to dissenting shareholders to engage with the Committee. No shareholders responded to the invitation. We have, however, engaged extensively with shareholders and investor agencies over their concerns and considered them during our review of the Remuneration Policy in 2021.

Shareholder engagement

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

Approved by the Board on 4 June 2021.

James Peggie
Chairman of the Remuneration Committee
4 June 2021

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

Daniel Kitchen
Chairman
4 June 2021

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

for the year ended 31 March 2021 (additional declaration as required by the rules of the JSE Limited)

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 112 to 115, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Andrew Coombs
CEO
4 June 2021

Alistair Marks
CFO
4 June 2021

DIRECTORS' REPORT

The Directors submit their report with the audited financial statements for the year ended 31 March 2021. 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 2021.

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 2021 set out on pages 112 to 155, 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 112.

The Group's profit after tax for the year was €147.6 million (2020: €98.1 million).

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing 65% of FFO, an increase of 10.0% on the equivalent dividend last year, which represented 65% of FFO. The total dividend for the year is 3.80c, an increase of 6.4% on the 3.57c total dividend for the year ended 31 March 2020, based also on 65% of FFO. The Group has not received any state financial assistance in connection with the Covid-19 crisis.

It is expected that, for the dividend authorised in respect of the six-month period ended 31 March 2021, the ex-dividend date will be 7 July 2021 for shareholders on the South African register and 8 July 2021 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 9 July 2021 and the dividend will be paid on 19 August 2021. A detailed dividend announcement is expected to be made on 14 June 2021, including details of a scrip dividend alternative.

The Group dividend policy is stated in the Financial review on page 37. Dividends are expected to continue being paid in cash on a semi-annual basis and shareholders may also be offered a scrip alternative. The Board confirms the use of distribution per share as the relevant measure of financial results for the purposes of trading statements to comply with the JSE Listings Requirements.

Corporate governance

Details of how the Board has applied the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") are set out in the Corporate governance report on pages 53 to 63.

Articles of Incorporation

A copy of the Articles of Incorporation is available to download from the Company's website, www.sirius-real-estate.com. The Articles of Incorporation may only be amended by a special resolution of the Company's members.

Share capital

Details of the issued share capital, together with details of shares issued during the year, are set out in note 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 2021 by the Employee Benefit Trust as described above was €111,200 (2020: €52,500). 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 2020 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 2021 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 2020 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 2021 AGM.

A scrip dividend authority was approved at the 2020 AGM and the Directors are seeking this authority again at the 2021 AGM.

DIRECTORS' REPORT CONTINUED

Directors

Details of the Directors who served during the financial year and their meeting attendance are set out on page 56 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 re-election at the AGM on 30 July 2021. 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 2021 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 2021 are set out in the Directors' Remuneration Report on page 96. None of the Directors serving at the year-end had a beneficial interest in≈the share capital of any subsidiary company.

Directors' indemnity and insurance

The Company has made third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report. The Company maintains directors' and officers' liability insurance for its Directors and officers.

Substantial shareholders

At 31 March 2021, 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	106,082,195	10.07%
Standard Life Aberdeen Plc	121,749,643	11.56%
Bank of Montreal	55,078,726	5.23%

(1) As at date of notification and (2) as at 31 March 2021.

As at 31 March 2021, 98 non-public owners held 1.97% of shares (there are no Treasury Shares), which includes those shares held by Executive and Non-Executive Directors, and there were 7,468 public shareholders holding 98.03%.

Going concern

The Group has prepared its going concern assessment for the period to the end of June 2022 (the "going concern period"). The Group's going concern assessment is based on the same financial model that supported the Group's going concern and viability statement detailed within its Annual Report and Accounts 2020, updated on the basis of the assumptions set out below. It considers the Group's principal risks and uncertainties set out on pages 38 to 47 and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 23) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants. The Group's secured debt typically contains soft covenants that result in operational restrictions through placing cash in restricted accounts, and hard covenants that, if breached, represent default events unless cured with partial loan repayments. The cash flow projections also made assumptions on future trading performance, capital expenditure, and potential valuation movements in order to estimate the level of headroom on facilities and covenants relating to loan to value and interest cover ratios.

In considering going concern, the Directors reviewed a detailed base case scenario and a severe but plausible downside scenario provided by Management which modelled the effects of severe and more realistic assumptions. These take into account a potential downturn in the Group's performance, including as a result of the potential impact of Covid-19 on the Group's financial position and future prospects.

The impact of Covid-19 on the business in the year to 31 March 2021 did not indicate any deterioration in the Group's income streams or falls in asset values, both of which increased in the period. The assumptions included in the severe but plausible downside scenario relating to the going concern period included:

» reduction in occupancy from 87% at March 2021 to 82% in March 2022 and further reduction to 81% occupancy from April 2022 to the end of the going concern period;

» reduction in service charge recovery from 90% at March 2021 to 85% in March 2022 and further reduction to 84% recovery from April 2022 to the end of the going concern period;

» reduction in investment property values by 5% in the going concern period;

» no acquisitions over and above those legally committed to;

» continuation of forecasted capex investment; and

» continuation of forecasted dividend payments.

The Group assessed the impact of the severe but plausible downside scenario on its loan covenant positions. The Group's loan to value covenants are tested based on the valuation relevant to the covenant test as set out in the respective loan agreements.

Based on unrestricted cash at 31 March 2021 amounting to €49.3 million and the results of the severe but plausible scenario analysed above, the Directors consider that the Group has sufficient cash resources to remedy any breaches of its loan covenants in the going concern period that arise under the assumptions made above. In addition, the Group has available a fully committed but as yet undrawn capex facility amounting to €13.1 million, flexibility in determining whether to make dividend payments and the possibility to restrict capital expenditure to that of a non-discretionary nature in the unlikely event mitigating actions are required within the going concern period. In addition, the Group has 19 unencumbered assets with a book value of €245.5 million as of 31 March 2021.

The Directors also evaluated potential events and conditions beyond 30 June 2022 that may cast significant doubt on the going concern assessment, specifically, the ability of the Group to refinance or extend the €51.0 million SEB AG loan in September 2022. The Directors are of the view that they have a realistic prospect of securing this refinancing or an alternative source of secured or unsecured funding, a judgment which was informed by the Group's financial forecasts and their discussions with finance providers. Should the debt not be refinanced or extended alternative options could be considered, including the use of mitigating factors referred to above. The mitigating factors are within the control of the Directors and there is sufficient time for such mitigating factors to be implemented, if required.

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 the going concern period. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP valued the Group's owned properties, including assets held for sale, at €1,350.8 million as at 31 March 2021 (2020: €1,189.5 million). After adjusting investment properties for lease incentive accounting, the value of investment properties is shown as €1,347.2 million (2020: €1,186.2 million) in the consolidated statement of financial position.

(ii) Net assets

The investment property valuation has been incorporated into the financial statements for the year ended 31 March 2021 and the net assets of the Group at that date amounted to €926.8 million (2020: €801.8 million).

Treasury operations and financial instruments

The Group's policy in relation to financial risk management and the use of financial instruments is set out in notes 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, AXA IM Alts, may exercise a right to acquire the subsidiaries' shares in the Titanium portfolio at fair value.

No agreement between any Director and the Company provides for compensation for loss of office or employment in the event of a takeover of the Company, except for provisions in the rules of the Company's share plans which may result in the vesting of options or awards granted to employees on a takeover.

Political donations

No political donations or contributions were made during the year by the Company or any subsidiary company to any political party, candidate or holder of public office.

Annual General Meeting

The Company's Annual General Meeting will be held at 11.00 am (UK time) on Friday 30 July 2021 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 30 July 2021 that Ernst & Young LLP ("EY") be reappointed as auditors of the Company. EY are accredited as an audit firm by JSE Limited.

The Directors who held office at the date of approval of the financial statements confirm that, so far as they are each aware:

» there is no relevant audit information of which the Company's auditors are unaware; and

» each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company auditors are aware of that information.

By order of the Board

Anthony Gallagher

Anthony Gallagher
Company Secretary
4 June 2021

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Financial statements

INDEPENDENT AUDITORS' REPORT
to the members of Sirius Real Estate Limited

Opinion

We have audited the financial statements of Sirius Real Estate Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2021 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 33, 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 2021 and of its profit for the year then ended;

» have been properly prepared in accordance with International Financial Reporting Standards; and

» have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

» We assessed the risk around going concern at planning, the interim review and again at the year-end phases of the audit.

» We performed our own independent risk assessment of going concern, including considering the completeness of risks identified in Management's assessment.

» 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 and income levels and the impact of a fall in property valuations on compliance with loan covenants.

» We assessed the adequacy of the going concern review period to the end of June 2022, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate

» We obtained the base case scenario and the severe but plausible downside scenario covering the going concern period prepared by Management and provided to the Board. We assessed whether the scenarios were sufficient and suitable to allow Management to form their view on going concern and tested the mathematical accuracy of the models.

» We challenged the appropriateness of each of the key assumptions through agreeing them to supporting evidence and searching for contradictory evidence, using our understanding of the Group's business, evidence gained during the audit and our industry and sector knowledge. We considered the historical forecasting accuracy when assessing Management's ability to forecast and the appropriateness of the forecasts.

» We challenged Management's consideration of the severe but plausible downside scenario, using our Chartered Surveyors and Debt Advisory Specialists to assess the stress tests applied to forecast reductions in property valuations and forecast assumptions on debt refinancing. We applied further sensitivities where appropriate to stress test the impact on forecast available cash.

» We checked the modelled details of the lending terms and covenants back to lender agreements, verifying the key terms and confirming the availability of the debt facilities in the going concern period.

» We performed testing to evaluate whether the covenant requirements of the debt facilities would be breached under the severe but plausible downside scenario prepared by Management and applied additional stress tests to observe their impact on liquidity. We performed additional reverse stress testing for further falls in valuations and occupancy and income levels and evaluated the impact on the Group's covenants and liquidity. In assessing the likelihood of these scenarios, we considered the perspective of our Chartered Surveyors, assessed the impact of the timing of these events and understood the availability of mitigating actions to be taken.

» We identified debt facilities maturing shortly after the going concern period and challenged Management's plans to refinance this debt or repay it if a refinance is not possible. We considered the appetite in the German debt market and used our Debt Advisory Specialists to conclude on the likelihood of refinancing options being available. We assessed the availability of cash in the severe but plausible downside scenario, including the reasonableness of mitigating actions and whether there was sufficient cash to repay the debt if required.

» We reviewed the disclosures in the Annual Report and Accounts 2021 in relation to going concern with a view to assessing whether they appropriately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken.

Our key observations on going concern include;

» Under the severe but plausible downside scenario, soft covenant breaches are forecast. The loan agreements allow for remediation of the breaches through cash being placed into restricted accounts.

» Management have looked beyond the going concern review period and considered the debt repayment falling due in September 2022. Management are considering a range of options in relation to the repayment of this facility, if the intended refinancing does not go ahead.

INDEPENDENT AUDITORS' REPORT CONTINUED
to the members of Sirius Real Estate Limited

Conclusions relating to going concern continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period to 30 June 2022. Going concern has also been determined to be a key audit matter.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	» Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This included the Group audit team performing direct audit procedures on associate balances included within the Group financial statements.
Key audit matters	» The valuation of the investment property portfolio » Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives » Assessment of uncertain tax positions
Materiality	» Overall Group materiality of €15.1m (2020: €13.9m) which represents 1% of total assets (1% of total assets) was applied to balances related to investment properties, loans and derivatives » Specific materiality of €3.0m (2020: €2.6m) which represents 5% of adjusted profit before tax (2020: 5% of adjusted profit before tax) was applied to account balances not related to investment properties, loans, or derivatives

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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The valuation of the investment property portfolio 2021: €1,362m (2020: €1,194m) in investment properties, €nil (2020: €10m) included within assets held for sale and €244m (2020: €229m) included in investments in associates Refer to the Audit Committee report (pages 64 to 69); Accounting policies (pages 116 to 123); Note 13 of the Financial Statements (pages 134 to 136) and Note 17 of the Financial Statements (pages 138 to 139) The valuation of the investment property portfolio (including investment properties held in investments in associates) requires significant judgement and use of estimates by Management and the external valuer. Any input inaccuracies or unreasonable bases used in these judgements (such as in respect of market rental income and yields applied) could result in a material misstatement of the income statement and balance sheet. There is also a risk that Management may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations or bonus targets.	Our audit procedures in respect of the valuation of investment property included: » We performed a walkthrough of the valuation process and methodology, evaluating the Group's controls over data used in the valuation of the investment property portfolio and Management's review of the valuations. » We evaluated the competence of the external valuer which included consideration of their qualifications and expertise. » We selected a sample based on factors including size, risk, type of property and location, which in total comprised 59% 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 our sample. Our Chartered Surveyors assessed the yield of each property against available market evidence and/or asset specific considerations. They also assessed whether the other assumptions applied by the external valuer, such as the market rental income and voids were supported by available market data. This included assessing the 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. » We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio by reference to movements in yields and rents during the year and their impact on the valuation, along with asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We challenged Management and their external specialist with our audit findings, including contradictory evidence to obtain further understanding of the movements in values. » We obtained a confirmation from the external valuer that they had not been subject to undue influence from Management. » We utilised our analytical procedures and work of the Chartered Surveyors described above in order to assess for evidence of undue Management influence. » We performed live virtual site visits accompanied by our Chartered Surveyors for a sample of properties, to confirm existence and state of repair of the properties. **Scope of our procedures** We performed full scope audit procedures over the valuation of all investment properties, including those classified within the investment in associates.	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 2021. Our Chartered Surveyors concluded that the sample of valuations they reviewed were within a reasonable range. We concluded that the investment property valuations are reasonable and did not identify evidence of undue Management influence. We have reviewed the disclosures in the financial statements and consider them appropriate.

INDEPENDENT AUDITORS' REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives 2021: €105m rental and other income and €60m service charge income (2020: €97m rental and other income and €53m service charge income) Refer to the Audit Committee report (pages 64 to 69); Accounting policies (pages 116 to 123); and Note 5 of the Financial Statements (page 124) Market expectations and profit based targets may place pressure on Management to distort revenue recognition. This may result in overstatement of revenues to assist in meeting current or future targets or expectations.	Our audit procedures over revenue recognition included: » We evaluated the Group's controls over revenue recognition and the treatment of rents which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. » We selected a sample of lease agreements and agreed the terms per the lease agreements to the data input into the property management system, including lease incentive clauses. We agreed a sample of service charge income balances in the year to the supporting terms of the lease agreements, invoices raised and cash collections. » 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 anchor testing from rental agreements to cash combined with three way journal correlation using data analytics. This provided substantive evidence on occurrence and measurement of revenue, with some evidence on completeness of processing. » We agreed a sample of lease agreements to the revenue recognised, after considering the straight-lining of revenue in accordance with IFRS 16 – Leases. » For the service charge income, we analysed and compared our expectation to actual service charge income recognised in the ledger. We reviewed the service charge calculation and allocation to tenants and the recoverability of historic service charge debtors. We selected a sample of service charge expense balances in the year, agreeing it to supporting third party documentation and tracing through to the expected recovery of service charge income. » We assessed whether the revenue recognition policies adopted complied with IFRS through sample testing transactions to determine the underlying accounting treatment applied. » We performed testing over the appropriateness of manual journals posted to revenue specifically designed to address the risk of management override of controls. **Scope of our procedures** The whole Group was subject to full scope audit procedures over revenue.	We audited the timing of revenue recognition, treatment of rents, service charge income and lease incentives and assessed the risk of management override. Based upon the audit procedures performed, we have concluded that revenue, service charge income and the lease incentives have been recognised on an appropriate basis in the year.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of uncertain tax positions 2021: €16m total tax charge (2020: €13m), €2m current tax liability (2020: €1m) and €56m deferred tax liability (2020: €42m) Refer to the Audit Committee report (pages 64 to 69); Accounting policies (pages 116 to 123); and Note 10 of the Financial Statements (pages 129 to 130) Management 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, 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 Management's 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.	Our audit procedures 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. The tax specialists applied their experience and knowledge of the Group and each tax jurisdiction to assess those risks identified by management are complete. The tax specialists assessed Management's judgments through reviewing tax advice provided to the Group, inspected documentation from the respective tax authorities to conclude on our opinion. » We evaluated the process by which Management, in conjunction with their advisors, assessed uncertain tax positions and their assessment of tax risks arising in the Group. » We obtained Management's assessment for uncertain tax positions and their calculations for the expected outcome. The assessment of tax risks included in the Group arise from multiple tax jurisdictions. We 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 accounting treatment applied is consistent with the tax advice obtained and relevant tax legislation. We considered the completeness through searching for contrary evidence identified in the audit, inspection of Board Minutes for any additional tax cases and review of journal entries. » We assessed and formed our own views on the key judgements with respect to open and uncertain tax positions. We did this through reading the correspondence with tax authorities, validating the assumptions and challenging the conclusions reached. » 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 for the assessment of uncertain tax positions.	As a result of the procedures performed in relation to the assessment of uncertain tax positions we concluded that the amounts provided 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.

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 €15.1m (2020: €13.9m), which is 1% of total assets (2020: 1% of total assets). We determined that the total assets balance is the most appropriate basis for determining overall materiality given that the Group's primary focus is its investment property portfolio and the key users of the Group's financial statements are focussed on the total asset portfolio of the Group. 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 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 5% of adjusted profit before tax, amounting to €3m (2020: €2.6m). 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 concluded that 1% of total assets remained the appropriate measurement basis.

INDEPENDENT AUDITORS' REPORT CONTINUED
to the members of Sirius Real Estate Limited

An overview of the scope of our audit continued

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.

Performance materiality and specific performance materiality was 75% (2020: 50%) of our planning materiality, namely €11.4m (2020: €6.8m) and €2.3m (2020: €1.3m) respectively.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that performance materiality for the Group has been increased from 50% to 75% of planning materiality for the 2021 audit. We have deemed this increase appropriate based on our expectations of identifying material misstatement and the control environment supporting the prevention of material misstatement.

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 €0.8m (2020: €0.7m), as well as audit differences in excess of €0.2m (2020: €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 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 156 to 165, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

» proper accounting records have not been kept by the Company; or

» the financial statements are not in agreement with the Company's accounting records and returns; or

» we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

» Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 102 to 103;

» Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 48;

» Directors' statement on fair, balanced and understandable set out on page 100;

» Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 38;

» The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 64 to 66; and

» The section describing the work of the audit committee set out on pages 66 to 67.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 100, 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 and the Company'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 the Company 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

An overview of the scope of our audit continued

Auditor's responsibilities for the audit of the financial statements continued

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and Management.

» We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, The Companies (Guernsey) Law, 2008, the UK Corporate Governance Code and The King IV Report for Corporate Governance™ for South Africa 2016), the relevant tax regulations in the jurisdictions the Group operates in, the General Data Protection Regulation (GDPR), Health & Safety Regulations and the Bribery Act. There are no significant industry specific laws or regulations that we considered in determining our approach;

» We understood how Sirius Real Estate Limited is complying with those frameworks through enquiry with Management, and by identifying the Group's policies and procedures regarding compliance with laws and regulations. We also identified those members of Management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, as well as consideration of the results of our audit procedures across the Group to either corroborate or provide contrary evidence which was then followed up. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour;

» We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by reviewing the Group's risk register and through enquiry with Management and the Audit Committee during the planning and execution phases of our audit. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how Management monitors those programmes and controls;

» Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations that could give rise to a material misstatement in the annual report. Our procedures involved:

  – Enquiry of Management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;

  – Reading minutes of meetings of those charged with governance;

  – Obtaining electronic confirmations from the Group's banking providers to vouch the existence of cash balances and completeness of loans, borrowings and other treasury positions such as derivatives;

  – Obtaining and reading correspondence from legal and regulatory bodies, including the Financial Reporting Council (FRC), the London Stock Exchange (LSE), the Johannesburg Stock Exchange (JSE) and tax authorities in all jurisdictions the Group operates in; and

  – Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

» Following the recommendation from the Audit Committee we were appointed by the Company in 2018 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the years ending 31 March 2019, 2020 and 2021.

» The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

» The audit opinion is consistent with the additional report to the Audit Committee

Use of our report

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

Daniel Saunders
for and on behalf of Ernst & Young LLP
London
4 June 2021

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 2021

	Notes	**Year ended 31 March 2021 €000**	Year ended 31 March 2020 €000
Revenue	5	**165,361**	150,014
Direct costs	6	**(71,541)**	(64,672)
Net operating income		**93,820**	85,342
Gain on revaluation of investment properties	13	**99,585**	55,789
Gain on disposal of properties		**54**	86
Gain on loss of control of subsidiaries	6	**65**	6,323
Administrative expenses	6	**(27,823)**	(21,175)
Share of profit of associates	17	**4,977**	2,129
Operating profit		**170,678**	128,494
Finance income	9	**2,712**	1,031
Finance expense	9	**(9,869)**	(18,383)
Change in fair value of derivative financial instruments	9	**136**	(377)
Net finance costs		**(7,021)**	(17,729)
Profit before tax		**163,657**	110,765
Taxation	10	**(16,097)**	(12,620)
Profit and total comprehensive income for the year after tax		**147,560**	98,145
Profit and total comprehensive income attributable to:			
Owners of the Company		**147,451**	98,136
Non-controlling interest		**109**	9
Total comprehensive income for the year after tax		**147,560**	98,145
Earnings per share			
Basic earnings per share	11	**14.16c**	9.55c
Diluted earnings per share	11	**13.96c**	9.44c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Notes	31 March 2021 €000	31 March 2020 €000
Non-current assets			
Investment properties	13	**1,362,192**	1,193,915
Plant and equipment	15	**2,682**	2,374
Intangible assets	19	**6,568**	5,724
Right of use assets	16	**1,919**	2,440
Other non-current assets	18	**44,960**	39,013
Investment in associates	17	**17,202**	12,306
Total non-current assets		**1,435,523**	1,255,772
Current assets			
Trade and other receivables	20	**18,731**	15,048
Derivative financial instruments		**70**	89
Cash and cash equivalents	21	**65,674**	121,263
Total current assets		**84,475**	136,400
Assets held for sale	14	**—**	10,100
Total assets		**1,519,998**	1,402,272
Current liabilities			
Trade and other payables	22	**(50,527)**	(56,780)
Interest-bearing loans and borrowings	23	**(9,114)**	(32,026)
Lease liabilities	16	**(5,857)**	(5,562)
Current tax liabilities		**(2,063)**	(779)
Derivative financial instruments		**(414)**	(412)
Total current liabilities		**(67,975)**	(95,559)
Non-current liabilities			
Interest-bearing loans and borrowings	23	**(458,940)**	(448,202)
Lease liabilities	16	**(9,130)**	(13,588)
Derivative financial instruments		**(797)**	(956)
Deferred tax liabilities	10	**(56,331)**	(42,151)
Total non-current liabilities		**(525,198)**	(504,897)
Total liabilities		**(593,173)**	(600,456)
Net assets		**926,825**	801,816
Equity			
Issued share capital	26	**—**	—
Other distributable reserve	27	**449,051**	470,151
Own shares held	26	**(2,903)**	(1,515)
Retained earnings		**480,385**	332,934
Total equity attributable to the owners of the Company		**926,533**	801,570
Non-controlling interest		**292**	246
Total equity		**926,825**	801,816

The financial statements on pages 112 to 115 were approved by the Board of Directors on 4 June 2021 and were signed on its behalf by:

Daniel Kitchen
Chairman

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

	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 2019		–	491,010	–	234,798	725,808	237	726,045
Share-based payment transactions	8	–	1,985	–	–	1,985	–	1,985
Own shares purchased		–	–	(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
Share-based payment transactions	8	–	3,148	–	–	3,148	–	3,148
Own shares purchased	26	–	–	(1,613)	–	(1,613)	–	(1,613)
Own shares allocated	26	–	–	225	–	225	–	225
Dividends paid	28	13,169	(37,417)	–	–	(24,248)	(63)	(24,311)
Transfer of share capital	28	(13,169)	13,169	–	–	–	–	–
Total comprehensive income for the year		–	–	–	147,451	147,451	109	147,560
As at 31 March 2021		**–**	**449,051**	**(2,903)**	**480,385**	**926,533**	**292**	**926,825**

* 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 2021

	Notes	**Year ended 31 March 2021 €000**	Year ended 31 March 2020 €000
Operating activities			
Profit for the year after tax		**147,560**	98,145
Taxation	10	**16,097**	12,620
Gain on disposal of properties		**(54)**	(86)
Gain on loss of control of subsidiaries		**(65)**	(6,323)
Share-based payments	8	**3,148**	1,985
Gain on revaluation of investment properties	13	**(99,585)**	(55,789)
Change in fair value of derivative financial instruments	9	**(136)**	377
Depreciation of property, plant and equipment	15	**669**	662
Amortisation of intangible assets	19	**897**	914
Depreciation of right of use assets	16	**521**	522
Share of profit of associates	17	**(4,977)**	(2,129)
Finance income	9	**(2,712)**	(1,031)
Finance expense	9	**9,869**	9,276
Exit fees/prepayment of financing penalties	9	**—**	9,107
Changes in working capital			
Increase in trade and other receivables		**(2,518)**	(5,530)
Increase in trade and other payables		**2,913**	10,080
Taxation paid		**(632)**	(1,460)
Cash flows from operating activities		**70,995**	71,340
Investing activities			
Purchase of investment properties		**(35,484)**	(120,434)
Proceeds from loss on control of subsidiaries (net of cash disposed)		**65**	14,348
Proceeds from sale of loans to associates		**—**	29,280
Capital expenditure on investment properties		**(31,104)**	(31,620)
Purchase of plant and equipment and intangible assets		**(2,718)**	(2,684)
Proceeds on disposal of properties (including held for sale)	13, 14	**30**	9,090
Proceeds on disposal of plant and equipment		**—**	185
Increase in loans receivable		**(5,950)**	(21,438)
Interest received		**1,627**	1,031
Cash flows used in investing activities		**(73,534)**	(122,242)
Financing activities			
Shares purchased		**(1,613)**	(406)
Dividends paid to owners of the Company	28	**(24,248)**	(22,844)
Dividends paid to non-controlling interest		**(63)**	—
Payment of principal portion of lease liabilities		**(5,681)**	(5,559)
Proceeds from loans		**20,000**	187,451
Repayment of loans		**(33,753)**	(15,050)
Exit fees/prepayment of financing penalties		**—**	(525)
Finance charges paid		**(7,692)***	(11,184)*
Cash flows (used in)/from financing activities		**(53,050)**	131,883
(Decrease)/increase in cash and cash equivalents		**(55,589)**	80,981
Cash and cash equivalents as at the beginning of the year		**121,263**	40,282
Cash and cash equivalents as at the year end	21	**65,674**	121,263

* Including capitalised loan issue cost of €134,000 (2020: €2,402,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2021.

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 2021 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

There were several new and amendments to standards and interpretations which are applicable for the first time for the Group from 1 April 2020. The applicable new and amendments to standards for the Group are disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. See note 2(aa).

Amendments to IFRS 3: Definition of a Business

The amendments to IFRS 3 Business Combinations clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, they clarify that a business can exist without including all of the inputs and processes needed to create outputs.

The other key amendments include:

» removal of the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;

» adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

» narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs; and

» adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any acquisition. The Group expects that the amendments will reduce the number of transactions that are accounted for as a business combination.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

(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 2020, 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.

2. Significant accounting policies continued

(d) Going concern

The Group has prepared its going concern assessment for the period to the end of June 2022 (the 'going concern period'). The Group's going concern assessment is based on the same financial model that supported the Group's going concern and viability statement detailed within its Annual Report and Accounts 2020, updated on the basis of the assumptions set out below. It considers the Group's Principal Risks and Uncertainties set out on pages 38 to 47 and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 23) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants. The Group's secured debt typically contains soft covenants that result in operational restrictions through placing cash in restricted accounts, and hard covenants that, if breached, represent default events unless cured with partial loan repayments. The cash flow projections also made assumptions on future trading performance, capital expenditure, and potential valuation movements in order to estimate the level of headroom on facilities and covenants relating to loan to value and interest cover ratios.

In considering going concern, the Directors reviewed a detailed base case scenario and a severe but plausible downside scenario provided by Management which modelled the effects of severe and more realistic assumptions. These take into account a potential downturn in the Group's performance, including as a result of the potential impact of Covid-19 on the Group's financial position and future prospects.

The impact of Covid-19 on the business in the year to 31 March 2021 did not indicate a deterioration in the Group's income streams or falls in asset values, both of which increased in the period. The assumptions included in the severe but plausible downside scenario relating to the going concern period included:

» reduction in occupancy from 87% at March 2021 to 82% in March 2022 and further reduction to 81% occupancy from April 2022 to the end of the going concern period;

» reduction in service charge recovery from 90% at March 2021 to 85% in March 2022 and further reduction to 84% recovery from April 2022 to the end of the going concern period;

» reduction in investment property values by 5% in the going concern period;

» no acquisitions over and above those legally committed to;

» continuation of forecasted capex investment; and

» continuation of forecasted dividend payments.

The Group assessed the impact of the severe but plausible downside scenario on its loan covenant positions. The Group's loan to value covenants are tested based on the valuation relevant to the covenant test as set out in the respective loan agreements.

Based on unrestricted cash at 31 March 2021 amounting to €49.3 million and the results of the severe but plausible scenario analysed above, the Directors consider that the Group has sufficient cash resources to remedy any breaches of its loan covenants in the going concern period that arise under the assumptions made above. In addition, the Group has available a fully committed but as yet undrawn capex facility amounting to €13.1 million, flexibility in determining whether to make dividend payments and the possibility to restrict capital expenditure to that of a non-discretionary nature in the unlikely event mitigating actions are required within the going concern period. In addition, the Group has 19 unencumbered assets with a book value of €245.5 million as of 31 March 2021.

The Directors also evaluated potential events and conditions beyond 30 June 2022 that may cast significant doubt on the going concern assessment, specifically, the ability of the Group to refinance or extend the €51.0m SEB AG loan in September 2022. The Directors are of the view that they have a realistic prospect of securing this refinancing or an alternative source of secured or unsecured funding, a judgement which was informed by the Group's financial forecasts and their discussions with finance providers. Should the debt not be refinanced or extended alternative options could be considered, including the use of mitigating factors referred to above. The mitigating factors are within the control of the Directors and there is sufficient time for such mitigating factors to be implemented, if required.

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 the going concern period. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

(e) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2021. 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

Where a property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

2. Significant accounting policies continued

(f) Acquisitions continued

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary. IFRS 3 Business Combinations sets out an optional concentration test designed to simplify the evaluation of whether an acquired set of activities and assets is not a business. An acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Where such acquisitions are not deemed to be an acquisition of a business, they are not treated as business combinations. Instead, they are treated as asset acquisitions, with the cost to acquire the corporate entity being allocated between the identifiable assets and liabilities of the entity based on their relative fair values on the acquisition date. Accordingly, no goodwill arises.

(g) Foreign currency translation

The consolidated financial information is presented in euros, which is the functional and presentational currency of 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 is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group mainly generates revenue from contracts with customers for services rendered to tenants including management charges and other expenses recoverable from tenants ("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 income, fee income and other income from managed properties

As the Group derives income and incurs expenses relating to properties it manages but does not own, such income and expense is disclosed separately within revenue and direct costs. Income relating to managed properties is accounted for according to revenue recognition accounting policies set out above.

Interest income

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

2. Significant accounting policies continued

(i) Leases

Group as lessor

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

Group as lessee

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

For all contracts that meet the definition of leases according to IFRS 16, the Group, at the commencement date of the lease (i.e. the date the underlying asset is available for use), recognises lease liabilities equal to the present value of the future lease payments, discounted to reflect the term-specific incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Lease liabilities are subsequently increased by the periodic interest expenses and reduced by the lease payments made during the financial year.

Correspondingly, right of use assets are initially recognised at cost under IFRS 16 which is the amount of the lease liabilities (plus any advance payments that have already been made or any initial direct costs). Subsequently, the right of use assets are generally measured at cost, taking depreciation (calculated straight line over the lease term) and impairments into account and are presented separately in the statement of financial position except for right of use assets that meet the definition of IAS 40 Investment Property (IAS 40) which are presented as investment property and subsequently measured at fair value in line with the measurement rules set out in IAS 40.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a case-by-case basis and are only taken into account if their use is sufficiently probable.

The Group utilises the recognition exemptions provided by IFRS 16 and does not apply IFRS 16 to leases with a contractual term of twelve months or less 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 and with leases of low-value assets are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

2. Significant accounting policies continued

(l) Investment properties

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

Investment properties owned by the Group are initially recognised at cost, including transaction costs when the control of the property is transferred. Where recognition criteria are met, the carrying amount includes subsequent costs to add to or replace part of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. 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 2021 is based on a valuation carried out at that date by Cushman & Wakefield LLP (2020: Cushman & Wakefield LLP), an independent valuer, on the basis of highest and best use. The valuation is in accordance with standards complying with the Royal Institute of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been set by the International Valuation Standards Committee.

The Cushman & Wakefield LLP valuation is based upon assumptions including those relating to current rental rates, market rental rates, occupancy, gross initial yields, discount factors and void periods. The properties are valued on the basis of a ten to fourteen year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten to fourteen year period. After ten to fourteen years, a determining residual value (exit scenario) is calculated, discounted to present value.

Investment properties relating to leased assets were initially recognised on 1 April 2019 in accordance with IFRS 16 (see policy in note 2(i)). Subsequent to initial recognition, investment properties relating to leased assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in 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 2021 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.

2. Significant accounting policies continued

(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 ten years
Fixtures and fittings	three to fifteen years

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

(p) Intangible assets

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

2. Significant accounting policies continued

(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 2021 will be approved and recognised in the financial year ending 31 March 2022.

(y) Impairment excluding investment properties

(i) Financial assets

A financial asset (excluding financial assets at fair value through profit and loss) is assessed at each reporting date to determine whether there is any impairment. The Group recognises an allowance for expected credit losses (ECLs) for all receivables and contract assets held by the Group. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms and that are not recognised separately by the Group.

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

Impairment losses are recognised in profit or loss in the statement of comprehensive income. For more information refer to note 6. Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended.

(ii) Non-financial assets

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in 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.

2. Significant accounting policies continued

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below, if they are expected to have an impact on the Group's financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

» what is meant by a right to defer settlement;

» that a right to defer must exist at the end of the reporting period;

» that classification is unaffected by the likelihood that an entity will exercise its deferral right; and

» that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current accounting policies.

IFRS 9 Financial Instruments – fees in the "10%" test for derecognition of financial liabilities

As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

(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). Note 11 to the financial statements includes a reconciliation of basic and diluted earnings to EPRA earnings.

EPRA introduced three new features of the net asset valuation metrics, which replace EPRA NAV for accounting periods commencing in January 2020: EPRA net reinstatement value, EPRA net tangible assets and EPRA net disposal value. The Directors have disclosed the three new EPRA measures in note 12 and disclose EPRA net tangible assets as the primary EPRA measure. For further explanation, please see note 12.

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 considers whether the Group assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

3. Significant accounting judgements, estimates and assumptions continued

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 (2020: 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 €1,347.2 million (2020: €1,176.1 million) as disclosed in note 13.

The Cushman & Wakefield LLP valuation is based upon assumptions including those relating to current rental rates, market rental rates, occupancy, gross initial yields, discount factors and void periods. The properties are valued on the basis of a ten to fourteen year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten to fourteen year period. After ten to fourteen years, a determining residual value (exit scenario) is calculated, discounted to present value.

The fair value of the Group's leased investment properties was determined by the Group. The book value of leased investment properties is shown as €15.0 million (2020: €17.8 million) 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. 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, 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 Management's judgement of the probable amount of the liability or expected amounts recoverable.

Deferred tax assets and liabilities require management judgement in determining the amounts, if any, to be recognised. In particular, judgement is required when assessing the extent to which deferred tax assets should be recognised, taking into account the expected timing and level of future taxable income. Deferred tax assets are only recognised when management believe they will be recovered against future taxable profits.

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 and historical trends and take into account market conditions at the time of recording.

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

Cash Flow and Covenant Compliance Forecasts

Cash flow forecasts and covenant compliance forecasts are prepared by management to assess the going concern assumption and viability of the Group. Estimations of future revenue and expenditure are made to determine the expected cash inflows and outflows, considering expectations for occupancy levels, forecast expenditure and the current market climate. The impact of the forecasted cash flows and underlying property valuations are considered when assessing forecast covenant compliance and anticipated levels of headroom on the Group's debt facilities.

Refer to note 2(d) for further details, which includes the assessment of forecasted cash flows and covenant compliance in Management's going concern assessment.

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 2021 €000	Year ended 31 March 2020 €000
Rental and other income from investment properties	**95,288**	89,132
Service charge income from investment properties	**51,041**	48,069
Rental and other income from managed properties	**9,699**	7,846
Service charge income from managed properties	**9,333**	4,967
Total revenue	**165,361**	150,014

Other income relates primarily to income associated with conferencing and catering of €2,314,000 (2020: €1,961,000) and fee income from managed properties of €7,338,000 (2020: €1,521,000).

6. Operating profit

The following items have been charged in arriving at operating profit:

Direct costs

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Service charge costs	**56,184**	55,557
Costs relating to managed properties	**11,274**	6,539
Non-recoverable maintenance	**4,083**	2,576
Direct costs	**71,541**	64,672

Gain on loss of control of subsidiaries

On 31 July 2019 the Company completed the Titanium venture with AXA IM Alts which included the sale of 65% of the Company's interest in five subsidiary companies holding business park assets located in Berlin, Nuremberg, 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.

Administrative expenses

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Audit and non-audit fees to audit firm	**683**	560
Legal and professional fees	**2,778**	2,467
Expected credit loss provision (see note 24)	**1,791**	118
Other administration costs	**2,781**	1,018
LTIP and SIP	**3,395**	1,985
Employee costs	**11,109**	10,701
Director fees and expenses	**493**	379
Depreciation of plant and equipment (see note 15)	**669**	662
Amortisation of intangible assets (see note 19)	**897**	914
Depreciation of right of use assets (see note 16)	**521**	522
Marketing	**2,009**	1,889
Selling costs relating to assets held for sale	**—**	65
Exceptional items	**697**	(105)
Administrative expenses	**27,823**	21,175

Exceptional items relate to costs directly attributable to Covid-19 which are mainly costs for signage and hygiene products in amount of €200,000, an adjustment for a legal case in amount of €247,000 and costs for an internal restructuring in amount of €250,000 (2020: legal claim accrual release). 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 2021 €000	Year ended 31 March 2020 €000
Audit fees to audit firm:		
Audit of consolidated financial statements	**532**	410
Audit of subsidiary undertakings	**88**	87
Non-audit fees to audit firm:		
Other assurance services	**63**	63
Total fees	**683**	560

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

7. Employee costs and numbers

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Wages and salaries	**19,013**	15,977
Social security costs	**2,925**	2,671
Pension	**253**	212
Other employment costs	**71**	64
Total	**22,262**	18,924

Included in the costs related to wages and salaries for the year are expenses of €3,395,000 (2020: €1,985,000) 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 256 (2020: 244), expressed in full-time equivalents. In addition, the Board of Directors consists of five Non-Executive Directors (2020: five) and two Executive Directors as at 31 March 2021 (2020: 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 with three separate grant dates. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further holding period of two years. Awards are split between ordinary and outperformance awards. Ordinary awards carry both adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions and outperformance awards carry a sole TNR performance condition. The employee's tax obligation will be determined upon the vesting date of the share issue.

June 2020 grant

3,600,000 ordinary share awards were granted under the scheme on 15 June 2020 with a total charge for the award of €2,265,552. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 15 June 2020 LTIP grant an expense of €645,000 was recognised in the consolidated statement of comprehensive income to 31 March 2021.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the award that were granted on 15 June 2020:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	0.84	0.84
Exercise price – €	nil	nil
Expected volatility – %	38.5	38.5
Performance projection period – years	2.79	2.67
Expected dividend yield – %	4.28	4.28
Risk-free rate based on European treasury bonds rate of return – %	(0.677) p.a.	(0.677) p.a.
Expected outcome of performance conditions – %	100	67.2
Fair value per share – €	0.745	0.564

The weighted average fair value of a share granted under the ordinary award in the year is €0.68.

Assumptions considered in this model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as a percentage of the share price at the date of grant; performance projection period; risk-free rate; and correlation between comparators.

8. Employee schemes continued

Equity-settled share-based payments continued

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 €766,000 was recognised in the consolidated statement of comprehensive income to 31 March 2021. 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 period 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 2021 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 conditions; 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 period is €0.49.

As a result, the adjusted total charge for the awards granted on 15 January 2019 is €2,111,000. An expense of €955,000 was recognised in the consolidated statement of comprehensive income to 31 March 2021 which represents the fair value charge for the year and an expense of €247,000 was recognised as a provision for the expected employer's cost in relation to the vesting in the next financial year.

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8. Employee schemes continued

Equity-settled share-based payments continued

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 a result, under the scheme in August 2019 2,774,750 shares were granted (with an additional 70,000 allocated in the current period), subject to performance criteria, and an expense including related costs of €679,000 was recognised in the consolidated statement of comprehensive income to 31 March 2021.

2020 SIP

During the period another share incentive plan ("SIP") for the benefit of senior employees of the Company was approved in July 2020. 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 at the end of the financial year followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As a result, under the scheme in July 2020 a maximum of 120,000 shares were granted, subject to performance criteria, and an expense including related costs of €103,000 was recognised in the consolidated statement of comprehensive income to 31 March 2021.

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2021		Year ended 31 March 2020	
	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)	**11,934,750**	**–**	4,700,000	–
Maximum granted during the year	**3,790,000**	**–**	7,234,750	–
Forfeited during the year	**(140,000)**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Balance outstanding as at year end (nil exercisable)	**15,584,750**	**–**	11,934,750	–

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 2021 €000	Year ended 31 March 2020 €000
Charge relating to 2018 LTIP – January 2019 grant	**955**	957
Charge relating to 2018 LTIP – June 2019 grant	**766**	613
Charge relating to 2018 LTIP – June 2020 grant	**645**	–
Charge relating to 2019 SIP – August 2019 grant	**679**	415
Charge relating to 2020 SIP – July 2020 grant	**103**	–
Share-based payment transactions as per consolidated statement of changes in equity	**3,148**	1,985

9. Finance income, finance expense and change in fair value of derivative financial instruments

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Bank interest income	**38**	54
Finance income from associates	**2,674**	977
Finance income	**2,712**	1,031
Bank loan interest expense	**(7,402)**	(7,234)
Interest expense related to lease liabilities (see note 16)	**(349)**	(423)
Bank charges and bank interest expense on deposits	**(435)**	(182)
Amortisation of capitalised finance costs	**(1,683)**	(1,437)
Refinancing costs, exit fees and prepayment penalties	**—**	(9,107)
Finance expense	**(9,869)**	(18,383)
Change in fair value of derivative financial instruments	**136**	(377)
Net finance expense	**(7,021)**	(17,729)

Included within refinancing costs, exit fees and prepayment penalties for the year ended 31 March 2020 were 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 IM Alts that completed on 31 July 2019. The residual amount of €3,082,000 were 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 €136,000 (2020: (€377,000)) reflects the change in the mark to market valuation of these financial instruments.

10. Taxation

Consolidated statement of comprehensive income

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Current income tax		
Current income tax charge	**(1,641)**	(1,030)
Current income tax charge relating to disposals of investment properties	**(87)**	–
Adjustments in respect of prior periods	**(189)**	97
Total current income tax	**(1,917)**	(933)
Deferred tax		
Relating to origination and reversal of temporary differences	**(14,180)**	(11,687)
Total deferred tax	**(14,180)**	(11,687)
Income tax charge reported in the statement of comprehensive income	**(16,097)**	(12,620)

The effective income tax rate for the period differs from the standard rate of corporation tax in Germany of 15.825% (2020: 15.825%). The differences are explained below:

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Profit before tax	**163,657**	110,765
Profit before tax multiplied by the rate of corporation tax in Germany of 15.825% (2020: 15.825%)	**25,899**	17,529
Effects of:		
Deductible interest on internal financing	**(7,207)**	(6,891)
Tax exempt gain from selling of investments and dividends	**(798)**	(1,338)
Non-deductible expenses	**290**	68
Tax losses utilised	**(2,498)**	(1,611)
Property valuation movements due to differences in accounting treatments	**(210)**	4,847
Adjustments in respect of prior periods	**189**	(97)
Other	**432**	113
Total income tax charge in the statement of comprehensive income	**16,097**	12,620

Non-deductible expenses primarily relate to differences in the accounting and taxation treatment of share awards. Tax law provides for a straight-line depreciation of the buildings whereas any valuation results are not considered. This impact is considered within the property valuation movement item. As far as a tax rate other than the standard tax rate is to be applied to Group companies, this is shown in the position "Other".

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10. Taxation continued

Deferred income tax liability

	31 March 2021 €000	31 March 2020 €000
Balance as at the beginning of the year	(42,151)	(30,878)
Release due to disposals	483	414
Taxes on the revaluation of investment properties and derivative financial instruments	(14,663)	(11,687)
Balance as at year end	(56,331)	(42,151)

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 €325,257,000 (31 March 2020: €351,265,000) that are for an indefinite period of time 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. However, the available losses have been considered in the calculation of the deferred tax liability in relation to the revaluation of investment properties.

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 2021 €000	Year ended 31 March 2020 €000
Earnings attributable to the owners of the Company		
Basic earnings	147,451	98,136
Diluted earnings	147,451	98,136
EPRA earnings	58,633	55,882
Diluted EPRA earnings	58,633	55,882
Headline earnings	58,848	46,398
Diluted headline earnings	58,848	46,398
Adjusted		
Basic earnings	147,451	98,136
Deduct revaluation gain	(99,585)	(55,789)
Deduct gain on sale of properties	(54)	(86)
Deduct gain on loss of control of subsidiaries	(65)	(6,323)
Tax in relation to the revaluation gain and gain on sale of properties above	14,346	11,687
Non controlling interest (NCI) relating to revaluation, net of related tax	82	29
Deduct revaluation gain on investment property relating to associates	(4,199)	(1,687)
Tax in relation to the revaluation gain on investment property relating to associates above	872	431
Headline earnings after tax	58,848	46,398
(Deduct)/add change in fair value of derivative financial instruments, net of related tax and NCI	(215)	377
Deduct revaluation expense relating to leased investment properties	(4,325)	(3,916)
Add adjusting items, net of related tax and NCI[(1)]	4,092	11,052
Adjusted earnings after tax	58,400	53,911
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	1,040,956,722	1,027,881,515
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	1,056,541,472	1,039,816,265
Basic earnings per share	14.16c	9.55c
Diluted earnings per share	13.96c	9.44c
Basic EPRA earnings per share	5.63c	5.44c
Diluted EPRA earnings per share	5.55c	5.37c
Headline earnings per share	5.65c	4.51c
Diluted headline earnings per share	5.57c	4.46c
Adjusted earnings per share	5.61c	5.24c
Adjusted diluted earnings per share	5.53c	5.18c

(1) See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 6.

11. Earnings per share continued

	Notes	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Exceptional items	6	**697**	(105)
Refinancing costs, exit fees and prepayment penalties	9	**—**	9,107
Selling costs relating to assets held for sale	6	**—**	65
LTIP and SIP	6	**3,395**	1,985
Adjusting items as per note 11		**4,092**	11,052

EPRA earnings

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Basic and diluted earnings attributable to owners of the Company	**147,451**	98,136
Gain on revaluation of investment properties	**(99,585)**	(55,789)
Add loss/deduct gain on disposal of properties (including tax)	**33**	(86)
Deduct gain on loss of control of subsidiaries	**(65)**	(6,323)
Refinancing costs, exit fees and prepayment penalties	**—**	9,107
Change in fair value of derivative financial instruments	**(136)**	377
Deferred tax in respect of EPRA earnings adjustments	**14,180**	11,687
NCI in respect of the above	**82**	29
Deduct revaluation gain on investment property relating to associates	**(4,199)**	(1,687)
Tax in relation to the revaluation gain on investment property relating to associates	**872**	431
EPRA earnings	**58,633**	55,882

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted and diluted earnings per share, as at year end, the number of shares has been reduced by nil shares (2020: nil shares), which are held by the Company as Treasury Shares and by 3,684,608 own shares held (2020: 2,112,720 shares), which are held by an Employee Benefit Trust on behalf of the Group.

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

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,040,956,722**	1,027,881,515
Effect of grant of SIP shares	**2,834,750**	2,784,750
Effect of grant of LTIP shares	**12,750,000**	9,150,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,056,541,472**	1,039,816,265

The Company has chosen to report EPRA earnings per share ("EPRA EPS"). EPRA EPS is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), the gain on loss of control of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon.

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12. Net asset value per share

	31 March 2021 €000	31 March 2020 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	**926,533**	801,570
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation	**56,331**	42,151
Derivative financial instruments at fair value	**1,141**	1,279
Adjusted net asset value attributable to the owners of the Company	**984,005**	845,000
Number of shares		
Number of ordinary shares for the purpose of net asset value per share	**1,049,132,259**	1,036,257,101
Number of ordinary shares for the purpose of EPRA NTA per share	**1,064,717,009**	1,048,191,851
Net asset value per share	**88.31c**	77.35c
Adjusted net asset value per share	**93.79c**	81.54c
EPRA NTA per share	**92.29c**	80.44c
Net asset value as at year end (basic)	**926,533**	801,570
Derivative financial instruments at fair value	**1,141**	1,279
Deferred tax in respect of EPRA earnings adjustments	**56,331**	41,668
Goodwill as per note 19	**(3,738)**	(3,738)
Intangibles as per note 19	**(2,830)**	(1,986)
Deferred tax in respect of EPRA adjustments in relation to investment in associates	**5,212**	4,337
EPRA NTA	**982,649**	843,130

EPRA introduced three new features of the net asset valuation metrics, which replaced EPRA NAV for accounting periods commencing in January 2020. Companies are expected to provide a bridge between the previous EPRA NAV metrics and the new ones for both the current and comparative accounting period in order to assist the users of their financial statements.

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2021 €000	31 March 2021 €000	31 March 2021 €000	31 March 2021 €000
Net asset value as at year end (basic)	**926,533**	**926,533**	**926,533**	**926,533**
Diluted EPRA net asset value at fair value	**926,533**	**926,533**	**926,533**	**926,533**
Group				
Derivative financial instruments at fair value	**1,141**	**1,141**	**n/a**	**1,141**
Deferred tax in respect of EPRA earnings adjustments	**56,331**	**56,331***	**n/a**	**56,331**
Goodwill as per note 19	**n/a**	**(3,738)**	**(3,738)**	**n/a**
Intangibles as per note 19	**n/a**	**(2,830)**	**n/a**	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(3,485)**	**n/a**
Real estate transfer tax	**106,274**	**n/a**	**n/a**	**n/a**
Investment in associate				
Deferred tax in respect of EPRA earnings adjustments	**5,212**	**5,212***	**n/a**	**n/a****
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(1,772)**	**n/a**
Real estate transfer tax	**6,772**	**n/a**	**n/a**	**n/a**
Total EPRA NRV, NTA, NDV and NAV	**1,102,263**	**982,649**	**917,538**	**984,005**
EPRA NRV, NTA, NDV and NAV per share	**103.53c**	**92.29c**	**86.18c**	**92.42c**

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end.

** While the previous definition of EPRA NAV included this adjustment, in prior periods it has not been considered sufficiently material to adjust. As the value of this difference is expected to become more material in future periods, the adjustment will now be included in the calculation of the EPRA measures where appropriate.

12. Net asset value per share continued

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000
Net asset value as at year end (basic)	801,570	801,570	801,570	801,570
Diluted EPRA net asset value at fair value	801,570	801,570	801,570	801,570
Group				
Derivative financial instruments at fair value	1,279	1,279	n/a	1,279
Deferred tax in respect of EPRA earnings adjustments	42,151	41,668*	n/a	42,151
Goodwill as per note 19	n/a	(3,738)	(3,738)	n/a
Intangibles as per note 19	n/a	(1,986)	n/a	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,688)	n/a
Real estate transfer tax	93,810	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA earnings adjustments	4,337	4,337*	n/a	n/a**
Fair value of fixed interest rate debt	n/a	n/a	(2,385)	n/a
Real estate transfer tax	6,322	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV	949,469	843,130	791,759	845,000
EPRA NRV, NTA, NDV and NAV per share	90.58c	80.44c	75.54c	80.62c

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end.

** While the previous definition of EPRA NAV included this adjustment, in prior periods it has not been considered sufficiently material to adjust. As the value of this difference is expected to become more material in future periods, the adjustment will now be included in the calculation of the EPRA measures where appropriate.

For more information on adjusted net asset value and EPRA NRV, NTA and NDV, refer to Annex 1.

The number of ordinary shares for the purpose of EPRA net asset value per share is calculated as follows:

	31 March 2021 €000	31 March 2020 €000
Number of ordinary shares for the purpose of net asset value per share	**1,049,132,259**	1,036,257,101
Effect of grant of SIP shares	**2,834,750**	2,784,750
Effect of grant of LTIP shares	**12,750,000**	9,150,000
Number of ordinary shares for the purpose of EPRA net asset value per share	**1,064,717,009**	1,048,191,851

The number of shares has been reduced by 3,684,608 own shares held (2020: 2,120,720 shares), which are held by an Employee Benefit Trust on behalf of the Group.

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13. Investment properties

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

	31 March 2021 €000	31 March 2020 €000
Total investment properties at book value as at the beginning of the year[(1)]	**1,193,915**	993,916
Additions – owned investment properties	**35,484**	120,434
Additions – leased investment properties	**1,518**	699
Capital expenditure and broker fees	**31,720**	33,177
Disposals	**(30)**	–
Reclassified as investment properties held for sale (note 14)	**–**	(10,100)
Gain on revaluation above capex and broker fees	**104,156**	59,939
Adjustment in respect of lease incentives	**(246)**	(235)
Deficit on revaluation relating to leased investment properties	**(4,325)**	(3,915)
Total investment properties at book value as at year end[(1)]	**1,362,192**	1,193,915

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:

	31 March 2021 €000	31 March 2020 €000
Owned investment properties at market value per valuer's report[(1)]	**1,350,770**	1,179,440
Adjustment in respect of lease incentives	**(3,603)**	(3,357)
Leased investment property market value	**15,025**	17,832
Total investment properties at book value as at year end[(1)]	**1,362,192**	1,193,915

(1) Excluding assets held for sale.

The fair value of the Group's owned investment properties as at year end has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2020: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS. The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. The methodology and assumptions used to determine the fair values of the properties is consistent with the previous year.

The weighted average lease expiry remaining across the owned portfolio as at year end was 2.9 years (2020: 2.9 years).

As a result of the level of judgement and estimations used in arriving at the market valuations, the amounts that may ultimately be realised in respect of any given property may differ from the valuations shown in the statement of financial position.

The fair value (market value) of the Group's leased investment properties as at year end has been arrived at on the basis of a valuation carried out by the Group using discounted cash flows similar to the approach of Cushman & Wakefield LLP.

The reconciliation of gain on revaluation above capex as per the statement of comprehensive income is as follows:

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Gain on revaluation above capex and broker fees	**104,156**	59,939
Adjustment in respect of lease incentives	**(246)**	(235)
Deficit on revaluation relating to leased investment properties	**(4,325)**	(3,915)
Gain on revaluation of investment properties reported in the statement of comprehensive income	**99,585**	55,789

Included in the gain on revaluation of investment properties reported in the statement of comprehensive income are gross gains of €106.4 million and gross losses of €6.8 million (2020: gross gains of €78.2 million and gross losses of €22.4 million).

Other than the capital commitments disclosed in note 30, 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).

The valuation for owned investment properties is (including assets classified as held for sale) performed on a lease-by-lease basis due to the mixed-use nature of the sites using the discounted cash flow technique. This gives rise to large ranges in the inputs.

13. Investment properties continued

31 March 2021

	Market value (€000)	Current rental rate per sqm (€)		Market rental rate per sqm (€)		Occupancy (%)		Gross initial yield (%)		Discount factor (%)		Void period (months)	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks													
Mature	**326,650**	**2.67**	**8.16**	**2.65**	**8.46**	**91.3**	**100.0**	**4.7**	**8.8**	**3.8**	**5.9**	**6**	**12**
Value add	**439,100**	**1.99**	**6.44**	**3.33**	**6.91**	**49.5**	**97.3**	**4.7**	**9.3**	**4.3**	**7.4**	**9**	**18**
Total traditional business parks	**765,750**	**1.99**	**8.16**	**2.65**	**8.46**	**49.5**	**100.0**	**4.7**	**9.3**	**3.8**	**7.4**	**6**	**18**
Modern business parks													
Mature	**209,600**	**4.78**	**10.01**	**3.63**	**9.79**	**91.6**	**100.0**	**5.4**	**10.0**	**3.8**	**5.4**	**6**	**15**
Value add	**144,400**	**3.61**	**7.09**	**4.35**	**8.24**	**77.2**	**88.2**	**5.9**	**8.6**	**5.0**	**5.9**	**9**	**24**
Total modern business parks	**354,000**	**3.61**	**10.01**	**3.63**	**9.79**	**77.2**	**100.0**	**5.4**	**10.0**	**3.8**	**5.9**	**6**	**24**
Office													
Mature	**17,080**	**7.81**	**9.70**	**9.19**	**9.21**	**91.6**	**94.0**	**4.7**	**6.9**	**4.6**	**4.8**	**9**	**9**
Value add	**213,940**	**3.93**	**11.35**	**6.02**	**10.30**	**57.9**	**99.5**	**2.6**	**10.4**	**4.9**	**6.9**	**9**	**15**
Total office	**231,020**	**3.93**	**11.35**	**6.02**	**10.30**	**57.9**	**99.5**	**2.6**	**10.4**	**4.6**	**6.9**	**9**	**15**
Total	**1,350,770**	**1.99**	**11.35**	**2.65**	**10.30**	**49.5**	**100.0**	**2.6**	**10.4**	**3.8**	**7.4**	**6**	**24**

31 March 2020

	Market value (€000)	Current rental rate per sqm (€)		Market rental rate per sqm (€)		Occupancy (%)		Gross initial yield (%)		Discount factor (%)		Void period (months)	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks													
Mature	308,380	2.67	8.13	2.65	8.46	92.2	100.0	4.6	10.5	4.0	6.0	6	12
Value add	366,600	0.74	6.49	3.12	6.58	16.8	97.2	2.6	11.1	4.2	7.8	9	24
Total traditional business parks	674,980	0.74	8.13	2.65	8.46	16.8	100.0	2.6	11.1	4.0	7.8	6	24
Modern business parks													
Mature	175,520	4.78	9.70	3.60	9.61	91.8	100.0	6.0	10.8	4.0	6.0	9	18
Value add	138,310	3.31	6.48	4.25	8.24	71.1	92.4	5.2	10.2	5.4	6.5	9	24
Total modern business parks	313,830	3.31	9.70	3.60	9.61	71.1	100.0	5.2	10.8	4.0	6.5	9	24
Office													
Mature	24,160	6.44	8.88	8.46	9.21	85.0	100.0	4.6	7.1	4.9	5.6	9	12
Value add	176,570	3.60	10.48	6.04	10.30	45.0	91.1	4.0	10.4	5.0	7.6	9	18
Total office	200,730	3.60	10.48	6.04	10.30	45.0	100.0	4.0	10.4	4.9	7.6	9	18
Total	1,189,540	0.74	10.48	2.65	10.30	16.8	100.0	2.6	11.1	4.0	7.8	6	24

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for the year ended 31 March 2021

13. Investment properties continued

As a result of the level of judgement and estimates used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from valuations shown in the statement of financial position. Key inputs are considered to be inter-related whereby changes in one key input can result in changes in other key inputs. The impact of changes in relation to the key inputs is also shown in the table below:

31 March 2021

	Market value (€000)	Change of 5% in market rental rates (€000)		Change of 0.25% in discount rates (€000)		Change of 0.5% in gross initial yield (€000)	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	**765,750**	**38,310**	**(38,000)**	**(15,030)**	**15,950**	**(58,824)**	**69,947**
Total modern business parks	**354,000**	**17,350**	**(17,190)**	**(7,560)**	**7,960**	**(24,479)**	**28,561**
Total office	**231,020**	**11,680**	**(11,480)**	**(4,520)**	**4,850**	**(18,859)**	**23,308**
Market value	**1,350,770**	**67,340**	**(66,670)**	**(27,110)**	**28,760**	**(102,162)**	**121,816**

31 March 2020

	Market value (€000)	Change of 5% in market rental rates (€000)		Change of 0.25% in discount rates (€000)		Change of 0.5% in gross initial yield (€000)	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	674,980	33,400	(32,900)	(12,990)	13,670	(50,952)	60,702
Total modern business parks	313,830	15,050	(15,190)	(6,510)	6,610	(20,308)	23,472
Total office	200,730	10,050	(10,570)	(4,430)	4,280	(16,154)	19,635
Market value	1,189,540	58,500	(58,660)	(23,930)	24,560	(87,414)	103,809

14. Assets held for sale

Investment properties held for sale

	31 March 2021 €000	31 March 2020 €000
Weilimdorf	–	10,100
Balance as at year end	–	10,100

The disclosures regarding valuation in note 13 are also applicable to assets held for sale. 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 for further details. An amount of €1,010,000 is still due to be received as at 31 March 2021.

15. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
Cost			
As at 31 March 2020	716	5,394	6,110
Additions in year	319	658	977
Disposals in year	–	–	–
As at 31 March 2021	**1,035**	**6,052**	**7,087**
Depreciation			
As at 31 March 2020	(615)	(3,121)	(3,736)
Charge for year	(76)	(593)	(669)
Disposals in year	–	–	–
As at 31 March 2021	**(691)**	**(3,714)**	**(4,405)**
Net book value as at 31 March 2021	**344**	**2,338**	**2,682**
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

* As of 31 March 2020, software and licences 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

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
Additions	–	–
Depreciation expense	(521)	(521)
As at 31 March 2021	**1,919**	**1,919**

In addition to office spaces the Group is also counterparty to long-term leasehold agreements and head leases relating to commercial property. Right of use assets amounting to €15,025,000 (2020: €17,832,000) are classified as investment properties of which €9,355,000 (2020: €12,031,000) relate to commercial property.

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16. Right of use assets and lease liabilities continued

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 March 2021 €000	31 March 2020 €000
Balance as at the beginning of the year	(19,150)	(24,010)
Accretion of interest	(349)	(423)
Additions	(1,518)	(699)
Payments	6,030	5,982
Balance as at year end	(14,987)	(19,150)
Current lease liabilities as at year end	(5,857)	(5,562)
Non-current lease liabilities as at year end	(9,130)	(13,588)

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities:

31 March 2021	Within 1 year €000	1–5 years €000	5+ years €000	Total €000
Commercial property*	(5,208)	(1,364)	(776)	(7,348)
Long-term leasehold*	(133)	(560)	(4,977)	(5,670)
Office space	(516)	(1,453)	—	(1,969)
Total	(5,857)	(3,377)	(5,753)	(14,987)

31 March 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)

* These lease liabilities relate to right of use assets recorded as investment properties.

Maturity analysis of lease liabilities using contractual undiscounted payments is disclosed in note 24.

The overall weighted average discount rate used for the year is 1.9% (2020: 1.9%).

During the year expenses paid for leases of low-value assets and short-term leases which are recognised straight line over the lease term (included in the administrative expenses) amounted to €379,000 (2020: €320,000).

In addition to leases of low-value assets and payments resulting from short-term leases, interest payments and repayments of lease liabilities totalling €6,030,000 (2020: €5,982,000) were incurred for the year and are included in the cash flow from financing activities.

17. Investment in associates

The principal activity of the associates is the investment in, and development of, commercial property located in Germany and to provide conventional and flexible workspace. Since the associates are individually immaterial the Group is disclosing aggregated information of the associates.

The following table illustrates the summarised financial information of the Group's investment in associates:

	31 March 2021 €000	31 March 2020 €000
Current assets	31,183	9,177
Non-current assets	244,289	228,687
Current liabilities	(10,224)	(5,180)
Non-current liabilities	(221,756)	(202,072)
Equity	43,492	30,612
Unrecognised accumulated losses	5,657	4,548
Subtotal	49,149	35,160
Group's share in equity – 35%	17,202	12,306

17. Investment in associates continued

	31 March 2021 €000	31 March 2020 €000
Net operating income	**14,063**	6,797
Gain on revaluation of investment properties	**12,693**	682
Administrative expense	**(1,976)**	(1,158)
Operating profit	**24,780**	6,321
Net finance costs	**(9,078)**	(3,556)
Profit before tax	**15,702**	2,765
Taxation	**(2,590)**	(1,232)
Unrecognised losses	**1,109**	4,548
Total comprehensive income for the year after tax	**14,221**	6,082
Group's share of profit for the year – 35%	**4,977**	2,129

Included within the non-current liabilities are shareholder loans amounting to €123,296,000 (2020: €106,296,000). As at year end no contingent liabilities existed (2020: none). The associates had contracted capital expenditure for development and enhancements of €296,000 as at year end (2020: €1,306,000).

The following table illustrates the movement in investment in associates:

	31 March 2021 €000	31 March 2020 €000
Balance as at the beginning of the year	**12,306**	–
Additions	**–**	10,177
Disposals	**–**	–
Dividend received	**(81)**	–
Share of profit	**4,977**	2,129
Balance as at year end	**17,202**	12,306

18. Other non-current assets

	31 March 2021 €000	31 March 2020 €000
Guarantees and deposits	**1,806**	1,809
Loans to associates	**43,154**	37,204
Balance as at year end	**44,960**	39,013

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.

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19. Intangible assets

	Software €000	Licences with definite useful life €000	Goodwill €000	Total €000
Cost				
As at 31 March 2020	5,876	231	3,738	9,845
Additions in year	1,741	–	–	1,741
Disposals in year	–	–	–	–
As at 31 March 2021	**7,617**	**231**	**3,738**	**11,586**
Amortisation				
As at 31 March 2020	(4,050)	(71)	–	(4,121)
Charge for year	(851)	(46)	–	(897)
Disposals in year	–	–	–	–
As at 31 March 2021	**(4,901)**	**(117)**	**–**	**(5,018)**
Net book value as at 31 March 2021**	**2,716**	**114**	**3,738**	**6,568**
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

* As of 31 March 2020, software and licences have been transferred from plant and equipment into intangible assets due to the nature of the assets.

** Included in the net book value is an amount of €1,600,000 relating to intangible assets under development not yet amortised (2020: €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 for 3 years based on the most recent financial information approved by management. Cash flows beyond this period are extrapolated to a period of five years using a revenue growth rate of 2.0% (2020: 2.0%), which is consistent with the long-term average growth rate for the real estate sector. A discount rate of 7.14% (2020: 6.81%) and terminal value of 5.14% (2020: 4.81%) were applied in the impairment review. A discount rate of 10.35% (2020: 9.78%) would be required for the carrying value of goodwill to be greater than the fair value. A negative revenue growth rate of -1.13% (2020: -0.90%) would be required for the carrying value of goodwill to be greater than the fair value.

20. Trade and other receivables

	31 March 2021 €000	31 March 2020 €000
Gross trade receivables	**11,758**	11,601
Expected credit loss provision	**(5,431)**	(3,640)
Net trade receivables	**6,327**	7,961
Other receivables	**11,334**	5,942
Prepayments	**1,070**	1,145
Balance as at year end	**18,731**	15,048

Other receivables include lease incentives of €3,603,000 (2020: €3,357,000).

21. Cash and cash equivalents

	31 March 2021 €000	31 March 2020 €000
Cash at bank	**49,305**	96,577
Restricted cash	**16,369**	24,686
Balance as at year end	**65,674**	121,263

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at year end is €65,674,000 (2020: €121,263,000).

As at year end, €16,369,000 (2020: €24,686,000) of cash is held in restricted accounts. €12,736,000 (2020: €10,927,000) relates to deposits received from tenants. An amount of €nil (2020: €3,500,000) is cash held in escrow in accordance with one of the Group's loan agreements and €131,000 (2020: €131,000) is held in restricted accounts for office rent deposits. An amount of €2,192,000 (2020: €4,294,000) relates to amounts reserved for future bank loan interest and amortisation payments of the Group's banking facilities. An amount of €1,310,000 (2020: €nil) is a cash deposit for bank guaranties. An amount of €nil (2020: €784,000) relates to amounts reserved for future capital expenditure. An amount of €nil (2020: €5,050,000) relates to disposal proceeds retained as security.

22. Trade and other payables

	31 March 2021 €000	31 March 2020 €000
Trade payables	**7,107**	9,578
Accrued expenses	**19,034**	18,056
Interest and amortisation payable	**489**	333
Tenant deposits	**12,736**	10,927
Unearned revenue	**4,642**	4,001
Other payables	**6,519**	13,885
Balance as at year end	**50,527**	56,780

Accrued expenses include costs totalling €9,465,000 (2020: €10,280,000) relating to service charge costs that have not been invoiced to the Group.

Included within other payables are mainly credit balances due to tenants in relation to over collections of service charge in amount of €3,830,000 (2020: €3,149,000). As at 31 March 2020, other payables included €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 note 14 for details of assets held for sale.

Unearned revenue includes service charge amounts of €1,068,000 (2020: €459,000). Service charge income is only recognised as income when the performance obligations are met. All unearned revenue of the prior year was recognised as revenue in the current year.

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23. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	31 March 2021 €000	31 March 2020 €000
Current				
Bayerische Landesbank				
– hedged floating rate facility	Hedged(1)	19 October 2020	**—**	23,098
SEB AG				
– fixed rate facility	1.84	1 September 2022	**1,180**	1,180
– hedged floating rate facility	Hedged(2)	30 October 2024	**459**	458
– 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	**2,968**	2,920
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**1,881**	1,853
– fixed rate facility	0.90	31 October 2023	**1,467**	1,454
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**760**	748
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(4)	31 December 2023	**1,110**	1,110
– floating rate facility	Floating(5)	31 December 2023	**140**	140
Capitalised finance charges on all loans			**(1,611)**	(1,695)
			9,114	32,026
Non-current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	**51,330**	52,510
– hedged floating rate facility	Hedged(2)	30 October 2024	**21,325**	21,784
– floating rate facility	Floating(2)	30 October 2024	**2,000**	2,000
– capped floating rate facility	Capped(3)	25 March 2025	**34,960**	35,720
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	**56,135**	59,105
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**60,137**	62,018
– fixed rate facility	0.90	31 October 2023	**111,843**	113,310
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**15,030**	15,789
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(4)	31 December 2023	**52,166**	53,276
– floating rate facility	Floating(4)	31 December 2023	**6,381**	6,521
Schuldschein				
– floating rate facility	Floating(5)	5 December 2022	**5,000**	5,000
– floating rate facility	Floating(5)	6 January 2023	**10,000**	10,000
– floating rate facility	Floating(5)	6 January 2025	**5,000**	5,000
– fixed rate facility	1.70	3 March 2025	**10,000**	10,000
– fixed rate facility	1.60	3 July 2023	**20,000**	—
Capitalised finance charges on all loans			**(2,367)**	(3,831)
			458,940	448,202
Total			**468,054**	480,228

(1) This facility was hedged with a swap charged at a rate of 1.66%. The facility was repaid in full upon maturity on 19 October 2020.

(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%. The capex facility is charged with a floating rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan.

(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 and a floating rate of 1.70% over six month EURIBOR (not less than 0%) for tranche 3.

23. Interest-bearing loans and borrowings continued

The borrowings (excluding capitalised loan issue cost) are repayable as follows:

	31 March 2021 €000	31 March 2020 €000
On demand or within one year	**10,724**	33,722
In the second year	**75,977**	10,724
In the third to tenth years inclusive	**385,331**	441,308
Total	**472,032**	485,754

The Group has pledged 42 (2020: 45) owned investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 42 (2020: 45) owned properties had a combined valuation of €1,101,689,000 as at year end (2020: €1,067,650,000).

Bayerische Landesbank

On 20 October 2015, the Group agreed to a facility agreement with Bayerische Landesbank for €25.4 million. Amortisation was 2% per annum with the remainder due in the fourth year. The full facility had been hedged at a rate of 1.66% until 19 October 2020 by way of an interest rate swap. The facility was secured over four (later three) property assets and was subject to various covenants with which the Group has complied. The facility was repaid in full upon maturity on 19 October 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 to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

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 to the terms of the facility have occurred during the twelve month period ended 31 March 2021. 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 the amount currently drawn down 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 2021 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 to the terms of the facility have occurred during the twelve month period ended 31 March 2021. 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 2021 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. 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 Alts. The remaining facility is now secured over seven property assets. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

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23. Interest-bearing loans and borrowings continued

Berlin Hyp AG

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend a facility which had an outstanding balance of €39.2 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. On 13 September 2019 the facility was incorporated into the agreement as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

On 13 September 2019, the Group agreed to a facility agreement with Berlin Hyp AG for €115.4 million. The loan terminates on 31 October 2023. Amortisation is 1.25% per annum with the remainder due in the fourth year. The loan facility is charged at a fixed interest rate of 0.90%. This facility is secured over nine property assets. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

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 3 of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan has been treated as a new loan and is charged with a floating interest rate of 1.20% plus three month EURIBOR (floored at zero). Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0 million. On 25 February 2020 the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0 million. In total the unsecured facility amounts to €50.0 million spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 2.6 years with no amortisation. As at 31 March 2021 the whole loan of €50.0 million had been drawn down. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2021.

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

	31 March 2021 €000	31 March 2020 €000
Carrying amount of interest-bearing loans and borrowings (note 23)	**468,054**	480,228
Unamortised borrowing costs	**3,978**	5,526
Book value of owned investment properties*	**1,347,167**	1,186,183
Gross loan to value ratio	**35.0%**	41.0%

* 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.

23. Interest-bearing loans and borrowings continued

Schuldschein continued

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2020 €000	Cash flows €000	New leases €000	Non-cash settlement €000	Changes in fair values €000	Other* €000	**31 March 2021 €000**
Interest-bearing loans and borrowings	480,228	(13,887)	–	–	–	1,713	**468,054**
Lease liabilities	19,150	(5,681)	1,518	–	–	–	**14,987**
Derivative financial instruments	1,368	–	–	–	(157)	–	**1,211**
Total	500,746	(19,568)	1,518	–	(157)	1,713	**484,252**

	31 March 2019 €000	Cash flows €000	New leases €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

* Changes in the capitalised finance charges on all loans.

** See note 29 for further details relating to the non-cash settlement of interest-bearing loans and borrowings.

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. The credit risk on tenants is also addressed through the performance of credit checks, collection of deposits and regular communication with the tenants.

Included in loans to 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, monitoring cash collection rates and the operational performance of each associate in order to anticipate and minimise the impact of any impairment.

Included in other receivables are lease incentives. During the year the Group monitored tenants in order to anticipate and minimise the impact of defaults and move-outs from tenants which received lease incentives.

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24. Financial risk management objectives and policies continued

Credit risk continued

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2021 €000	31 March 2020 €000
Trade receivables	**6,327**	7,961
Other receivables	**9,537**	4,394
Loans to associates	**43,154**	37,204
Derivative financial instruments	**70**	89
Cash and cash equivalents	**65,674**	121,263
Total	**124,762**	170,911

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

	Gross 31 March 2021 €000	Impairment 31 March 2021 €000	Gross 31 March 2020 €000	Impairment 31 March 2020 €000
0–30 days	**6,287**	**(1,936)**	5,838	(878)
31–120 days (past due)	**1,206**	**(585)**	2,908	(778)
More than 120 days	**4,265**	**(2,910)**	2,855	(1,984)
Total	**11,758**	**(5,431)**	11,601	(3,640)

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

	31 March 2021 €000	31 March 2020 €000
Balance as at the beginning of the year	**(3,640)**	(3,522)
Expected credit loss (recognised)/released	**(1,791)**	(118)
Balance as at year end	**(5,431)**	(3,640)

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. Historic write offs of €452,000 are still subject to enforcement activity.

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 €6,327,000 (2020: €7,961,000) that are past due at the reporting date for which the Group has not provided significant impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable.

No significant impairment has been recognised relating to non-current receivables in the period due to unchanged credit quality and the amounts are still considered recoverable.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Group prepares cash flow forecasts and continually monitors its ongoing commitments compared to available cash. Cash and cash equivalents are placed with financial institutions on a short-term basis which allows immediate access. This reflects the Group's desire to maintain a high level of liquidity in order to meet any unexpected liabilities that may arise due to the current financial position. Similarly, accounts receivable are due either in advance (e.g. rents and recharges) or within ten days (e.g. service charge reconciliations), further bolstering the Group's management of liquidity risk.

24. Financial risk management objectives and policies continued

Liquidity risk continued

The table below summarises the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments:

Year ended 31 March 2021	Bank loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	(8,755)	(220)	(26,851)	(3,047)	(38,873)
6 months to 1 year	(8,588)	(216)	–	(3,048)	(11,852)
1–2 years	(81,895)	(426)	–	(1,492)	(83,813)
2–5 years	(389,971)	(435)	–	(2,428)	(392,834)
5–10+ years	–	–	–	(7,223)	(7,223)
	(489,209)	(1,297)	(26,851)	(17,238)	(534,595)
Interest	17,177	1,297	–	2,251	20,725
	(472,032)	–	(26,851)	(14,987)	(513,870)

Year ended 31 March 2020	Bank loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	(8,834)	(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)

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 100 bps in interest rate would result in a decreased post-tax profit in the consolidated statement of comprehensive income of €562,000 (2020: €547,000) (excluding the movement on derivative financial instruments) and a decrease of 100 bps in interest rate would result in an increased post-tax profit in the consolidated statement of comprehensive income of €562,000 (2020: €547,000) (excluding the movement on derivative financial instruments).

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24. Financial risk management objectives and policies continued

Interest rate risk continued

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

31 March 2021	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4+ years €000	Total €000
SEB AG – capped	**(760)**	**(760)**	**(760)**	**(33,440)**	**—**	**(35,720)**
SEB AG – floating	**—**	**—**	**—**	**(2,000)**	**—**	**(2,000)**
Deutsche Pfandbriefbank AG	**(140)**	**(140)**	**(6,241)**	**—**	**—**	**(6,521)**
Schuldschein	**—**	**(15,000)**	**—**	**(5,000)**	**—**	**(20,000)**

31 March 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)

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):

	Fair value hierarchy level	31 March 2021 Carrying amount €000	31 March 2021 Fair value €000	31 March 2020 Carrying amount €000	31 March 2020 Fair value €000
Financial assets					
Cash and cash equivalents		**65,674**	**65,674**	121,263	121,263
Trade and other receivables		**15,864**	**15,864**	12,354	12,354
Loans to associates	2	**43,154**	**43,154**	37,204	35,948
Derivative financial instruments	2	**70**	**70**	89	89
Financial liabilities					
Trade and other payables		**26,851**	**26,851**	34,723	34,723
Derivative financial instruments	2	**1,211**	**1,211**	1,368	1,368
Interest-bearing loans and borrowings(1)					
Floating rate borrowings	2	**28,521**	**28,521**	28,661	28,661
Floating rate borrowings – hedged(2)	2	**75,060**	**75,060**	99,726	99,726
Floating rate borrowings – capped(2)	2	**35,720**	**35,720**	36,480	36,480
Fixed rate borrowings	2	**332,731**	**336,216**	320,887	323,319

(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 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 a half-yearly 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. The fair values of the loans and borrowings have been calculated based on a discounted cash flow model using the prevailing market rates of interest.

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26. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	–
As at 31 March 2021 and 31 March 2020	**Unlimited**	**–**

The number of ordinary shares of no par value as at 31 March 2021 was unlimited.

Issued and fully paid	Number of shares	Share capital €
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	–
Issued ordinary shares	14,447,046	13,169,000
Transfer of share capital to other distributable reserves	–	(13,169,000)
Issued Treasury Shares	–	–
Shares issued to Employee Benefit Trust	(1,883,980)	–
Shares allocated by the Employee Benefit Trust	312,092	–
As at 31 March 2021	**1,049,132,259**	**–**

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 8 June 2020, the Company issued 6,981,451 ordinary shares at an issue price of £0.76542 resulting in the Company's overall issued share capital being 1,045,351,272 ordinary shares.

Pursuant to a scrip dividend offering on 13 January 2021, the Company issued 7,465,595 ordinary shares at an issue price of £0.87443 resulting in the Company's overall issued share capital being 1,052,816,867 ordinary shares.

During the year 1,883,980 shares were acquired and 312,092 were allocated by the Employee Benefit Trust. A total of 3,684,608 shares purchased at an average share price of €0.7878 are held by the Employee Benefit Trust (2020: 2,112,720 shares purchased at an average share price of €0.7173). The total number of shares with voting rights was 1,052,816,867 (2020: 1,038,369,821). No votes are cast in respect of the shares held in the Employee Benefit Trust in connection with the Company's share plans and dividends paid and payable are subject to a standing waiver.

All shares issued in the year were issued under general authority. No shares were bought back in the year (2020: none).

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 €449,051,000 in total at year end (2020: €470,151,000).

28. Dividends

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.

On 1 June 2020, the Company announced a dividend of 1.80c per share, with a record date of 10 July 2020 for UK and South African shareholders and payable on 20 August 2020. On the record date, 1,038,369,821 shares were in issue with none held in treasury and 1,038,369,821 (including shares held by the EBT) were entitled to participate in the dividend. Holders of 335,705,489 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €6,043,000 (€5,830,000 as at settlement date), while holders of 700,213,704 shares opted for a cash dividend with a value of €12,603,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €12,595,000 (€12,595,000 as at settlement date). The total dividend was €18,646,000.

28. Dividends continued

On 30 November 2020, the Company announced a dividend of 1.82c per share, with a record date of 18 December 2020 for UK and South African shareholders and payable on 21 January 2021. On the record date, 1,045,351,272 shares were in issue. Since there were no shares held in treasury, 1,045,351,272 (including shares held by the EBT) shares were entitled to participate in the dividend. Holders of 403,075,659 shares elected to receive the dividend in ordinary shares under the Scrip Dividend Alternative, representing a dividend of €7,336,000 (€7,339,000 as at settlement date) while holders of 638,591,005 shares opted for a cash dividend with a value of €11,622,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,555,000 (€11,653,000 as at settlement date). The total dividend was €18,958,000.

The Group's profit attributable to the equity holders of the Company for the year was €147.5 million (2020: €98.1 million). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2021 of 1.98c per share representing 65% of FFO, an increase of 10.0% on the equivalent dividend last year, which represented 65% of FFO(1). The total dividend for the year is 3.80c, an increase of 6.4% on the 3.57c total dividend for the year ended 31 March 2020.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2021, the ex-dividend date will be 7 July 2021 for shareholders on the South African register and 8 July 2021 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 9 July 2021 and the dividend will be paid on 19 August 2021. A detailed dividend announcement was made on 14 June 2021, 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 and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustments in respect to IFRS 16 and current tax receivable/incurred and current tax relating to disposals.

The dividend per share was calculated as follows:

	Year ended 31 March 2021 €m	Year ended 31 March 2020 €m
Reported profit before tax	**163.7**	110.8
Adjustments for:		
Gain on revaluation of investment properties	**(99.6)**	(55.8)
Deficit on revaluation expense relating to leased investment properties	**(4.3)**	(3.9)
Gain of disposals of properties	**(0.1)**	(0.1)
Gain on loss of control of subsidiaries	**(0.1)**	(6.3)
Deduct revaluation gain on investment property from associates and related tax	**(3.3)**	(1.3)
Other adjusting items(1)	**4.1**	11.1
Change in fair value of financial derivatives	**(0.1)**	0.4
Adjusted profit before tax	**60.3**	54.9
Adjustments for:		
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	**1.6**	1.6
Amortisation of financing fees	**1.7**	1.4
Adjustment in respect of IFRS 16	**(0.9)**	(1.2)
Current taxes incurred (see note 10)	**(1.9)**	(0.9)
Add back current tax relating to disposals	**0.1**	(0.1)
Funds from operations, year ended 31 March	**60.9**	55.7
Funds from operations, 6 months ended 30 September	**29.1**	27.1
Funds from operations, 6 months ended 31 March	**31.8**	28.6
Dividend pool, 6 months ended 30 September	**19.0**	18.3
Dividend pool, 6 months ended 31 March(2)	**20.7**	18.7
Dividend per share, 6 months ended 30 September	**1.82c**	1.77c
Dividend per share, 6 months ended 31 March	**1.98c**	1.80c

(1) Includes the effect of exceptional items, 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 3.04c per share (2020: 2.77c per share using 65% of FFO) based on average number of shares outstanding of 1,044,538,046 (2020: 1,032,748,723).

For more information on adjusted profit before tax and funds from operations refer to Annex 1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

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:

	Year ended 31 March 2021 €m	Year ended 31 March 2020 €m
Directors' fees	**437**	333
Salary and employee benefits	**3,531**	3,238
Share-based payments	**2,623**	613
Total	**6,591**	4,184

The share-based payments relating to key management personnel for the year include an expense of €2,623,000 (2020: €613,000) for the granting of shares under the LTIP (see note 8). Included within salary and employee benefits are pension contributions amounting to €146,000 (2020: €142,000).

Information on Directors' emoluments is given in the Remuneration report on pages 75 to 99. 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.

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.

The following balances and transactions with associates exist as at the reporting date:

Consolidated statement of financial position	31 March 2021 €000	31 March 2020 €000
Loans to associates	**43,154**	37,204
Trade and other receivables	**3,371**	842
Total	**46,525**	38,046

Trade and other receivables relate to amounts owed from the services supplied to the associates and are due to be settled 14 days after being invoiced. As of 31 March 2021 a dividend receivable in amount of €50,000 is included in the trade and other receivables.

As a result of unchanged credit quality no material impairments have been recognised in the year.

Consolidated statement of comprehensive income	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Services supplied	**7,338**	1,521
Interest income	**2,674**	977
Total	**10,012**	2,498

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 year.

30. Capital and other commitments

As at year end, the Group had contracted capital expenditure for development and enhancements on existing properties of €8,666,000 (2020: €12,085,000).

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:

	31 March 2021 €000	31 March 2020 €000
Less than 1 year	**84,417**	77,686
1–2 years	**61,549**	59,443
2–3 years	**41,491**	42,923
3–4 years	**33,044**	29,850
4–5 years	**18,792**	23,346
More than 5 years	**35,211**	30,312
Total	**274,504**	263,560

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 94 subsidiary companies. All subsidiaries are consolidated in full in accordance with IFRS. The principal activity of the subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany.

Company name	Country of incorporation	Ownership at 31 March 2021 %	Ownership at 31 March 2020 %
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 Coconut B.V.	Netherlands	**100.00**	n/a
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
LB^2 Catering and Services GmbH	Germany	**100.00**	100.00
Marba Apple B.V.	Netherlands	**100.00**	n/a
Marba Bamboo B.V.	Netherlands	**100.00**	100.00
Marba Cherry B.V.	Netherlands	**100.00**	100.00
Marba Daffodil B.V.	Netherlands	**100.00**	100.00
Marba Grape B.V.	Netherlands	**100.00**	n/a
Marba Holland B.V.*	Netherlands	**100.00**	100.00
Marba Lavender B.V.	Netherlands	**100.00**	100.00
Marba Mango B.V.	Netherlands	**100.00**	n/a
Marba Olive B.V.	Netherlands	**100.00**	100.00
Marba Sunflower B.V.	Netherlands	**100.00**	100.00
Marba Violin B.V.	Netherlands	**100.00**	100.00
Marba Willstätt B.V.	Netherlands	**100.00**	100.00
SFG NOVA Construction and Services GmbH	Germany	**100.00**	100.00
Sirius Acerola GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Alder B.V.	Netherlands	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2021

32. List of subsidiary undertakings continued

Company name	Country of incorporation	Ownership at 31 March 2021 %	Ownership at 31 March 2020 %
Sirius Aloe GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Ash B.V.	Netherlands	**100.00**	100.00
Sirius Aster GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Beech B.V.	Netherlands	**100.00**	100.00
Sirius Birch GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Coöperatief U.A.*	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**	100.00
Sirius Management Eight GmbH	Germany	**100.00**	100.00
Sirius Management Nine GmbH	Germany	**100.00**	100.00
Sirius Management Ten GmbH	Germany	**100.00**	100.00
Sirius Mannheim B.V.	Netherlands	**100.00**	100.00
Sirius 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 Pear B.V.	Netherlands	**100.00**	n/a
Sirius Pine B.V.	Netherlands	**100.00**	100.00
Sirius Tamarack B.V.	Netherlands	**100.00**	100.00
Sirius Three B.V.	Netherlands	**100.00**	100.00
Sirius 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 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

32. List of subsidiary undertakings continued

Company name	Country of incorporation	**Ownership at 31 March 2021 %**	Ownership at 31 March 2020 %
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

* Subsidiary company directly held by the parent entity, Sirius Real Estate Limited.

In the period Marba Dandelion B.V. and Sirius Corporate Services B.V. acquired 100% of the share capital of Marba Bonn B.V. and Sirius Coöperatief U.A. respectively.

Investment in associates which are accounted for with the equity method:

Company name	Country of incorporation	**Ownership at 31 March 2021 %**	Ownership at 31 March 2020 %
DDS Daisy B.V.	Netherlands	**35.00**	35.00
DDS Edelweiss B.V.	Netherlands	**35.00**	35.00
DDS Lime B.V.	Netherlands	**35.00**	35.00
DDS Maple B.V.	Netherlands	**35.00**	35.00
Sirius Boxwood B.V.	Netherlands	**35.00**	100.00
Sirius Laburnum B.V.	Netherlands	**35.00**	35.00
Sirius Orchid B.V.	Netherlands	**35.00**	35.00

33. Post balance sheet events

On 30 April 2021, the Group completed the acquisition of a business park located in Essen. Total acquisition costs amounted to €10.7 million. The property is a mixed-use business park and has a net lettable area of 14,711 sqm. The property is 80% occupied and let to six tenants, producing an annual income of €0.8 million and having a remaining weighted average lease term of 1.4 years.

On 28 April 2021, the Group notarised for the acquisition of a business park located in Öhringen. The total acquisition costs amount to €9.0 million. The business park comprises over 18,000 sqm of gross lettable area, primarily across warehouse and production space. The transaction is expected to complete in the first half of the new financial year.

On 1 April 2021 the Company agreed a €100.0 million bridge facility with a syndicate of banks including HSBC Trinkhaus & Burkhardt AG, Morgan Stanley Bank International Limited and Deutsche Bank Luxembourg S.A. The loan facility is charged with a floating interest rate of 1.50% (for the first interest period) over EURIBOR and ends with a margin of 3.50% for the last interest period. Termination date of the facility falls 364 days after the first utilisation date. At the approval date of the Annual Report, no drawdowns on this facility have been made.

BUSINESS ANALYSIS (UNAUDITED INFORMATION)

Non-IFRS measures

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Total comprehensive income for the year attributable to the owners of the Company	**147,451**	98,136
Gain on revaluation of investment properties	**(99,585)**	(55,789)
Loss/(gain) on disposal of properties (net of related tax)	**33**	(86)
Gain on loss of control of subsidiaries (net of related tax)	**(65)**	(6,323)
Add finance restructuring costs	**–**	9,107
Change in fair value of derivative financial instruments	**(136)**	377
Deferred tax in respect of EPRA earnings adjustments	**14,180**	11,687
NCI in respect of the above	**82**	29
Deduct revaluation surplus relating to investment in associates	**(4,199)**	(1,687)
Tax in relation to the above	**872**	431
EPRA earnings	**58,633**	55,882
Add change in deferred tax relating to derivative financial instruments	**79**	–
Add/(deduct) change in fair value of derivative financial instruments	**136**	(377)
Deduct finance restructuring costs	**–**	(9,107)
NCI in respect of the above	**–**	–
Headline earnings after tax	**58,848**	46,398
(Deduct)/add change in fair value of derivative financial instruments (net of related tax)	**(215)**	377
Deduct revaluation expense relating to leased investment properties	**(4,325)**	(3,916)
Add adjusting items(1) (net of related tax)	**4,092**	11,052
Adjusted earnings after tax	**58,400**	53,911

(1) See note 11 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
EPRA earnings	**58,633**	55,882
Weighted average number of ordinary shares	**1,040,956,722**	1,027,881,515
EPRA earnings per share (cents)	**5.63**	5.44
Headline earnings after tax	**58,848**	46,398
Weighted average number of ordinary shares	**1,040,956,722**	1,027,881,515
Headline earnings per share (cents)	**5.65**	4.51
Adjusted earnings after tax	**58,400**	53,911
Weighted average number of ordinary shares	**1,040,956,722**	1,027,881,515
Adjusted earnings per share (cents)	**5.61**	5.24

Geographical property analysis – owned investment properties

March 2021	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	15	362	88.9%	6.27	24.3	25%	315.8	7.6%	2.8	2.8
Berlin	4	103	98.0%	7.45	9.0	9%	144.4	6.3%	2.5	2.6
Stuttgart	7	261	90.4%	4.95	14.0	14%	184.3	7.6%	2.7	2.7
Cologne	7	127	89.2%	7.52	10.2	11%	145.8	7.0%	2.1	2.1
Munich	3	124	81.7%	7.61	9.2	10%	180.2	5.1%	2.7	3.0
Düsseldorf	11	197	89.3%	5.52	11.7	12%	153.2	7.6%	3.3	3.5
Hamburg	4	91	69.1%	5.05	3.8	4%	54.2	7.1%	2.6	2.5
Other	9	242	82.5%	6.27	15.0	15%	169.3	8.9%	3.8	3.5
Total	**60**	**1,507**	**87.0%**	**6.17**	**97.2**	**100%**	**1,347.2**	**7.2%**	**2.9**	**2.9**

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	478,423	31.8%	407,595	31.0%	38.4	39.4%	70,828	7.82
Storage	489,964	32.5%	417,765	31.9%	22.4	23.1%	72,199	4.48
Production	324,222	21.5%	312,949	23.9%	17.3	17.8%	11,273	4.61
Smartspace	99,818	6.6%	70,449	5.4%	6.6	6.8%	29,369	7.85
Other(1)	114,642	7.6%	102,737	7.8%	12.5	12.9%	11,905	10.16
Total	**1,507,069**	**100.0%**	**1,311,495**	**100.0%**	**97.2**	**100.0%**	**195,574**	**6.17**

(1) Other includes: catering, other usage, residential, individual, 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	34,053	16,588	20,425	3,234	10,715	(598)	84,417
Between 1 and 5 years	59,721	38,453	36,430	1,056	19,458	(242)	154,876
More than 5 years	12,344	9,921	6,803	34	6,114	(5)	35,211
Total	**106,118**	**64,962**	**63,658**	**4,324**	**36,287**	**(845)**	**274,504**

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	109,621	36,690	104,903	58,372	17,369	326,955
Between 1 and 5 years	255,308	220,281	239,098	11,828	71,645	798,160
More than 5 years	42,666	55,978	73,764	249	13,723	186,380
Total	**407,595**	**312,949**	**417,765**	**70,449**	**102,737**	**1,311,495**

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 33.8% of contracts in place at 31 March 2021 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	1.45%
Storage	2.72%
Production	1.80%
Smartspace	2.54%
Other(1)	7.16%
Total	**2.13%**

(1) Other includes: catering, other usage, residential, individual, technical space, land and car parking.

Property profile March 2021*

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other sqm	Rate psqm €
Rostock	18,656	8,228	1,569	6,606	2,253	6.15
Hanover	22,717	8,911	3,943	6,239	3,624	5.60
Mahlsdorf	29,257	11,578	10,796	1,979	4,904	7.34
Mahlsdorf II	12,736	5,765	1,262	1,906	3,803	7.30
Magdeburg	30,022	10,732	9,784	4,209	5,297	5.04
Gartenfeld	25,379	4,996	11,019	3,351	6,013	7.99
Neuruppin	22,959	1,404	7,629	13,132	794	4.83
Potsdam	35,864	12,372	12,555	4,956	5,981	7.22
Schenefeld	40,252	10,264	26,528	1,959	1,501	4.36

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Property profile March 2021* continued

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other sqm	Rate psqm €
Dresden	57,701	26,213	17,283	11,125	3,080	7.20
Hamburg Lademannbogen	10,485	7,756	1,295	–	1,434	9.60
Buxtehude	28,135	1,108	11,749	13,412	1,866	4.16
Norderstedt	12,627	3,052	7,508	172	1,895	5.16
Neuss	17,547	13,419	1,219	153	2,756	11.19
Bonn	10,586	4,531	2,412	477	3,166	7.51
Bonn – Dransdorf	19,055	5,364	6,888	1,665	5,138	6.39
Aachen I	24,201	12,622	2,324	5,510	3,745	8.72
Aachen II	9,750	1,452	6,570	1,534	194	5.58
Cologne	29,046	2,636	12,574	1,769	12,067	4.61
Wuppertal	14,601	855	5,589	3,614	4,543	4.34
Solingen	13,333	2,475	4,409	4,925	1,524	2.67
Düsseldorf – Sud	21,443	2,814	12,309	1,970	4,350	5.25
Cölln Parc	13,480	6,509	3,371	2,867	733	10.31
Krefeld III	9,671	4,833	3,430	924	484	7.72
Düsseldorf II	9,839	4,433	4,950	–	456	7.46
Krefeld II	6,101	2,893	325	2,171	712	7.27
Krefeld	11,319	7,450	2,545	592	732	8.28
Cologne Porz	21,087	15,675	2,416	279	2,717	10.44
Bochum	55,801	12,714	36,004	3,964	3,119	4.27
Bochum II	4,318	3,502	479	12	325	8.28
Neuss II	33,357	8,498	17,209	6,058	1,592	4.25
Mannheim II	14,593	6,597	4,149	586	3,261	5.68
Mannheim III	3,035	2,278	740	–	17	6.32
Neu-Isenburg	8,269	5,708	1,168	–	1,393	10.68
Mannheim	68,690	13,116	22,214	27,119	6,241	4.61
Maintal	37,056	7,224	14,779	8,390	6,663	6.19
Maintal Mitte	11,023	462	4,523	5,685	353	4.03
Offenbach I	15,044	3,641	2,414	2,351	6,638	6.26
Pfungstadt	32,662	6,707	11,406	9,786	4,763	4.68
Kassel	8,142	3,311	683	3,875	273	5.31
Offenbach Carl Legien-Strasse	45,190	10,010	9,340	17,625	8,215	5.18
Frankfurt Röntgenstraße	5,488	3,889	505	36	1,058	10.35
Saarbrücken	46,864	29,663	9,685	820	6,696	8.07
Alzenau	66,703	27,673	7,510	24,085	7,435	6.35
Friedrichsdorf	17,536	6,793	5,249	2,763	2,731	6.73
Dreieich	13,048	7,402	3,095	–	2,551	7.94
Frankfurt	4,288	2,260	485	68	1,475	10.11
Wiesbaden	18,364	14,334	1,369	–	2,661	13.57
Ludwigsburg	28,237	7,505	10,247	3,832	6,653	6.07
Nuremberg	14,100	2,323	3,144	7,628	1,005	7.42
Heidenheim	46,875	8,240	15,279	12,964	10,392	4.22
Stuttgart – Kirchheim	57,863	20,109	12,957	18,737	6,060	5.94
Munich – Neuaubing	91,231	16,221	31,677	29,614	13,719	7.06
Nabern II	5,578	1,620	491	2,376	1,091	7.22
Markgröningen	57,697	4,377	30,925	20,225	2,170	3.37
Fellbach	27,062	1,749	16,551	340	8,422	5.00
Fellbach II	9,801	6,131	822	27	2,821	6.90
Frickenhausen	27,933	6,540	7,062	12,182	2,149	5.02
Freiburg Teningen	20,778	7,151	6,037	5,578	2,012	3.92
Grasbrunn	14,272	7,882	4,127	–	2,263	10.71
Hallbergmoos	18,322	12,453	3,388	–	2,481	8.70
Total	**1,507,069**	**478,423**	**489,964**	**324,222**	**214,460**	**6.17**

* Excluding leased investment properties.

ANNEX 1– NON-IFRS MEASURES

Basis of preparation

The Directors of Sirius Real Estate Limited ("Sirius") have chosen to disclose additional non-IFRS measures; these include EPRA earnings, adjusted net asset value, EPRA net asset value, EPRA net reinstatement value, EPRA net tangible assets, EPRA net disposal value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

The Directors have chosen to disclose:

» EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (including tax), the gain on loss of control of subsidiaries, refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties (including tax), revaluation gain on investment property relating to associates and the related tax thereon. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in table A below.

» Adjusted net asset value in order to assist in comparisons with similar businesses. Adjusted net asset value represents net asset value after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements, derivative financial instruments and LTIP valuation. The reconciliation for adjusted net asset value is detailed in table B below.

» EPRA net reinstatement value ("EPRA NRV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NRV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NRV represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NRV is detailed in table C below.

» EPRA net tangible assets ("EPRA NTA") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NTA is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NTA represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (excluding that relating to assets held for sale) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NTA is detailed in table C below.

» EPRA net disposal value ("EPRA NDV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NDV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NDV represents net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NDV is detailed in table C below.

» EPRA net asset value ("EPRA NAV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NAV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NAV represents net asset value after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements and derivatives. EPRA introduced three new features of the net asset valuation metrics, which replaced EPRA NAV for accounting periods commencing in January 2020. Companies are expected to provide a bridge between the previous EPRA NAV metrics and the new ones for both the current and comparative accounting period in order to assist the users of their financial statements. The reconciliation for EPRA NAV 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 related tax and deficit on revaluation relating to leased investment properties. The reconciliation for adjusted profit before tax is detailed in table D below.

» Funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from funds from operations. Accordingly, funds from operations excludes depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding tax on disposals. The reconciliation for funds from operations is detailed in table D below.

The Non-IFRS Financial Information is presented in accordance with the JSE Listing Requirements and the guide on pro forma financial information issued by SAICA. The Non-IFRS Financial Information is the responsibility of the Directors. The Non-IFRS Financial Information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result of operations.

Ernst & Young Inc have issued a reporting accountants' report on the Non-IFRS Financial Information for the year ended 31 March 2021 which is available for inspection at the Group's registered office. The starting point for all the Non-IFRS Financial Information has been extracted from the Group's consolidated financial statements for the year ended 31 March 2021 ("consolidated financial statements").

ANNEX 1– NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table A – EPRA earnings

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Basic and diluted earnings attributable to owners of the Company[1]	**147,451**	98,136
Gain on revaluation of investment properties[2]	**(99,585)**	(55,789)
Add loss/(deduct gain) on disposal of properties (including tax)[3]	**33**	(86)
Deduct gain on loss of control of subsidiaries[4]	**(65)**	(6,323)
Refinancing costs, exit fees and prepayment penalties[5]	**—**	9,107
Change in fair value of derivative financial instruments[6]	**(136)**	377
Deferred tax in respect of EPRA earnings adjustments[7]	**14,180**	11,687
NCI in respect of the above[8]	**82**	29
Deduct revaluation gain on investment property relating to associates[9]	**(4,199)**	(1,687)
Tax in relation to the revaluation gain on investment property relating to associates[10]	**872**	431
EPRA earnings[11]	**58,633**	55,882

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 which has been extracted from the consolidated statement of comprehensive income 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 11 within the consolidated financial statements.

(4) Row 4 presents the gain on loss of control of subsidiaries which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(5) Row 5 presents the refinancing costs, exit fees and prepayment penalties which have been extracted from note 9 within 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 of the EPRA earnings adjustments which has been extracted from note 10 within the consolidated financial statements.

(8) Row 8 presents the non-controlling interest relating to gain on revaluation and gain or loss on disposal of properties (including tax) which has been extracted from note 11 within the consolidated financial statements.

(9) Row 9 presents the revaluation gain on investment property relating to associates which has been extracted from note 11 within the consolidated financial statements.

(10) Row 10 presents tax in relation to the revaluation gain on investment property relating to associates which has been extracted from note 11 within the consolidated financial statements.

(11) Row 11 presents the EPRA earnings for the year.

Table B – Adjusted net asset value

	31 March 2021 €000	31 March 2020 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)[1]	**926,533**	801,570
Deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation[2]	**56,331**	42,151
Derivative financial instruments at fair value[3]	**1,141**	1,279
Adjusted net asset value attributable to owners of the Company[4]	**984,005**	845,000

Notes:

(1) Row 1 presents the net assets value for the purpose of assets per share (assets attributable to the owners of the company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Row 2 presents deferred tax expense arising on revaluation gains of €56,484,000 (2020: €42,225,000) and a credit of €153,000 (2020: €74,000) arising on derivative financial instruments which has been extracted from note 10 within the consolidated financial statements. There is no deferred tax on the LTIP valuation.

(3) Row 3 presents current derivative financial instrument assets of €70,000 (2020: €89,000) less current derivative financial instrument liabilities of €414,000 (2020: €412,000) less non-current derivative financial instrument liabilities of €797,000 (2020: €956,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(4) Row 4 presents the adjusted net asset value attributable to the owners of the Company as at year end.

Basis of preparation continued

Table C – EPRA net asset measures

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2021 €000	31 March 2021 €000	31 March 2021 €000	31 March 2021 €000
Net asset value as at year end (basic)[1]	**926,533**	**926,533**	**926,533**	**926,533**
Diluted EPRA net asset value at fair value	**926,533**	**926,533**	**926,533**	**926,533**
Group				
Derivative financial instruments at fair value[2]	**1,141**	**1,141**	**n/a**	**1,141**
Deferred tax in respect of EPRA earnings adjustments[3]	**56,331**	**56,331***	**n/a**	**56,331**
Goodwill as per note 19[4]	**n/a**	**(3,738)**	**(3,738)**	**n/a**
Intangibles as per note 19[5]	**n/a**	**(2,830)**	**n/a**	**n/a**
Fair value of fixed interest rate debt[6]	**n/a**	**n/a**	**(3,556)**	**n/a**
Real estate transfer tax[7]	**106,274**	**n/a**	**n/a**	**n/a**
Investment in associate				
Deferred tax in respect of EPRA earnings adjustments[3]*	**5,212**	**5,212***	**n/a**	**n/a****
Fair value of fixed interest rate debt[6]	**n/a**	**n/a**	**(1,772)**	**n/a**
Real estate transfer tax[7]	**6,772**	**n/a**	**n/a**	**n/a**
Total EPRA NRV, NTA, NDV and NAV[8]	**1,102,263**	**982,649**	**917,467**	**984,005**

	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV
	New measures			Previous measure
	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000	31 March 2020 €000
Net asset value as at year end (basic)[1]	801,570	801,570	801,570	801,570
Diluted EPRA net asset value at fair value	801,570	801,570	801,570	801,570
Group				
Derivative financial instruments at fair value[2]	1,279	1,279	n/a	1,279
Deferred tax in respect of EPRA earnings adjustments[3]	42,151	41,668*	n/a	42,151
Goodwill as per note 19[4]	n/a	(3,738)	(3,738)	n/a
Intangibles as per note 19[5]	n/a	(1,986)	n/a	n/a
Fair value of fixed interest rate debt[6]	n/a	n/a	(3,688)	n/a
Real estate transfer tax[7]	93,810	n/a	n/a	n/a
Investment in associate				
Deferred tax in respect of EPRA earnings adjustments[3]*	4,337	4,337*	n/a	n/a**
Fair value of fixed interest rate debt[6]	n/a	n/a	(2,385)	n/a
Real estate transfer tax[7]	6,322	n/a	n/a	n/a
Total EPRA NRV, NTA, NDV and NAV[8]	949,469	843,130	791,759	845,000

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end.

** While the previous definition of EPRA NAV included this adjustment, in prior periods it has not been considered sufficiently material to adjust. As the value of this difference is expected to become more material in future periods, the adjustment will now be included in the calculation of the EPRA measures where appropriate.

Notes:

(1) Row 1 presents the net assets value for the purpose of assets per share (assets attributable to the owners of the company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Row 2 presents current derivative financial instrument assets of €70,000 (2020: €89,000) less current derivative financial instrument liabilities of €414,000 (2020: €412,000) less non-current derivative financial instrument liabilities of €797,000 (2020: €956,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(3) Row 3 presents for the Group the deferred tax expense arising on revaluation gains of €56,484,000 (2020: €42,225,000) and a credit of €153,000 (2020: €74,000) arising on derivative financial instruments which has been extracted from note 10 within the consolidated financial statements and for EPRA NTA only the additional credit adjustment for the deferred tax expense relating to assets held for sale of €nil (2020: €483,000). For investment in associates the deferred tax expense arising on revaluation gains amounted to €5,212,000 (2020: €4,337,000). There is no deferred tax on the LTIP valuation.

(4) Row 4 presents the net book value of goodwill which has been extracted from note 19 within the consolidated financial statements.

(5) Row 5 presents the net book value of software and licences with definite useful life which has been extracted from 19 within the consolidated financial statements.

(6) Row 6 presents the fair value of financial liabilities and assets on the statement of financial position, net of any related deferred tax.

(7) Row 7 presents the add-back of purchasers' costs in order to reflect the value prior to any deduction of purchasers' costs, as shown in the Valuation Certificate of Cushman & Wakefield LLP.

(8) Row 8 presents the EPRA NAV, EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at year end. The EPRA NAV measurement is no longer recognised by EPRA guidelines from periods commencing in January 2020. The measurement has been retained to provide a bridge between the previous EPRA NAV metric and the new EPRA NRV, NTA and NDV metrics.

ANNEX 1– NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table D – Adjusted profit before tax and funds from operations

	Year ended 31 March 2021 €000	Year ended 31 March 2020 €000
Reported profit before tax[(1)]	**163.7**	110.8
Adjustments for:		
Gain on revaluation of investment properties[(2)]	**(99.6)**	(55.8)
Deficit on revaluation relating to leased investment properties[(3)]	**(4.3)**	(3.9)
Gain on disposals of properties[(4)]	**(0.1)**	(0.1)
Gain on loss of control of subsidiaries[(5)]	**(0.1)**	(6.3)
Deduct revaluation gain on investment property from associates and related tax[(6)]	**(3.3)**	(1.3)
Other adjusting items[(7)]	**4.1**	11.1
Change in fair value of financial derivatives[(8)]	**(0.1)**	0.4
Adjusted profit before tax[(9)]	**60.3**	54.9
Adjustments for:		
Depreciation and amortisation (excluding depreciation relating to IFRS 16)[(10)]	**1.6**	1.6
Amortisation of financing fees[(11)]	**1.7**	1.4
Adjustment in respect of IFRS 16[(12)]	**(0.9)**	(1.2)
Current taxes incurred (see note 10)[(13)]	**(1.9)**	(0.9)
Add back current tax relating to disposals[(14)]	**0.1**	(0.1)
Funds from operations[(15)]	**60.9**	55.7

Notes:

(1) Row 1 presents profit before tax 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 which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(3) Row 3 presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 13 within the consolidated financial statements.

(4) Row 4 presents the gain or loss on disposal of properties which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(5) Row 5 presents the gain on loss of control of subsidiaries which has been extracted from the consolidated statement of comprehensive income within the consolidated financial statements.

(6) Row 6 presents the revaluation gain on investment property relating to associates and related tax which has been extracted from note 11 within the consolidated financial statements.

(7) Row 7 presents the total adjusting items which has been extracted from note 11 within the consolidated financial statements.

(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 year.

(10) Row 10 presents depreciation of plant and equipment and amortisation of intangible assets which has been extracted from note 6 within the consolidated financial statements.

(11) Row 11 presents amortisation of capitalised finance costs which has been extracted from note 9 within the consolidated financial statements.

(12) Row 12 presents the differential between the expense recorded in the consolidated statement of comprehensive income for the year relating to head leases in accordance with IFRS 16 amounting to €5.1 million (2020: €4.8 million) and the actual cash expense recorded in the consolidated statement of cash flow for the year amounting to €6.0 million (2020: €6.0 million).

(13) Row 13 presents the total current income tax which has been extracted from note 10 within the consolidated financial statements.

(14) Row 14 presents the current income tax charge relating to disposals of investment properties which has been extracted from note 10 within the consolidated financial statements.

(15) Row 15 presents the funds from operations for the year.

GLOSSARY OF TERMS

Adjusted earnings	is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, 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 at fair value and deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation
Adjusted profit before tax	is the reported profit before tax adjusted for gain on revaluation of investment properties, gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, gain on loss of control of subsidiaries, revaluation gain on investment property relating to associates and related tax and deficit on revaluation relating to leased investment properties
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 2021. 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 the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), the gain on loss of control of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon
EPRA net asset value	is the net asset value after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements and derivatives
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates
EPRA net tangible assets	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (just for the part of the portfolio that the Company intends to hold should be excluded) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position, including the amounts of the above related to the investment in associates
EPRA net disposal value	is the net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt, including the amounts of the above related to the investment in associates
EPRA net initial yield	is the annualised rent roll based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs
EPRA net yield	is the net operating income generated by a property expressed as a percentage of its value plus purchase costs

GLOSSARY OF TERMS CONTINUED

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 tax on disposals
Geared IRR	is an estimate of the rate of return taking into consideration debt
Gross loan to value ratio	is the ratio of principal value of total debt to the aggregated value of investment property
Like for like	refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are made in relation to annualised rent roll, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period
Net loan to value ratio	is the ratio of principal value of total debt less cash, excluding that which is restricted, to the aggregate value of investment property
Net operating income	is the rental and other income from investment properties generated by a property less directly attributable costs
Net yield	is the net operating income generated by a property expressed as a percentage of its value
Occupancy	is the percentage of total lettable space occupied as at reporting date
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
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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LSE (GBP) Share Code: SRE
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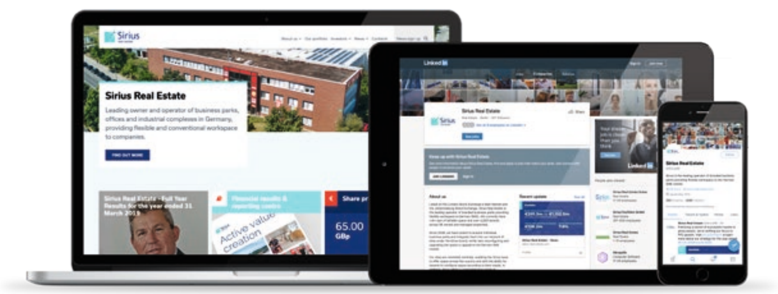

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