Sustainable growth

Sirius Real Estate Limited
Annual Report and Accounts 2024

Sirius Real Estate

Continued sustainable FFO growth

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

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

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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.

Continued growth in challenging conditions

Operating platform drives higher performance.

€288.8m

↑ 6.9%

Total revenue

€110.2m

↑ 7.9%

Funds from operations(1)

€115.2m

↑ 32.4%

Profit before tax

€2,186.7m

↑ 3.8%

Portfolio book value(2) – owned investment properties

6.05c

↑ 6.5%

Dividend per share

111.12c

↑ 1.8%

Adjusted NAV per share

109.82c

↑ 1.6%

EPRA(1) NTA per share

34.6%

↓ 6.9%

EPRA(1) loan to value

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.

Building on organic growth

Organic rental growth across both German and UK platforms and strong balance sheet.

€194.7m

↑ 8.2%

Total annualised rent roll[3]

2024	194.7
2023	179.9

€188.7m

↑ 7.2%

Like-for-like annualised rent roll[3]

2024	188.7
2023	176.0

€8.82

↑ 7.8%

Average rate (€) per sqm[3]

2024	8.82
2023	8.18

€8.68

↑ 5.2%

Average rate (€) per sqm like for like[3]

2024	8.68
2023	8.25

85.5%

↑ 1.6

Like-for-like occupancy

2024	85.5
2023	83.9

€214.5m

↑ 116.2%

Cash in bank

2024	214.5
2023	99.2

98.2%

↓ 0.4%

Cash collection

2024	98.2
2023	98.6

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(1) Refer to glossary of terms in the Annual Report and Accounts 2024.

(2) Including assets held for sale.

(3) The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1695, being the closing exchange rate as at 31 March 2024.

Empowering business, unlocking potential

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

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

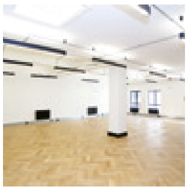
The Group has a well-diversified income and tenant profile from large multinational corporations working within a broad range of industries to smaller SMEs and individual tenants. Most sites have a combination of anchor tenants which provide secure long-term income, SME tenants on a combination of conventional and flexible lease terms and Smartspace-serviced tenants which comprise a wide variety of companies and individuals using self-storage, serviced office and workbox products. While the stability of anchor tenants is important for income security, our high-yielding Smartspace products, which are generally created by transforming previously sub-optimal space, acquired for very low cost, provide a substantial boost to income returns.

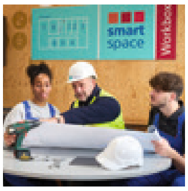
2.2
million sqm

9,654
tenants

142
total number of properties owned

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





Our workspace

Production, warehouses and workshops

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

Storage

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

Offices

Across Sirius' portfolio, our office space comprises office areas and buildings on industrial business parks, office buildings attached to warehouses and standalone office buildings in more traditional office areas. Within these, we offer a wide range of conventional and flexible office solutions on either long or short-term leases, offering flexibility for our range of tenants. Some business centres offer service packages such as furniture, IT and conferencing as well as co-working areas and virtual offices.

Focus on Germany

As at 31 March 2024, the Group owned 68 business parks in Germany, comprising 1.8m sqm of lettable space generating €129.7m of annualised rent roll.

All our sites here operate under the Sirius brand. In addition, the Group managed one property and held a 35% interest in seven additional properties, through its Titanium venture with AXA IM Alts. The value of owned property in Germany as at 31 March 2024 was €1.7 billion.

1.8
million sqm

5,915
tenants

68
total number of properties owned

Our sites in Germany

Traditional business parks

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

- Multi-tenanted
- Large multinational companies
- Long-term leases
- Production, storage and office space
- 54% of annualised rent roll

Modern business parks

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

- Multi-tenanted
- SMEs and individual tenants
- Long and short-term leases
- Warehouse, storage and office space
- 28% of annualised rent roll

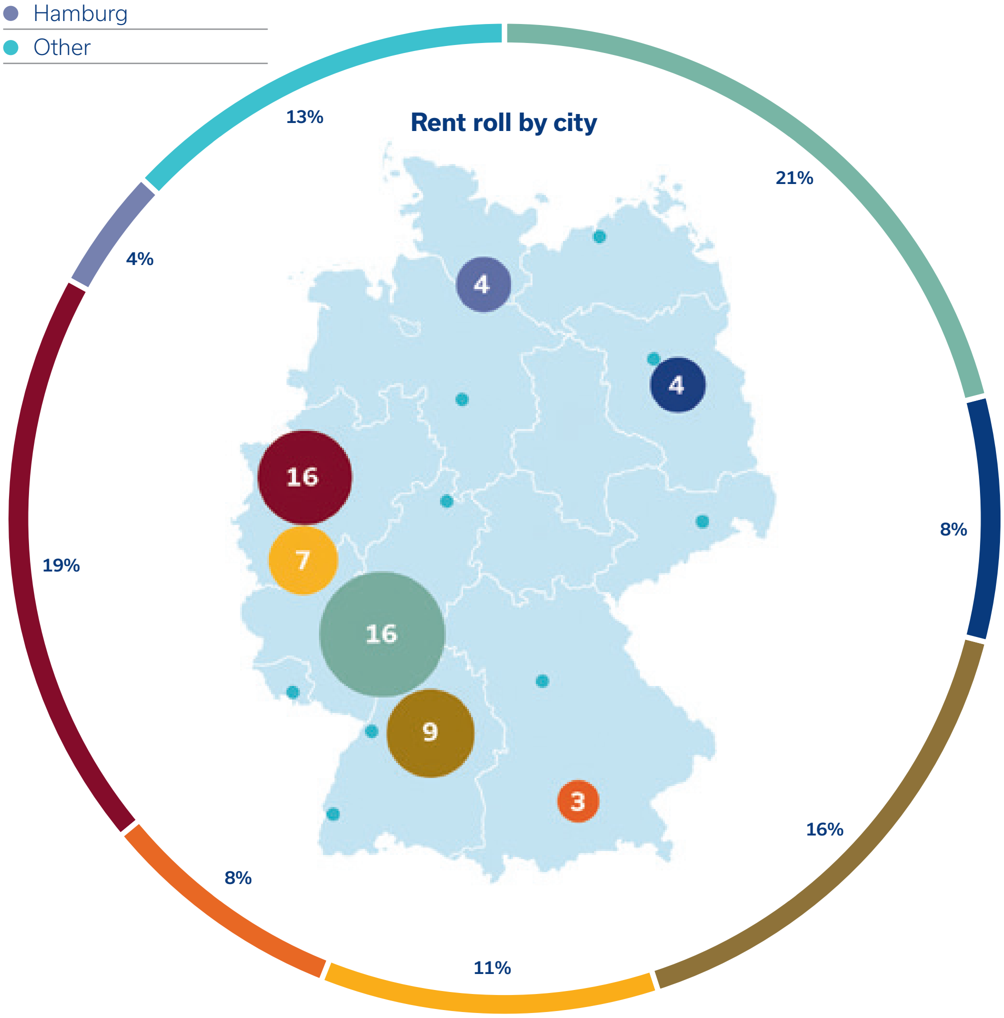
Office buildings

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

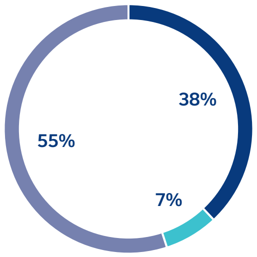
- Single and multi-tenanted
- SMEs
- Long and short-term leases
- Office space
- 18% of annualised rent roll

Our locations

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


Rent roll by city

Total tenant split by rent roll



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

Some of our tenants

DEMATIC
ESE
GKN AEROSPACE
IMI BOPP & REUTHER
BING Power Systems
CemeCon The Tool Coating
i2s an Amphenol company
kiekert TECHNOLOGY THAT LEADS

Focus on the UK

As at 31 March 2024, the Group operates 74 sites throughout the UK, comprising 4.3m sq ft (0.4m sqm) of lettable space, generating £55.6m (€65.0m) of annualised rent roll.

All our UK sites operate under the BizSpace brand and were acquired in November 2021. BizSpace offers light industrial, workshop, studio, storage and office units to a wide range of businesses offering a blend of flexible agreements and longer-term leases. The value of owned property in the UK at 31 March 2024 was €0.5 billion.

0.4
million sqm

3,739
tenants

74
total number of properties owned

Our sites in the UK

Industrial

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

Office buildings

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

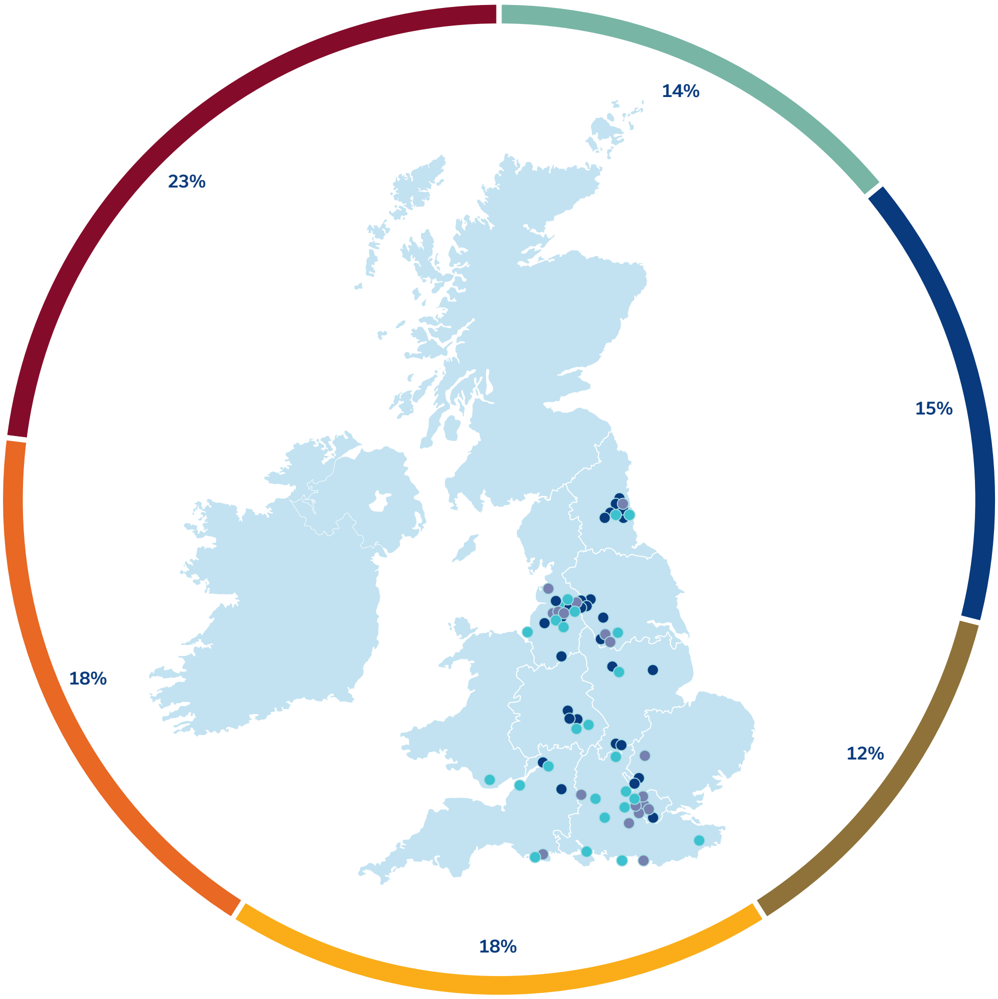
Mixed use

BizSpace's mixed sites have a combination of workshop space and office space on site. These sites are typically converted mills or factories which have been modernised and repositioned to provide flexible workspace accommodation. All units are rented unfurnished on a sq ft basis with the tenant having the flexibility to choose between a lease or a licence.

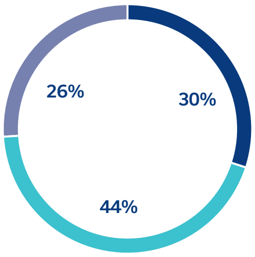
Our locations by revenue

- ● Midlands
- ● North
- ● North East & North
- ● North West
- ● South East
- ● South West

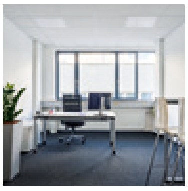
- ● Industrial
- ● Office
- ● Mixed use



Total portfolio split by annualised rent roll



- ● Industrial
- ● Office
- ● Mixed use



Realising opportunities in the market to capture future growth

Acquired in the period – Germany

Köln – EHS
March 2024

Total acquisition cost	€21,467,107
Tenants	44
Lettable space	19,114 sqm
Occupancy	89.1%
Annualised rent roll	€1,673,529
Vacant space	2,091 sqm
Rate per sqm	€8.19

Acquired post year end – Germany

Göppingen
April 2024

Total acquisition cost	€21,362,657
Tenants	15
Lettable space	35,132 sqm
Occupancy	86.9%
Annualised rent roll	€1,783,532
Vacant space	4,591 sqm
Rate per sqm	€4.87

Klipphausen
April 2024

Total acquisition cost	€14,645,623
Tenants	1
Lettable space	17,683 sqm
Occupancy	100%
Annualised rent roll	€2,400,000
Vacant space	0 sqm
Rate per sqm	€11.31

Dresden
April 2024

Total acquisition cost	€1,122,900
Tenants	10
Lettable space	1,183 sqm
Occupancy	41.3%
Annualised rent roll	€53,415
Vacant space	694 sqm
Rate per sqm	€9.10

Acquired in the period – UK

Liverpool
October 2023

Total acquisition cost
€6,494,935

Tenants
36

Lettable space
3,513 sqm

Occupancy
100.0%

Annualised rent roll
€763,347

Vacant space
0 sqm

Rate per sqm
€18.24

Barnsley Carlton
October 2023

Total acquisition cost
€5,370,812

Tenants
46

Lettable space
3,172 sqm

Occupancy
98.6%

Annualised rent roll
€711,744

Vacant space
46 sqm

Rate per sqm
€18.97

Islington Studios*
November 2023

Total acquisition cost
€18,360,682

Tenants
18

Lettable space
3,082 sqm

Occupancy
73.1%

Annualised rent roll
€834,991

Vacant space
829 sqm

Rate per sqm
€30.88

Spectrum House*
November 2023

Total acquisition cost
€13,364,578

Tenants
23

Lettable space
4,278 sqm

Occupancy
80.7%

Annualised rent roll
€1,549,803

Vacant space
825 sqm

Rate per sqm
€37.40

Finsbury Park*
November 2023

Total acquisition cost
€10,117,111

Tenants
27

Lettable space
2,299 sqm

Occupancy
52.1%

Annualised rent roll
€831,910

Vacant space
1,102 sqm

Rate per sqm
€57.92

Acquired post year end – UK

Vantage Point
April 2024

Total acquisition cost
€58,588,792

Tenants
91

Lettable space
136,071 sqm

Occupancy
81.0%

Annualised rent roll
€5,964,450

Vacant space
25,853 sqm

Rate per sqm
€4.51

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* These three purchases make up the Islington and Camden acquisition summarised in the Asset Management section of this report.

Capturing value through asset recycling

Disposals

Germany

In December 2022, the Company notarised for disposal a business park in Wuppertal for proceeds amounting to €8.8m at a 5% premium to book value at the time of notarisation. This business park in North Rhine Westphalia comprised 15,006 sqm of industrial, storage and office space with a 79% occupancy, generating approximately €0.7m of annual net operating income. Once again, due to the property's size and location, this asset was considered non-core and the returns expected on this asset going forward were well below those expected from the acquisition pipeline. The asset completed on 1 April 2023.

In October 2022, the Company completed the notarisation of its Kassel asset for €7.3m, at a 5% premium to book value at the time of notarisation. This allowed Sirius to dispose of an asset located in a non-core location, which was 92% let and comprised a total lettable area of 8,342 sqm of industrial, office, logistics and other space within a 16,217 sqm plot size. The asset completed on 1 October 2023.

In March 2024, the Company completed the sale of its Maintal I asset for a sale price of €40.1m equating to a 6% premium to book value at the time of notarisation in November 2023. The mixed-use site consisted of 38,000 sqm of storage, industrial and office space, yielding €2.1m on NOI at 83% occupancy.

UK

In March 2024, the Group sold an asset in Stoke-on-Trent for £3.0 (€3.5)m. The asset, which comprised just over 55,097 sq ft (c. 5,118 sqm) of industrial space, generating £0.2 (€0.2)m of net operating income at 79.7% occupancy, was sold at a 1% premium to the last reported book value and was deemed non-core to the business going forward.

Continued growth in challenging conditions

Daniel Kitchen
Chair

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

Sirius would like to thank shareholders for their continued support, highlighted by our €165.3m capital raise in November 2023 to enable the Company to take advantage of a pipeline of compelling opportunities both in Germany and in the UK. The Company has invested the capital raise proceeds in a range of assets in Germany and the UK which we are excited about the future prospects for, we believe such acquisitions will contribute to our growth in future years. In the UK, we have acquired our largest asset since acquiring BizSpace in November 2021, the £50.1 (€58.6)m Vantage Point business park in Gloucestershire, UK. We believe further compelling acquisition opportunities will arise in the coming year.

The asset recycling programme continued on pace, with the Company recycling €60m of non-core or mature assets in the period, demonstrating the power of our operating platform to transform these assets into attractive sale opportunities.

As the Group sets its sights on our next FFO milestone of €150m, the Group continues to deliver on its ambition by capturing rent roll growth in both Germany and the United Kingdom whilst maintaining a robust balance sheet. The Board has authorised a progressive dividend of 3.05c per share for the second half of the financial year, increasing on the 2.98c per share dividend for the equivalent period in the prior year. This brings the total dividend for the year to 6.05c, an increase of 6.5% on the 5.68c dividend for the year ended 31 March 2023.

Our sustainability agenda

We are proud of the progress we continue to make in our work to build a sustainable future. Challenges remain in our sector and we are pleased to have launched a dedicated team to manage our sustainability agenda, led by our Chief Executive Officer, Andrew Coombs, who continues to chair the Sirius Real Estate Sustainability and Ethics Committee. We have set out in our ESG report a roadmap for the future and look forward to updating shareholders on our progress in this area.

Looking ahead

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

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

Thank you

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

Daniel Kitchen
Chair
31 May 2024

Opportunity and growth

Andrew Coombs
Chief Executive Officer

> "Compelling opportunities in the market support our continued sustainable FFO growth ambitions."

Q Looking back across the past financial year, how is the Company managing increased interest rates?

As an asset owning real estate company, leverage is an integral part of our capital structure. Therefore, the cost of that leverage in the form of interest rates has a significant impact on our profitability. Whilst we are not immune to interest rates we are in a relatively strong position with our high yielding portfolio such that our leverage continues to have a positive impact on our returns. The support we saw during the year from the re-financing of our secured lending facilities with BerlinHyp and Deutsche PBB demonstrates the strength of the Group's standing with its lenders.

Our continued focus on driving rental income growth from our portfolio and defending our asset values is the primary focus of the team. This is the way we protect our profitability as a Group from the effects of higher interest rates.

Q Why did the Company raise capital in the year?

We saw a compelling buying opportunity in both of our markets as in certain situations sellers price expectations moderated to levels which met our return requirements. Our in-house acquisitions teams were able to identify such situations in a market which is still suffering subdued levels of activity.

These acquisitions will underpin our next stage of growth and together with our asset recycling programme leave me excited for our future growth prospects.

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

Our recent asset acquisitions demonstrate our ability to identify and execute on such opportunities to create the platform for future shareholder returns. We believe that opportunity will continue to be compelling in the year ahead. As ever, we will do this whilst also staying focused on our core activities, managing our portfolio of assets in the UK and Germany to drive rent roll growth through a combination of rate and occupancy driven returns.

Our focused capex programmes will continue to provide the opportunity to generate high returns from our capital and we will remain focused on this activity as a core driver of our business.

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

Last year, we set out our aspirations in our first ever standalone ESG Report, establishing priorities and objectives for how we approach ESG. Today, alongside our Annual Report, we have published our second ESG report which demonstrates our continued progress and commitment to building a more sustainable future.

We continue to make sure that our ESG programme is based on detailed assessments and sound economic foundations. We take a deliberately cautious approach to developing and implementing our ESG roadmap to ensure it is realistic and achievable for our business. Undoubtedly, environmental initiatives are a key priority for us. This year in line with our previous target, we remain net zero for Scope 1 and 2 emissions in Germany and are carbon neutral for Scope 1 and 2 emissions for the first time in the UK. This was achieved by continuing to improve energy efficiency and lighting systems and providing a high proportion of renewable electricity to our platform. We have also worked to address the more challenging Scope 3 emissions which account for over 98% of our total emissions. For the first time, we have set an ambition to reduce our carbon emissions intensity per square meter for Scope 3 emissions by 45% by 2030, using 2021/2022 as our base year. We will review our ambition each year, taking into account the unique dynamics of our portfolio where the age, scale, and multiple uses of our assets, as well as actions on national grid decarbonisation, add complexity to creating a decarbonisation pathway.

Our social initiatives continue at pace with our aim to become an exceptional employer of choice. Learning and development opportunities are central to this, and we are proud to have delivered 1,580 days of training in the year across the Group. Equally, we are looking for opportunities to expand further our successful PRISMA programme which supports refugees who have settled in Germany and are proud to be engaging our tenants in our recently launched Prakti-Match programme promoting internships.

While we recognise and are proud of our progress, we also know that there is considerably more to do. Looking forward, we will continue to take the time we need to map out the details of our route and embed them into our business in the most effective way. We will also consider the findings of our new ESG Materiality assessment, which we are in the process of conducting, and the implications this has for our ESG priorities and strategy.

Andrew Coombs
Chief Executive Officer
31 May 2024

Property powered by our platform

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

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

Our platform

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

Key drivers

Capital efficiency

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

Favourable market environments

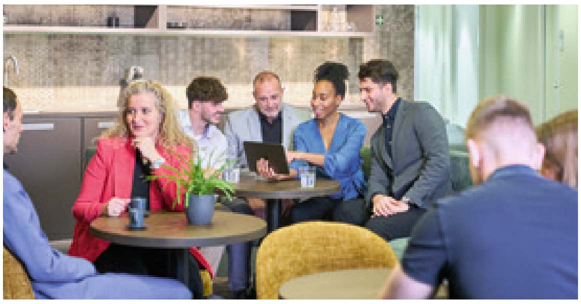
The German economy is the largest in Europe and its Mittelstand ("SME") market is particularly deep, meaning demand for both the Group's conventional space and flexible workspace continues to be high. The UK commercial real estate market is characterised by growing demand and shortening supply, driven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

People

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

Strong management capabilities

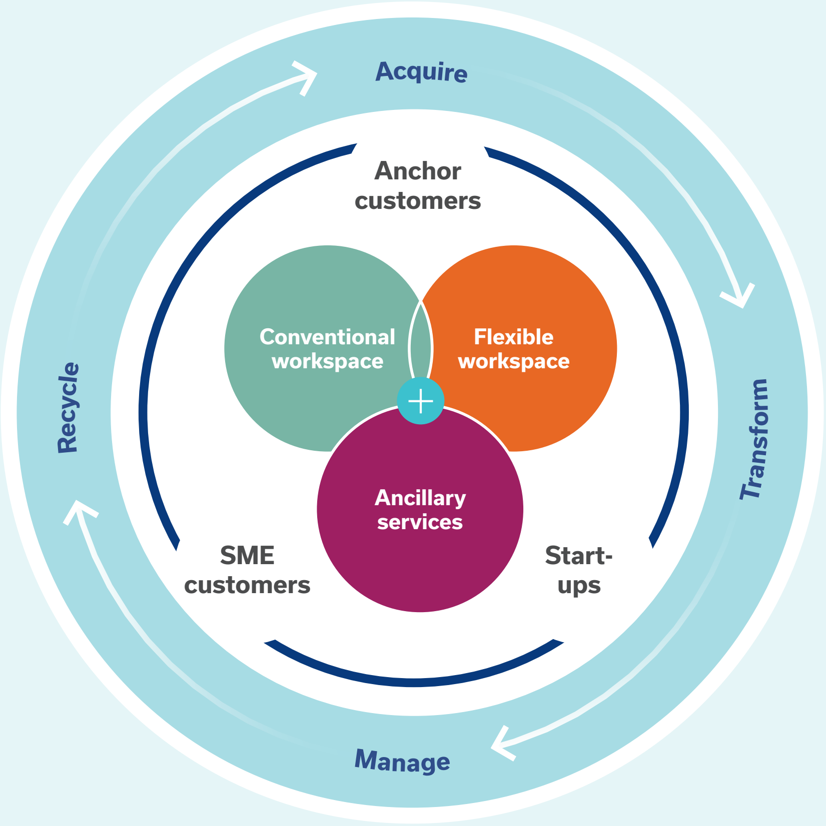
Sirius has a highly experienced Senior Management Team with a strong track record in the German and UK property markets, through both good and difficult economic conditions. The team is able to leverage its strong market connectivity and track record of acquiring assets to access a large number of potential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



Value created for our stakeholders

Sirius' cycle

Enhancing rental and capital value through active portfolio management.



Conventional workspace

- Long term
- Large scale
- Production
- Storage

Flexible workspace

- Long and short term
- Office
- Production
- Storage

Ancillary services

- Car parking
- Conferencing
- Catering
- Internet and telephony
- Virtual office

Value creation

Intensive asset management

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

Active tenant and lettings management

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

Transformation and conversion of space

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

Asset recycling

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

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

Return to growth

Overview

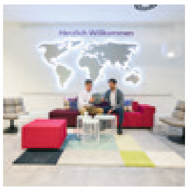
Sirius continues to be strategically operating in two of the top six economies in the world, namely Germany and the UK, where it owns and manages a well-diversified portfolio of mature business park assets, as well as those where there is an opportunity to add value through asset management.

In Germany, the primary focus is to build a "critical mass" around the "big seven" cities of: Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich. The Company has a secondary focus on a selection of key border towns where we can reap the benefits of markets on both sides of the border and the periphery of the "big seven" cities.

The Company owns and operates 1.8m sqm of manufacturing, storage and office space across 68 sites in Germany. The Company's tenant base is diverse, ranging from multinational corporations and Government agencies to SMEs within the German Mittelstand and individual tenants.

Our UK business, BizSpace, is a leading provider of regional flexible workspace, offering studios, workshops and offices to a wide range of businesses in convenient regional locations. The Company provides 4.2m sq ft (0.4m sqm) across 74 sites. BizSpace is equipped with a high-quality portfolio in a supply-constrained market that offers significant organic growth potential in rental pricing.

BizSpace's UK tenant base is similarly diverse to that which the Company serves in Germany, ranging from multinational businesses to manufacturing-focused SMEs and individual tenants.



The German market

Germany comfortably remains the largest economy in the European Union and the third largest in the world after the USA and China(1), as it has overtaken Japan to take the number three spot. It has maintained its reputation as an industrial powerhouse with a strong export-focused economy characterised by low unemployment.

The German economy continues to face headwinds, however GDP is expected to grow in 2024 and beyond. The labour market remains robust as unemployment rates remain at 5.4% and consumers overall have more funds to spend as inflation eases and real wages see improvement(2).

The European Commission estimates a 0.3% GDP contraction occurred in Germany in 2023, followed by 0.3% expected growth in 2024 and a further 1.2% in 2025, with inflation coming off from its 11.6% peak in October 2022 to 6% in 2023 and 2.5% in February 2024(3), being the lowest level since June 2021(4). Inflation is expected to finish the year at 2.8% in 2024 and fall further to 2.4% in 2025. Gas supplies in Germany are stable and balanced, with wholesale prices having fallen in recent months(5).

Commercial real estate investment volumes in Germany in 2023 were down sharply to just under €23.3 billion from €54.1 billion the year prior according to BNP Paribas, representing a 57% drop year over year. This marks the first time in eight years that investment volume was below €50.0 billion, showcasing the headwinds faced by the industry(6).

Once again, the majority of sales volume was registered in and around Germany's seven major cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart); however; these registered only €9.3 billion in investment, down from €28.2 billion the year prior.

Berlin led the way with €3.2 billion invested followed by Munich (€1.3 billion), Hamburg (€1.3 billion) and Frankfurt (€1.2 billion). Investments in these cities saw a fall between 62% and 76% compared to the previous year.

Logistic property investment led the way, receiving €6.1 billion in investment ahead of the office and retail asset class, accounting for 26% of total volume. Offices investment was just under €6.0 billion with retail investments accounting for 24% of investment with €5.7 billion. Overall investment in these sectors was down approximately 40% year on year. Foreign investors were responsible for around 37% of total investment levels, compared to 45% in the previous year.

The German economy continues to be driven by a diverse, and large number of small to medium-sized companies ("SMEs"), the so called "Mittelstand", which remains robust and agile to changes in the market. Germany leads the way globally with such "SMEs" making a significant contribution to the economic output and employment(7). These companies are highly specialised, acting as strategic partners for larger companies along the value chain, contributing significantly to innovation through their opportunistic mindset. In excess of 58% of jobs created in Germany are attributable to the Mittelstand, generating a total of 35% of sales. The space that the Company provides is especially suited for SME tenants which occupy 55% of our space and contribute 62% to the Company's rent roll.

Commercial real estate transaction volumes in Germany in 2023

€23.3bn

Despite lower levels of transaction volumes, the seven major cities continued to attract significant capital with around

40%

of transaction volumes

(1) https://www.forbesindia.com/article/explainers/top-10-largest-economies-in-the-world/86159/1.

(2) https://www.bundesbank.de/en/tasks/topics/german-economy-s-recovery-is-stalling--928282.

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

(4) https://www.destatis.de/EN/Press/2024/02/PE24_078_611.html#:~:text=Harmonised%20index%20of%20consumer%20prices%2C%20February%202024%3A&text=WIESBADEN%20%E2%80%93%20The%20inflation%20rate%20in,same%20month%20a%20year%20earlier.

(5) https://www.bundesnetzagentur.de/EN/Areas/Energy/SecurityOfSupply/GasSupply/start.html.

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

(7) Berenberg.

The UK market

The UK market

The UK continues to adjust to life after Brexit. An increased focus on supply chain security has driven demand for commercial storage as lead times for imported goods have increased. The end of free movement of people is exacerbating a shortage of labour which is affecting the entire economy. At the time of writing, the country faces political uncertainty that comes with an election in early July 2024.

Despite these uncertainties, on the ground we continue to experience the resilience of British business – our smaller units are highly sought after and are dominated by small businesses serving every area of the economy. Our larger industrial spaces benefit from the shortage of supply that comes with there having been very little new stock constructed in a generation.

The OECD forecasts a return to growth for the UK economy in 2024 of 0.7%, following a contraction of 0.3% in 2023, and forecast growth of 1.2% in 2025(1). Inflation has reduced to 3.8% from its peak of 8.8% in September 2022(2) and is forecast to return to its 2% target in the first half of 2024(3).

Commercial real estate investment in the UK in 2023 was £43 billion, representing a 23% decline year over year from £56 billion. Domestic investors increased their share of investments at approximately 55% compared with 45% foreign investment, flipping the trend seen in previous years(4).

Of the £43 billion invested, the office and industrial sector enjoyed investment of £9.5 billion and £9.2 billion respectively, accounting for 43% of total investment. Year on year, the office and industrial sector decreased by 50% and 34% respectively.

The fourth quarter of 2023 saw investment increase by 15% compared to the previous quarter, indicating that investments are picking up. Looking ahead, commentators expect bond yields to stabilise off their peaks and rate cuts from mid-late 2024, easing the cost of capital and thereby alleviating concerns of asset investors, even though interest rates are expected to be higher than those enjoyed over the past decade. The Company has taken advantage of the market sentiment investing in assets with attractive yields.

(1) https://commonslibrary.parliament.uk/research-briefings/sn02784/#:~:text=The%20OECD%20forecasts%20UK%20GDP,previous%20forecast%20made%20in%20November).

(2) https://www.statista.com/statistics/310582/uk-cpih-rate/.

(3) https://kpmg.com/uk/en/home/insights/2018/09/uk-economic-outlook.html.

(4) https://www.cbre.co.uk/insights/figures/uk-real-estate-investment-figures-q4-2023.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Continuing to deliver on our strategy

Our core strategy

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

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

Our five value drivers

Active portfolio management

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

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

Link to risks
see pages 66 to 71

① ⑤ ⑥ ⑧ ⑨ ⑩ ⑪

Transformation and conversion of vacant space

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

The returns that the Company achieves from these improvements are high as typically they not only deliver rental income and service charge recovery gains that come from letting the transformed areas but also include significant valuation uplifts that come from improving the space and business parks as a whole. The capex investment programmes are outlined in more detail in the Asset management review of Germany on pages 29 to 33.

Link to risks
see pages 66 to 71

⑤ ⑪

3

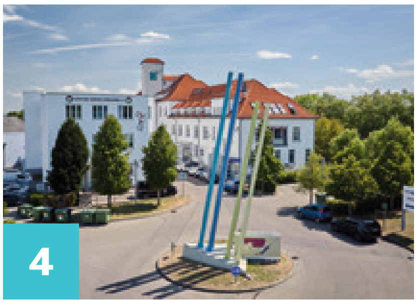
Occupancy and rental growth

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

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

Link to risks
see pages 66 to 71

⑥ ⑨ ⑩



4

Improvement in service charge recovery

Poor recovery of service charge costs in mixed-use, multi-tenanted business parks typically results in high leakage from net operating income. In Germany, the Company has an established and seasoned in-house team that is focused on increasing service charge recovery levels and working closely with the operations and other departments to optimise service levels and costs. These optimisations include the following:

- developing smart utilities metering thereby reducing leakage from consumptions in vacant areas;
- consolidating purchasing power to negotiate better utilities deals and improve consumption allocation;
- creating detailed equipment lists and matrices to manage maintenance programmes better and improve allocation down to granularity of room level;
- working with tenants to manage service charge prepayments to reduce risk exposure to delinquent balancing payments at the end of each year; and
- improving the overall cost allocation and recovery process.

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

In the UK, service charge is predominantly charged on a lump sum basis to tenants, however the Company structures its contracts to maintain sufficient flexibility to mitigate against service charge increases.

Link to risks
see pages 66 to 71

⑤ ⑥ ⑧ ⑩

5

Growth through acquisition and recycling

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

Link to risks
see pages 66 to 71

① ② ③ ④ ⑦ ⑩ ⑫

Strategy in action

Modern business park Heidenheim – acquired September 2015

Strategy in action

- Traditional business park with 46,843 sqm acquired on attractive net initial yield of 8.2% and with high service charge costs
- Increased occupancy to 88% and increased rent roll by €0.6m
- Total return of €26.7m equating to a 14% ungeared IRR
- Site is generating €2.2m of annual net operating income on a total investment of €21.2m (acquisition cost plus €2.9m capex) resulting in a 10% running NOI yield

	Acquisition €m	**As at 31 March 2024 €m**	Total improvement €m
Total acquisition cost/valuation	18.3	**33.7**	15.4
Annualised rent roll	1.8	**2.4**	0.6
Annualised net operating income	1.5	**2.1**	0.6
Occupancy	82%	**88%**	6%
EPRA net yield(1)	8.2%	**6.0%**	(2.3)%

(1) Includes purchaser acquisition costs.

	Total return to 31 March 2024 €m
Retained profit(2)	**15.6**
Valuation increase	**15.4**
Capex	**(2.9)**
Cumulative total return	**28.1**

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

Actual returns

Ungeared annualised IRR	14%

Traditional business park Potsdam – acquired December 2014

Strategy in action

- Modern business park with 36,107 acquired on an attractive net initial yield with value-add potential
- Invested into structural vacancy to create Smartspace and other business units (e.g. laboratory space)
- Replaced a major tenant (€247k annual rent on 2,264 sqm) within four months with three tenants for a similar rent
- Site is fully occupied (95%) with annual rental income of €3.7m representing a 61% increase since acquisition
- Valuation of the site nearly doubled in the holding period (€28.2m increase on total acquisition cost)
- Actual ungeared IRR of 15% achieved at March 2024

	Acquisition €m	**As at 31 March 2024 €m**	Total improvement €m
Total acquisition cost/valuation	29.4	**58.4**	29.0
Annualised rent roll	2.3	**3.7**	1.4
Annualised net operating income	2.2	**3.5**	1.3
Occupancy	84%	**95%**	11%
EPRA net yield(1)	7.5%	**5.9%**	(1.6)%

(1) Includes purchaser acquisition costs.

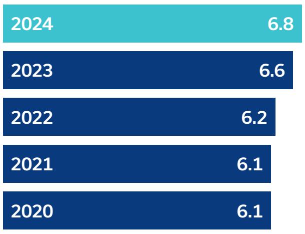
	Total return to 31 March 2024 €m
Retained profit(2)	**26.7**
Valuation increase	**28.2**
Capex	**(0.9)**
Cumulative total return	**54.0**

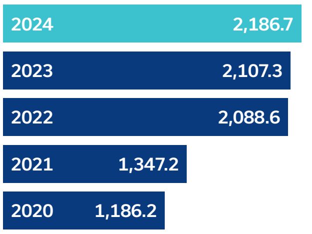
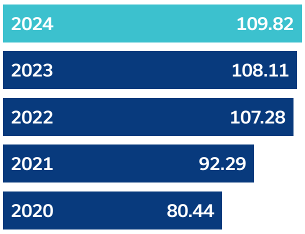
(2) Retained profit calculated as net operating income less bank interest.

Actual returns

Ungeared annualised IRR	15%

Strong balance sheet and organic growth supporting dividend

KPI	KPI measure	Commentary	FY2024/25 ambition	Link to strategy
Funds from operations (€m) Funds from operations is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, net foreign exchange differences, adjustment in respect of IFRS 16 and current tax excluding tax on disposals.	**€110.2m** ↑ 7.9% 	Funds from operations for the year ended 31 March 2024 was €110.2m, representing an increase of 7.9% on the same period the previous year. The increase in earnings is attributable to stable occupancy and managing rate increases effectively.	To increase funds from operations as a result of a continued price driven strategy to continue to capture rental growth and the contribution to earnings of recently acquired assets.	① ② ③ ④ ⑤
EPRA net initial yield (%) EPRA net initial yield is a definition of yield as set out by the European Public Real Estate Association. It is defined as the annualised rent roll based on the cash rents passing at reporting date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	**6.8%** ↑ 20bps 	EPRA net initial yield increased by 20bps due to yield expansion across the portfolio outrunning rental income.	To maintain stable EPRA initial yield through organic growth across the portfolio.	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.	**8.21c** ↑ 8.7% 	EPRA earnings per share for the year ended 31 March 2024 was 8.21c, representing an increase of 8.7% on the previous year. The development in EPRA earnings is attributable to stable occupancy and managing rate increases effectively.	To increase EPRA earnings per share result of a continued price driven strategy to continue to capture rental growth and the contribution to earnings of recently acquired assets.	① ② ③ ④ ⑤

KPI	KPI measure	Commentary	FY2024/25 ambition	Link to strategy
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 2024. 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.	**6.05c** ↑ 6.5%  	The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2024 of 3.05c per share, representing 69% of FFO, an increase of 2.2% on the equivalent dividend last year, which represented 65% of FFO. The total dividend for the year is 6.05c, an increase of 6.5% on the 5.68c total dividend for the year ended 31 March 2023.	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
Property valuation – owned properties (€m) The book value of owned investment property in both Germany and the United Kingdom for the year ended 31 March 2024 including that categorised as held for sale as derived from an independent valuation performed by Cushman & Wakefield LLP.	**€2,186.7m** ↑ 3.8%  	The book value of the Group's owned investment property, including assets held for sale, increased by 3.8%, primarily driven by strong like-for-like income of its underlying assets despite the market facing yield expansion.	To continue to grow the value of the Group's portfolio through acquisitions and valuation gains derived predominantly through increases in income. The Company's capex investment programmes and investment into vacant space are expected to continue to impact valuation positively.	① ② ③
EPRA NTA per share (c) EPRA NTA per share is a definition of net tangible assets as set out by the European Public Real Estate Association. EPRA NTA represents net assets after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements excluding that relating to assets held for sale, goodwill and intangible assets. EPRA NTA per share also takes into account the effect of the granting of shares relating to long-term incentive plans.	**109.82c** ↑ 1.6%  	EPRA NTA per share increased in the period by 1.6% to 109.82c, with the increase attributable to the valuation increases seen in the year and increased profits driven by organic and acquisitive growth.	To grow EPRA net tangible assets ("EPRA NTA") per share, through the continued execution of the Group's asset management initiatives relating to organic growth and asset recycling.	① ③
EPRA LTV (%) EPRA LTV is the ratio of net debt to total property value as defined in note 24. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value and net debt is included at nominal value.	**34.6%** ↓ 6.9%  	EPRA LTV decreasing in the period to 34.6% driven by increased cash holdings and stability in its valuations as the Company's debt profile and related assets also remained consistent year over year.	To maintain a healthy level of EPRA LTV through the continued execution of the Group's asset management initiatives relating to organic growth and asset recycling as well as maintaining an appropriate level of debt.	① ⑤

Strategic priorities

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

Read more about our strategy
see pages 22 and 23

Key highlights:

Metric	31 March 2024	31 March 2023	Variance	Variance %
Total annualised rent roll* (€m)	**194.7**	179.9	14.8	8.2
Like-for-like annualised rent roll* (€m)	**188.7**	176.0	12.7	7.2
Average rate (€) per sqm*	**8.82**	8.18	0.64	7.8
Average rate (€) per sqm like for like*	**8.68**	8.25	0.43	5.2
Total occupancy (%)	**85.5**	83.9	1.6	1.9
Like-for-like occupancy (%)	**85.5**	83.9	1.6	1.9
Cash in bank (€m)	**214.5**	99.2	115.3	116.2
Cash collection (%)	**98.2**	98.6	(0.4)	(0.4)

* The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1695, being the closing exchange rate as at 31 March 2024.

Introduction

After a period of modest investment activity in the prior year in which the Company focused almost entirely on organic growth, the Company returned to acquisitive growth after its oversubscribed equity fundraising of €165.3m in November 2023. €157.8 of assets (excluding acquisition costs) have been notarised or acquired since the capital raise, capturing buying opportunity in the market. In addition to filling its acquisition pipeline, the Company has been successful in recycling some of its mature or non-core assets at or above book value in the period.

The rent roll growth achieved demonstrates that even with the Company's acquisition activity it has the management bandwidth to also deliver strong organic growth, focused on capturing rate, occupancy and targeted capex. Success has been achieved on all fronts with substantial like-for-like rental income increases in both the UK and Germany, as well as total shareholder returns including NAV growth, which has seen modest improvement over the previous period. Through its extensive asset management activities, opportunistic acquisitions and continued success in its asset recycling, the Company maintains a solid foundation to provide excellent risk-adjusted returns for its stakeholders.

Platform drives occupancy growth across both markets

A key focus over the past twelve months has been to drive occupancy across both markets, with success noted in both Germany and the UK, albeit with Germany improving slightly better than the UK. Rates continued to capture inflation; however, due to inflation falling significantly off its recent highs, this increase has been less pronounced than in the prior period. Nevertheless, like-for-like annualised rent roll increased by 7.1% (31 March 2023: 7.3%) in Germany and 7.5% (31 March 2023: 8.7%) in the UK, which blends to 7.2*% (31 March 2023: 7.7*%) at Group level. This represents the tenth consecutive year of like-for-like rent roll growth in excess of 5%. These increases were supported by the Group growing its like-for-like occupancy by 1.6% to 85.5% (31 March 2023: 83.9%).

Cash collection across the Group remained robust at 98.2% (31 March 2023: 98.6%), with cash on hand at the end of the year of €214.5m. The Company repaid debt of €20.0m in the year, resulting in a total debt balance of €955.3m and a net LTV of 33.9%, ensuring the Company is well within its 40% net LTV target. With a weighted average debt expiry of four years, the Company remains poised to capture further opportunity from its cash on hand but also from the vacancy within its existing portfolio.

ASSET MANAGEMENT REVIEW – GERMANY

Key highlights:

Metric	31 March 2024	31 March 2023	Variance	Variance %
Total annualised rent roll (€m)	**129.7**	123.1	6.6	5.4
Like-for-like annualised rent roll (€m)	**128.0**	119.5	8.5	7.1
Average rate (€) per sqm	**7.24**	6.86	0.38	5.5
Average rate (€) per sqm like for like	**7.23**	6.90	0.33	4.8
Total occupancy (%)	**85.2**	83.4	1.9	2.2
Like-for-like occupancy (%)	**85.2**	83.3	1.9	2.3
Cash collection (%)	**98.0**	98.4	(0.4)	(0.4)

Lettings and rental growth

The German portfolio recorded a like-for-like increase in its annualised rent roll of 7.1% to €128.0m (31 March 2023: €119.5m) whilst the total annualised rent roll increased in the year end by 5.4% to €129.7m (31 March 2023: €123.1m). Of this growth, €8.5m related to organic growth, €3.6m was lost from disposals and €1.7m represented the impact from acquisitions.

The €8.5m organic growth was made up of €4.2m coming from uplifts from existing tenants, either through contractual lease indexation or increases upon renewal, as well as €4.3m from the net of move-ins over move-outs, an increase of €2.4m over the prior period. The latter can be further broken down into move-outs of 137,992 sqm that were generating €13.6m of annualised rent roll at an average rate of €8.20 per sqm being offset by move-ins of 169,176 sqm generating €17.9m of annualised rent roll at an average rate of €8.81 per sqm. The combination of the above has resulted in like-for-like rate per sqm increasing by 4.8% to €7.23 (31 March 2023: €6.90), demonstrating the ability of the Company's operating platform to manage the product mix and occupancy carefully alongside rates, to optimise the returns from our lettable space.

Through the Company's continued investment in its sub-optimal vacant space through its capex investment programme and its ability to let this space, like-for-like occupancy in Germany has increased by 1.9% to 85.2% (31 March 2023: 83.3%).

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

	€m
Annualised rent roll 31 March 2023	123.1
Move-outs	(13.6)
Move-ins	17.9
Contracted uplifts	4.2
Disposals	(3.6)
Acquisitions	1.7
Annualised rent roll 31 March 2024	**129.7**

The ability to organically grow and generate net positive move-ins at higher rates is supported by the Company's in-house marketing platform, which permits the Company to strategically target the markets in which it operates and react to changing market dynamics rapidly. Enquires for the year of 15,880 were comparable to the 15,412 generated in the period ended 31 March 2023. These enquiries were converted at a rate of 14% (31 March 2023: 12%) to 164,629 sqm in sales, which has been a consistent year-on-year performance across the German portfolio.

The ability to sell space is key to success, yet tenant retention is also a major contributing factor to maintaining strong rent roll performance. The Company notes large move-outs in the normal course of business, yet the retention rate has improved to 79% (31 March 2023: 75%). Overall, the continued positive performance in marketing, lettings and renewals provides a clear demonstration of the ability of the Company to grow against the backdrop of evolving market dynamics, which included the ongoing conflict in Ukraine, the energy crisis in Germany and resulting inflationary pressures, which have eased off their peaks back to more manageable levels.

Cash collection

The Company continued its trend of strong cash collection performance in the period. Sirius is very focused on cash collection and the advantage of its substantial operating platform is very evident here. The experienced cash collection team, combined with the on-site staff who have established strong relationships with our top tenants, has been key to keeping cash collection rates steady at 98.0% (31 March 2023: 98.4%), even though total billings (net of VAT) increased by 7.5% to €196.3m from €182.6m in 31 March 2023. This demonstrates the resilience of Sirius' tenant base and strength of the Company's cash collection initiatives.

As at year end, uncollected debt amounted to €3.9m (31 March 2023: €2.9m) which mainly related to recently billed service charge and repair and maintenance balancing for prior years. The outstanding rent and service charge prepayments were €3.1m and €0.8m respectively. During the period, the Company wrote off €0.2m (31 March 2023: €0.1m). The Company expects to collect most of the outstanding debt for the period over the next twelve months through its regular debt collection activities.

Asset recycling

Recycling equity from mature assets into new value-add acquisitions has always been a significant part of the Sirius business model. It benefits the Company in many ways, including: a) proving that valuations can be crystallised; b) replenishing the growth opportunity within the vacancy and the capex investment programme; and c) being accretive to FFO per share (and therefore dividend per share), with a consequent contribution to NAV per share growth. This is an element of the Company's strategy which Sirius is able to execute effectively throughout the property cycle and this has been evidenced by the Company's continued asset recycling initiatives.

On the back of the equity raised in November 2023, the Company executed on an acquisition pipeline comprising three industrial assets in Germany in the first half of the 2024 calendar year, whilst also continuing its asset recycling programme with the sale of its principal Maintal I asset.

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

Acquisitions

	Date	Total investment* €m	Total acquired sqm	Annualised rental income €m	Annualised NOI €m	Occupancy	Gross yield*
Köln (Cologne)	Mar–24	21.5	19,114	1.7	1.6	89%	7.8%
Göppingen	Apr–24	21.4	35,132	1.8	1.5	87%	8.3%
Klipphausen	Apr–24	14.6	17,683	2.4	2.4	100%	16.4%
Total		**57.5**	**71,929**	**5.9**	**5.5**	**91%**	**10.2%**

* Includes purchaser costs.

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

- The business park in Köln, Germany's fourth largest city, in Nord-Rhein Westphalia, comprises 19,114 sqm of principally light industrial space. The property has been acquired at a price of €20.0m (net of costs) and currently generates total rental income of €1.67m and an annualised net operating income of €1.56m, representing a gross yield at acquisition of 7.8% and an EPRA net initial yield of 7.3%. The site has an occupancy rate of just over 89%, with a weighted average unexpired lease term ("WAULT") of 2.4 years and a well-diversified, stable tenant structure. The park offers a number of strong value-add opportunities to drive rental growth, including accessible under-renting which Sirius has identified. The Company is well established with its three additional parks in the area, expecting to leverage its deep market knowledge into the latest addition.
- Göppingen, a city in the state of Baden-Württemberg, south-east of Stuttgart in southern Germany, is a multi-tenanted business park with a total lettable area of approximately 35,132 sqm comprised of 31,700 sqm of industrial space, 3,100 sqm of office space and 332 sqm of space defined as "other" which in aggregate will initially generate around €1.8m of annualised rental income at 87% occupancy. The acquisition has been notarised at €19.8m (net of costs) and generates an annualised net operating income of €1.5m, reflecting a gross yield of 8.3% and an EPRA net initial yield of 6.9%. With occupancy at around 87% and a WAULT of 2.8 years, the property offers the opportunity for Sirius to use its platform to improve occupancy, income and service charge recovery. The Göppingen asset will be the tenth asset the Company owns in the desirable Stuttgart area.
- Klipphausen, built in 2009 and located near Dresden, the capital of Saxony known as "Silicon Saxony", is a highly desirable economic micro-location. The Company expects to benefit from some operational synergies due to the proximity of the site to its existing Dresden assets. The site has been purchased from an owner occupier who plans to vacate the building approximately six months after completion. The plan is to convert the site, which currently comprises approximately 17,700 sqm of modern primarily light industrial and production space, into a multi-tenanted business park. Sirius' asset management platform has identified multiple parties interested in leasing space at the site, which in aggregate are already in excess of the site's entire leasable area. Longer term, the plan is also to expand the park through the development of the adjacent 10,000 sqm land parcel which forms part of the acquisition.

In addition to the above, the Company purchased an adjacent building in its existing Dresden asset for €1.0m under its "Buy Your Neighbour" campaign, to strategically expand its existing footprint on the site.

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

Disposals

	Date	Total sales price €m	Total disposal sqm	Annualised rental income €m	Annualised NOI €m	Occupancy	Gross yield
Wuppertal	Apr–23	8.8	15,006	0.7	0.7	79%	8.0%
Kassel	Oct–23	7.3	8,341	0.5	0.4	92%	7.1%
Maintal I	Mar–24	40.1	37,851	2.4	2.3	83%	6.0%
Total		**56.2**	**61,198**	**3.6**	**3.4**	**83%**	**6.4%**

Over the last twelve months, the Group sold three assets in Germany for a total sales price of €56.2m representing a 6.4% gross yield. The Maintal asset was sold at 6% above book value to a data centre developer whilst the Kassel and Wuppertal assets were sold at a premium to book value of 5%, at the time of notarisation. These disposals of mature and non-core assets a consistent premium to book value demonstrate the Company's ability to continue to recycle its assets well, underpinning the effectiveness of its business model.

Capex investment programmes

The Group's capex investment programme on the German assets has historically been focused on the transformation of poor-quality vacant space that is typically acquired at very low cost due to it being considered as structural vacancy by former owners. The transformation and take up of this space have not only resulted in significant income and valuation improvements for the Company but have also yielded significant improvements in service charge cost recovery and therefore further increased net operating income. The programme started in 2015 and to date 445,864 sqm of space has been fully transformed for an investment of €70.9m. As at 31 March 2024, this space was generating €29.4m in annualised rent roll (at 73% occupancy). This transformed space has also been a major contributor towards the large valuation increases seen on the portfolio over the last eight years.

In addition to the space that has been completed and let or is currently being marketed, a total of approximately 19,773 sqm of space is either in progress of being transformed or is awaiting approval to commence transformation. A further €4.6m is expected to be invested into this space, and, based on achieving budgeted occupancy, is expected to generate incremental annualised rent roll in the region of €1.9m.

The details of the capex investment programme on this vacant space are detailed below:

Combined capex programmes	Sqm	Investment budgeted €m	Actual spend €m	Annualised rent roll* increase budgeted €m	**Annualised rent roll* increase achieved to March 2024 €m**	Occupancy budgeted %	**Occupancy achieved to March 2024 %**	Rate per sqm budgeted €	**Rate per sqm achieved to March 2024 €**
Completed	445,864	76.5	70.9	24.4	**29.4**	82%	**73%**	5.59	**7.56**
In progress**	998	0.0	0.0	0.1	**—**	100%	**—**	7.50	**—**
To commence in the next financial year	18,775	4.6	—	1.7	**—**	84%	**—**	8.91	**—**
Total	465,636	81.1	70.9	26.2	**29.4**	82%	**73%**	5.73	**—**

* See the Glossary section of the Annual Report and Accounts 2024.

** As at 31 March 2024 one project in process which has been 100% recharged to tenant.

In addition to the capex investment programme on acquired "structural" vacant space, Sirius continually identifies and looks for opportunities to upgrade the space that is vacated each year as a result of move-outs. Within the existing vacancy at 31 March 2024, the Company has identified approximately 38,214 sqm of recently vacated space that has potential to be significantly upgraded before it is re-let. This space will require an investment of approximately €7.5m and has an estimated rental value of €3.3m when fully re-let. Upgrading this vacated space allows the Company to enhance the reversionary potential of the portfolio whilst significantly improving the quality, desirability and hence value of not only the space that is invested into but the whole site.

Capex investment programmes continued

The analysis below details the sub-optimal space and vacancy at 31 March 2024 and highlights the opportunity from developing this space.

Vacancy analysis – March 2024

Total space (sqm)	1,751,598
Occupied space (sqm)	1,493,056
Vacant space (sqm)	258,543
Occupancy	85%

	% of total space	Sqm	Capex investment €m	ERV* (post investment)
Structural vacancy	**2%**	**43,354**	**—**	**—**
Capex investment programme	1%	19,773	(4.6)	1.8
Recently vacated space	2%	38,214	(7.5)	3.3
Total space subject to investment	**3%**	**57,987**	**(12.1)**	**5.1**
Lettable vacancy:				
Smartspace vacancy	2%	32,953	—	3.8
Other vacancy	7%	124,249	(1.7)	8.8
Total lettable space	**9%**	**157,202**	**(1.7)**	**12.6**
Total vacancy	**15%**	**258,543**	**(13.8)**	**17.7**

* See the Glossary section of the Annual Report and Accounts 2024.

The German portfolio's headline 85% occupancy rate means that in total 258,543 sqm of space is vacant as at 31 March 2024. 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 90%.

Whilst the capex investment programmes are a key part of Sirius' strategy, they represent one of several ways in which the Company can organically grow income and capital values. A wide range of asset management capabilities including the capturing of contractual rent increases (especially whilst inflation is high), uplifts on renewals and the re-letting of space at higher rates are also expected to contribute to the Company's annualised rent roll growth going forward.

Whilst the Company will continue to look to asset recycling to replenish the vacancy which is let up after transformation, the Company maintains a risk-adjusted strategy and expects to continue to hold a significant amount of core mature assets in order to maintain a balanced portfolio that provides a combination of stable, long-term financeable income with value-add assets with growth potential.

Well-diversified income and tenant base

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

The Group's large anchor tenants are typically multinational corporations occupying production, storage and related office space whereas the SMEs and individual tenants occupy space on both a conventional and a flexible basis including space marketed under the Company's popular Smartspace brand which provides tenants with a fixed cost and maximum flexibility. The Company's wide range of diverse tenants results in not having to rely on a single tenant, with its largest single tenant contributes 2.1% of total annualised rent roll whilst 7.9% of its annualised rent roll comes from stable Government tenants.

SMEs in Germany, the Mittelstand, are typically defined as companies with revenues of up to €50.0m and up to 500 employees. This demographic remains a key target group due to its significant contribution to Germany's economy as a whole, and is a key contributor to the Company's rent roll. 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 2024	Occupied sqm	% of occupied sqm	Annualised rent roll* €m	% of total annualised rent roll* %	Rate per sqm €
Top 50 anchor tenants⁽¹⁾	**50**	676,802	45%	49,422	38%	6.09
Smartspace SME tenants⁽²⁾	**3,007**	74,076	5%	8,697	7%	9.78
Other SME tenants⁽³⁾	**2,858**	742,178	50%	71,593	55%	8.04
Total	**5,915**	1,493,056	100%	129,712	100%	7.24

(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 2024.

Smartspace and First Choice

Sirius' Smartspace products are designed with flexibility in mind, allowing tenants to benefit from a fixed cost which continues to be desirable even in challenging market conditions. The majority of Smartspace has been developed from space that is either sub-optimal or considered to be structurally void by most light industrial real estate operators. Following conversion, the area is transformed into space that can be let at significantly higher rents than the rest of the business park and, as a result, is highly accretive to both income and value. The Company was able to add 4,400 sqm of Smartspace offering from 101,277 sqm in the prior year (reduced by the disposals) to 105,677 sqm which is an increase of more than 4%. Total Smartspace occupancy increased to 70% (31 March 2023: 65%), which led to 4.2% increase of the annualised Smartspace rent roll.

The most significant growth occurred in the Smartspace storage product. The Company's market research through its marketing and sales platforms indicated strong demand in this sector and Sirius was able to act accordingly to capture some of this. The addition of 3,383 sqm of Smartspace storage helped grow this product line's rental income contribution by €0.3m.

Additionally, a further 3,125 sqm of Smartspace office space were created in the period which contributed to rental growth of €0.3m.

The total amount of Smartspace in the portfolio at the year end was 105,677 sqm (31 March 2023: 107,396 sqm), generating €8.7m (31 March 2023: €8.4m) of annualised rent roll which equates to 6.7% of the Company's total annualised rent roll. Average rate per sqm decreased by 1.4% from €9.92 per sqm to €9.78 per sqm, reflecting the addition of the storage space which is typically lower yielding than office.

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

Smartspace product type	Total sqm	Occupied sqm	Occupancy %	Annualised rent roll* (excl. service charge) €m	% of total Smartspace annualised rent roll* %	Rate* per sqm (excl. service charge) €
First Choice office*	7,107	4,290	60%	1.1	12%	21.32
SMSP office	37,790	25,671	68%	3.1	36%	10.08
SMSP workbox	5,972	5,236	88%	0.4	5%	6.89
SMSP storage	53,713	38,642	72%	3.7	43%	7.97
SMSP container	—	—	—	0.3	3%	n/a
SMSP subtotal	**104,582**	**73,839**	**71%**	**8.6**	**99%**	**9.78**
SMSP FlexiLager	1,096	237	22%	0.1	1%	12.07
SMSP total	**105,678**	**74,076**	**70%**	**8.7**	**100%**	**9.78**

* See the Glossary section of the Annual Report and Accounts 2024.

ASSET MANAGEMENT REVIEW – UK

Key highlights:

Metric	31 March 2024	31 March 2023	Variance	Variance %
Total annualised rent roll (£m)	**55.6**	48.5	7.1	14.6
Like-for-like annualised rent roll (£m)	**51.9**	48.2	3.7	7.7
Average rate (£) per sq ft	**14.86**	13.39	1.47	11.0
Average rate (£) per sq ft like for like	**14.39**	13.49	0.90	6.7
Total occupancy (%)	**86.6**	86.5	0.1	0.1
Like-for-like occupancy (%)	**87.0**	86.4	0.6	0.7
Cash collection (%)	**98.8**	99.3	(0.5)	(0.5)

Lettings and rental growth

The UK recorded a like-for-like increase in its annualised rent roll of 7.7% to £51.9m (31 March 2023: £48.2m), equating in euro terms to €60.0m (31 March 2023: €54.9m). The total annualised rent roll increase in the year was £7.1m (€8.2m), with £4.0m (€4.6m) organic growth offset by asset disposals totalling £0.3m (€0.4m) and net move-outs of £0.3m (€0.4m). Acquisitions accounted for £3.7m (€4.4m) of rent roll uplift in the period.

Like-for-like average rate per sq ft increased by 6.7% to £14.39 (31 March 2023: £13.49), equating to an increase in euro terms to €15.10 per sqm (31 March 2023: €13.76 per sqm), reflecting management's ability to capture rental growth in the current inflationary environment. Through its asset management initiatives, the Company was able to grow not only its like-for-like rental growth in the period, but also noted a modest improvement in its like-for-like occupancy, contributing positively to its top-line growth.

The increase in annualised rent roll over the period can be broken down into move-ins of 921,825 sq ft (85,640 sqm) that were generating £16.4m (€19.0m) of annualised rent roll at an average rate of £17.80 per sq ft (€18.49 per sqm), being offset by move-outs of 895,428 sq ft (83,187 sqm) generating £16.8m (€19.4m) of annualised rent roll at an average rate of £18.72 per sq ft (€19.45 per sqm). The lower move-in rate is predominantly driven by re-lets of office space at a lower rate to drive occupancy. Additionally, rental uplifts on existing tenants added a further £4.0m (€4.4m) to the annualised rent roll during the period. Furthermore, the disposal of one property during the period accounted for a £0.3m (€0.3m) reduction in annualised rent roll. As mentioned below in the asset recycling overview, one asset was disposed of during the period which accounted for a £0.3m (€0.4m) reduction in annualised rent roll.

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

	£m
Annualised rent roll 31 March 2023	48.5
Move-outs	(16.8)
Move-ins	16.5
Contracted uplifts	4.0
Disposals	(0.3)
Acquisitions	3.7
Annualised rent roll 31 March 2024	**55.6**

Despite a challenging market, driven by market uncertainty over inflation, the UK operating platform generated a healthy number of enquiries for the year, totalling 17,108 for the period (31 March 2023: 15,511), signing 1,165 deals (31 March 2023: 963) totalling 586,773 sq ft (54,513 sqm) (31 March 2023: 420,647 sq ft (39,079 sqm)) with an average deal per sqm of 504 sq ft (47 sqm) (31 March 2023: 437 sq ft (40 sqm)). These developments have made a positive impact on rental growth and contributed to the Company's occupancy growth in the year. During the second half of the year the Company averaged over 90 deals per month during the year at a sales conversion rate of 6.8% which has seen an improvement from 6.2% in the previous period.

Cash collection

Cash collection rates marginally reduced to 98.8% (31 March 2023: 99.3%) as total billings increased by 9.9% year on year. The 98.8% cash collection rate can be analysed as total net of VAT billing amounting to £53.1m (€61.6m), total uncollected debt at year end amounting to £0.6m (€0.7m) with negligible write-offs during the period, comparing to net of VAT billings of £48.3m (€56.0m) and uncollected debt of £0.3m (€0.4m) with negligible write offs in the prior comparative period. There are no deferred payment plans in place and the Company expects to collect the majority of the outstanding debt at year end through its regular debt collection activities.

Asset recycling

Similar to Germany, the Company realised its identified pipeline targets through the acquisition of five assets in the period, with its major Gloucestershire acquisition notarised in the second half of the year, completing in April 2024 and the disposal of one non-core asset in Stoke.

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

Acquisitions

	Date	Total investment* £m	Total acquired sq ft	Annualised rental income £m	Annualised NOI £m	Occupancy	Gross yield*
Liverpool and Barnsley	Oct–23	10.1	71,957	1.3	1.0	99.3%	12.4%
Islington and Camden	Nov–23	35.7	103,962	2.8	2.6	69.8%	7.8%
Vantage Point**	Apr–24	50.1	1,464,664	5.1	5.1	81.0%	10.2%
Total		**95.9**	**1,640,583**	**9.2**	**8.7**	**81.1%**	**9.5%**

* Includes purchaser costs.

** Completed 5 April 2024.

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

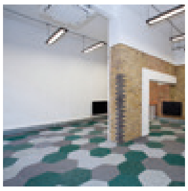
- The Liverpool and Barnsley acquisition of £10.1m (€11.7m), which completed on 2 October 2023 comprised two mixed use industrial assets with a combined area of 71,957 sq ft (6,685 sqm) of predominantly workshop space. The purchase price represented a NIY of 9.6% (total acquisition costs).
- The £35.7m (€41.2m) purchase of three multi-let studio sites (Islington, Spectrum House and Finsbury Park) located in Islington and Camden in North London, represents a 7.3% net initial yield after costs. The assets, with a combined area of 103,962 sq ft (9,658 sqm) are just under 70% let, providing opportunity for the Company to implement its asset management initiatives.
- The Vantage Point Business Park in Gloucestershire is situated in a highly desirable location on the edge of The Forest of Dean, and close to a number of major cities including Bristol to the South, Gloucester to the East and Cardiff to the Southwest, the park benefits from good transport networks and connectivity to the national motorway network via the A40 and M50. The 60-acre (136,071sqm) business park at Mitcheldean was renowned first for manufacturing Rank projection equipment then as Rank Xerox's manufacturing hub between 1961 and 2003. It is 81% occupied and offers a mixture of warehouse, production, storage, conventional and serviced office space to over 70 companies across 119 units. Sirius has identified a number of opportunities to drive value by utilising its asset management platform to improve occupancy, income and service charge recovery. Proximity to other Sirius sites, including Gloucester Barnwood and Gloucester Morelands, will enable the Company to leverage operational synergies alongside its local market expertise.

Disposals

	Date	Total sales price £m	Total disposal sq ft	Annualised rental income £m	Annualised NOI £m	Occupancy	Gross yield*
Stoke	Mar–24	3.0	55,097	0.3	0.2	79.7%	9.1%
Total		**3.0**	**55,097**	**0.3**	**0.2**	**79.7%**	**9.1%**

* Calculated on net purchase price.

The asset, which comprises just over 55,097 sq ft (c. 5,118 sqm) of industrial space, was sold at a 1% premium to the last reported book value and was deemed non-core to the business going forwards.



Site investment

BizSpace has historically invested in its sites in order to maintain and upgrade its spaces which allows it to adapt to changes in tenant demand. In the period under review the Company invested a total of £9.6m (€11.1m) (31 March 2023: £4.8m (€5.6m)) into its sites focused primarily on improving the condition of spaces to drive occupancy and price. The Company expects to identify further opportunities to invest into its assets in the new financial year whilst continuing to progress its ESG-related investment in order to align itself with the wider Group.

Well-diversified income and tenant base

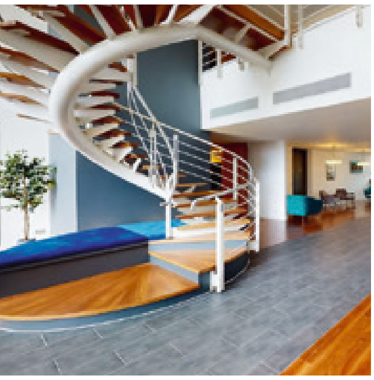
BizSpace's portfolio includes light industrial, studio, out of town office space and storage that caters to multiple usages and a range of sizes and types of tenants. As a result, the Company's business model is underpinned by a well-diversified tenant base.

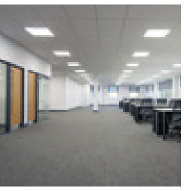
The Company's top 100 tenants, which are typically large corporates, account for 21.2% of the annualised rent roll with the next 900 tenants accounting for 44.8% of annualised rent roll. The remaining 34.0% of annualised rent roll relates to nearly 3,000 SME and micro-SME tenants which occupy 39.6% of the overall estate.

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

	No. of tenants as at 31 March 2024	Occupied m sq ft	% of occupied sq ft	Annualised rent roll £m	% of total annualised rent roll	Rate per sq ft £
Top 100 tenants	**100**	0.8	21.7%	11.8	21.2%	14.31
Next 900	**900**	1.8	48.6%	24.9	44.8%	13.75
Remaining SME	**2,739**	1.1	29.7%	18.9	34.0%	17.08
Total	**3,739**	3.7	100.0%	55.6	100.0%	14.86

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





Advancing on our ESG journey

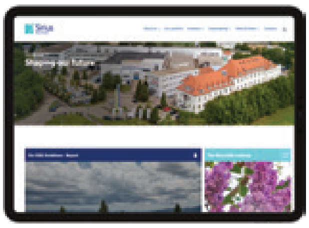
In the past year, Sirius Real Estate has maintained its commitment to building a sustainable future, anchored on sound economic principles and careful consideration of operational, financial, and industry dynamics. People, planet and ethics remain at the heart of our decision making, with strong consideration for the views of our stakeholders.

Our aim is to be a force for environmental and social good, while ensuring long-term returns for our shareholders.

In the following pages, we will demonstrate the progress we have made in continuing to embed our environmental, social and governance ("ESG") ambitions and initiatives into our business strategy. Our commitment to delivering on these ambitions is led by our Board and Senior Management Team. It is fundamental to our purpose of unlocking the potential of our people, our properties, our tenants and the communities in which we operate.

You will find a full account of our reporting to align with TCFD on pages 46 to 59, and our GHG emissions report on pages 43 to 45.

In our inaugural ESG report, "Shaping Our Future", published in December 2022, we set out for the first time the strategic priorities and targets we had for our business and updated on these in last year's annual report. This year, we have published a standalone ESG report alongside our Annual Report. The main function of our ESG report, "Building Momentum", is to provide added transparency and accountability to our stakeholders for the ambitions we have set for ourselves, as well as detail on our initiatives and the progress we continue to make.

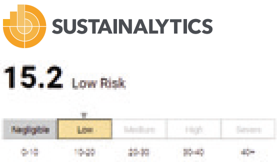


Read more in our ESG report.

For more information, please visit
https://www.sirius-real-estate.com/sustainability/sustainability

ESG reporting

We continuously work to ensure that our reporting and disclosure is reflective of our performance and ambitions and aligned with our stakeholder expectations. There are various agencies who review and assess our ESG performance and reporting, including:



Our ESG roadmap

Our ESG roadmap is focused on 3 overarching strategic goals, supported by 14 underlying objectives. These help us to ensure we are directing time, investment, and effort into the most material issues for our business and the areas where we believe we can have most impact. These goals and underlying targets were determined through engagement with our stakeholders in our ESG materiality assessment in 2020/21. We are currently in the process of updating this materiality assessment and will use the outcomes, when completed in the current financial year, to assess and update our roadmap and targets as needed.

In the meantime, we remain committed to our strategic goals, which are to:

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

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

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

Our ESG performance

In our commitment to sustainability and responsible business practices, we recognise that environmental, social and governance factors play a pivotal role in shaping our operations and our impact on the world around us. While we are proud of the progress we continue to make, we also acknowledge that we are still on a journey and that there is always more to do. We remain committed to advancing our ESG initiatives, embedding them fully into our business, setting targets and collaborating with our stakeholders to drive change.

In the following section, we delve further into our ESG performance over the past year, outlining our efforts to mitigate environmental impact, foster social inclusivity and uphold high standards of governance.

Our environmental efforts are of critical importance as we recognise the impact that we, as a business, the tenants within our operations and the wider real estate industry have on the planet. We remain committed to our net zero ambitions in line with national targets. This year, for our Scope 1 and 2 emissions, we have maintained net zero for Germany and have achieved our target of carbon neutrality for our UK business. We have also focused on our short to medium-term decarbonisation pathway to 2030. Following in-depth management assessments and modelling taking into account CRREM tools and the SBTi framework, we have set an ambition to reduce our Scope 3 carbon emissions intensity per square meter for the Group by 45% to 2030, using 2021/22 as our baseline. Our ambition will be reviewed and updated each year as we continually refine and implement our decarbonisation pathway for the Group and as there is more clarity on both German and UK policies and science-based frameworks. There is further detail on our carbon emissions intensity reduction ambition and the assumptions we have made in our ESG report, "Building Momentum", on page 9, and in our TCFD report on pages 46 to 59.

Our social programmes have also progressed in the year. We continue to invest in our people through the expansion and development of our training programmes and strategy, including in-person and online learning modules, mentoring and cross-company exchange programmes. Our diversity, equity and inclusion initiatives have continued at pace in order to nurture the diverse workforce which we are proud to have. We have also launched two social impact programmes aimed at improving our engagement and collaboration with tenants for positive social and community impact.

Our governance structures remain robust, enabling clear oversight for our ESG ambitions and engagement with our wider stakeholders. We account for ESG factors in our risk management processes, monitor the fast-changing landscape of ESG frameworks and legislation and continue to work to enhance our disclosures and transparency.

In our first ever standalone ESG report published in December 2022, we set out a number of immediate targets for FY2023/24, in order to focus our efforts on the goals and objectives we have identified for our business. On the following pages, we report a summary of our progress with these targets and set out our priorities for 2024/25.

Our actions and targets will continue to evolve to reflect our progress, the priorities of our stakeholders as well as wider industry trends and regulatory change. As we continue to develop and review our roadmap, and once we have completed our new materiality assessment, we aim to set further targets as appropriate.

More information on our current ambitions and initiatives can be found in our ESG report, Building Momentum.

Ambition to reduce our Scope 3 emissions intensity per square meter for the Group to 2030 by

45%

Delivering net zero

2020/21

- ESG materiality assessment identifies importance of creating a net zero pathway
- ESG Working Committee created, reporting to Sustainability and Ethics Committee
- First GHG emissions calculations in Germany – Scope 1, 2 and 3
- Annual Report recognises recommendations of TCFD
- Acquisition of BizSpace

2021/22

- Commence development of a net zero strategy for Scope 3 emissions in Germany based on CRREM/SBTi
- Green-BIM Award 2022 for embodied carbon modelling
- Centralised collection of waste across German portfolio to reduce carbon and waste to landfill
- Integration of BizSpace into net zero programme

2022/23

- Achieved net zero emissions in Germany for Scope 1 and 2 with minimal offsets
- First emissions audit verification for both Sirius Facilities GmbH and BizSpace Ltd
- Review of UK portfolio to assess pathway to EPC B by 2030 completed
- Publication of inaugural ESG Report, 'Shaping our Future'

2023/24

- Achieved carbon neutrality in UK for Scope 1 and 2 emissions with minimal offsets
- Formation of ESG Department to drive net zero programme in Germany
- Creation of Sirius Renewable Energy GmbH in Germany to roll-out PV systems
- First submission to CDP in July 2023 scoring C
- 55% of EPCs of UK portfolio rated at C or better

To 2030

Ambition to reduce Group carbon emissions intensity per sqm for Scope 3 emissions by 45%

- Aim to upgrade UK portfolio to EPC B by 2030 through LED and heating system replacement and selected PV projects
- Continue PV systems programme, subject to pilot projects and financial model in Germany
- Roll-out of smart meters and gas heating replacements in Germany, plus transfer to district heating where possible
- Install EV-chargers and smart meters across UK and German portfolios
- Tenant engagement programme on decarbonisation

Post 2030

Achieve net zero for Scope 3 emissions in Germany by 2045 and 2050 in UK, subject to ongoing operational and financial assessment

The pathway to net zero emissions to be reviewed from 2028 onwards pending clarity on respective Government policy in Germany and the UK and updated regulation.

Our ESG performance continued

2023/24 targets	Progress and performance	Priorities for 2024/25
Environment		
Set out a long-term pathway to achieve net zero emissions, including shorter-term decarbonisation targets, for Germany in FY2023/24 and for the UK in FY2024/25 *Please see our TCFD report on pages 46 to 59, and our decarbonisation pathway section on page 8 to 12 of our ESG report, for further information*	» Set an ambition to reduce Group carbon emissions intensity per square meter for Scope 3 emissions by 45% to 2030, from a 2021/22 baseline, considering CRREM/ SBTi. » The capital expenditure for the decarbonisation programme is being modelled within our current financial planning and budgets. » New ESG department in Germany established on 1 April 2023 to lead on decarbonisation work, with the Senior Management Team driving efforts in the UK. » Updated the physical risk analysis undertaken for our German and UK assets. » Furthered our understanding of drivers of carbon emissions in our German portfolio through our award-winning embodied carbon programme with 9,383.65 MtCO$_2$e embodied carbon in total emissions.	» Continue to drive reductions in our carbon emissions, and work towards achieving net zero across the Group in line with national targets, 2045 and 2050 for our German and UK portfolios, respectively. » Continue to focus on and refine our short and medium-term decarbonisation pathway and identify initiatives to support our net zero ambition. » Further investment into emission modelling, data collection, risk assessment and scenario analyses to progress our climate change adaptation and decarbonisation efforts. » Assess opportunities for collaboration with our tenants to support our wider decarbonisation efforts and the net zero goal.
Achieve net zero for our Scope 1 and 2 emissions in Germany in FY2022/23 and be carbon neutral in the UK in FY2023/24	» Maintained net zero in Scope 1 and 2 emissions for Germany and achieved carbon neutrality in the UK for Scope 1 and 2, with minimal offsets. » The proportion of renewable electricity generated against total electricity provision is 73% in the UK and is forecasted to be 99.7% in Germany. » Progressed our roll-out of smart meters, LEDs and EV charging points and conducted heating system assessments. We completed 34 lighting optimisation projects in Germany and commenced our UK LED project in the year with 19 projects completed. » In line with targets, two further sites in Germany were equipped with EV chargers, bringing the total to 80% of sites in Germany equipped with EV chargers. In the UK, following the success of our EV-charging pilot project, we continued the roll-out and equipped 16 new sites in the year.	» Continue to provide a high proportion of grid-connected renewable energy to our properties in Germany and the UK. » Work toward target of completing smart meter installation across all sites in Germany by 2027. » We have identified 30 lighting optimisation projects in Germany. In the UK, lighting optimisation projects will be identified and rolled out as part of the EPC programme. » Progress EV charging points roll-out in UK with two sites already scheduled for completion and additional sites being identified for further roll-out. In Germany, we are collaborating with our tenants to identify next steps in our EV-charging point roll-out. » Continue to identify heating replacement projects across our portfolio.
Complete a detailed assessment of the opportunity and feasibility for on-site renewable energy generation for the German portfolio	» Created a standalone PV business, Sirius Renewable Energy GmbH, and identified a potential roll-out of PV systems across the German portfolio. » Commenced two pilot projects to be completed in FY2024/25 in Augsburg and Tempelhof. » Commenced work on understanding the potential for PV installations in the UK with a pilot project started on two sites in Solihull and Theale.	» Progress our ongoing pilot projects to improve understanding and modelling of benefits and further opportunities for PV installations across the German and UK portfolio. A further six projects have been identified and budgeted.
Complete a detailed assessment of the UK property portfolio to understand the required actions and investment needed to meet UK Government regulations for EPC C by 2027 and B by 2030, and link to our decarbonisation pathway in FY2023/24	» Completed an assessment of a potential decarbonisation plan for the emissions of the UK portfolio to 2030 in line with UK EPC requirements and have integrated this with the Group decarbonisation ambition. » Achieved our internal target of 55% of EPCs of UK portfolio to achieve an EPC rating of C or better at year end.	» Monitor and manage the UK portfolio to ensure we are aligning with EPC requirements, and our decarbonisation pathway, to maintain 55% of EPCs at C or better. This includes conducting further asset-by-asset reviews as appropriate to understand the implications for the EPC programme. » Focus on improving buildings with a lower EPC rating through lighting optimisation and heating system replacement projects.

2023/24 targets	Progress and performance	Priorities for 2024/25
Environment continued		
Update our biodiversity strategy in Germany and outline our plans for the UK portfolio	» Continued to drive our three biodiversity pillars of meadows, trees and bees. » Focused on aligning the UK biodiversity programme to the German programme. We have transformed 21,400 sqm of green space into meadows in the last year across the UK portfolio and completed a tree count in the UK, identifying 5,139 trees to add to our garden maintenance programme. » Through our partnership with Tree Nation, we planted 28,813 new trees across the globe, from German and UK activities, absorbing 1,804.1 tonnes of atmospheric carbon dioxide. » Launched our Bee1 partnership in the UK, funding 8 new beehives and supporting 500,000 bees.	» Assess new acquisitions for potential roll-out of the biodiversity initiatives including meadow conversion and tree count. » Continue corporate partnership with Tree Nation for German and UK activities. » Review possibility of supporting, further beehives in Germany and the UK through our partnerships with Hectare Nektar and Bee1.
Promote a clear waste and water management strategy across the Group	» Worked towards our target of replacing all water meters in Germany, equipping 16 sites with new smart water meters over the year, meaning a total of 68 sites have been completed, with only 7 remaining. » Enabled minimal waste to landfill with 95.1% of waste being recycled or converted to energy in Germany and zero waste to landfill in the UK.	» Continue working towards the goal of replacing all water meters in Germany. » Review opportunities for reducing waste collection intervals and bins to better match tenant demand in Germany and increase recycling rates in the UK. This includes working with tenants to identify opportunities to improve waste management.
Social		
Continue to build out our training and development programme and set targets for total training hours in Germany and the UK	» Set a target to achieve 1,325 learning days in the year and surpassed this by delivering 1,716 total learning days across Germany and the UK through the Sirius Academy, the source of our people development initiatives. » Appointed a new Learning and Development specialist responsible for overseeing and developing training programmes and strategy. » Created a new role of Group Director of Employee Engagement to focus on employee satisfaction and motivation. » Launched a new Group-wide communications platform ("Workplace") to enhance engagement across the business and conducted training sessions for Workplace ambassadors. » Our PRISMA programme continues to support and recruit refugees who have settled in Germany, offering training, development, and job opportunities within Sirius, and providing access to specialist jobs in the real estate sector. » Launched an employee engagement initiative called People@Work, focused on partnering with employees to address areas needing further attention as identified in the 2023 employee survey. The twelve groups (six in UK and six in Germany) worked on a range of topics and produced plans in the following areas: Working Conditions, Learning and Development, Leadership, Communication, Diversity and Inclusion and Wellbeing.	» Continue to enhance our training and development programme and achieve 1,300 days in the next financial year with a focus on improving quality of training delivered. » We intend to make qualitative and quantitative improvements in employee engagement, which should see our employee engagement score be maintained at its current level. » Conduct a new employee survey and ensure findings are considered in employee engagement and strategies. » Maintain goal of 5–10% of staff employed in Germany to be made up of former refugees.

Our ESG performance continued

2023/24 targets	Progress and performance	Priorities for 2024/25
Social continued		
Launch our programme to support local, positive-social impact businesses	» The programme launched in July 2023 and has successfully identified, engaged, and supported five tenants with socially impactful initiatives.	» Engage with tenants to raise awareness of the programme and identify further opportunities to drive positive social impact, including screening of new tenants.
Launch our local internship and apprenticeship support programme	» Prakti-Match launched in October 2023 with the aim of connecting tenants with potential interns from local communities. A dedicated website went live in December 2023, and we have started promoting the programme to employees and tenants. The first webinar for interns was held in February 2024.	» Drive further awareness of the programme and set up quarterly webinars for new interns.
Ensure our tenants are part of our ESG journey through the development of a tenant engagement programme	» Conducted our tenant survey in February 2024, including BizSpace tenants for the second time. It included an expanded number of sustainability-related questions in order to support engagement around our ESG commitments. We had a good response rate across a wide range of tenant types.	» Continue to drive the involvement of our tenants, and other stakeholders, to maximise the potential impacts of our ESG ambitions with a focus on decarbonisation and local community engagement. » Complete a new tenant survey in FY2024/25.
Governance		
Continue to improve our alignment with TCFD and advance our carbon emissions reporting through a full submission to CDP	» Continued to develop our understanding of requirements to decarbonise our platform and assets and have made good progress with embedding climate change considerations into our management, strategic and financial planning processes. Please see our TCFD report on pages 46 to 59 for further information. » Completed our first full submission to CDP in July 2023, scoring a C.	» Our work to embed climate change considerations in our strategy and risk management processes will continue at pace and we remain committed to improving our disclosures to align with the recommendations of TCFD. » Provide our next full submission to CDP in 2024.
Update our ESG materiality assessment covering Germany and the UK	» Commenced a new ESG materiality assessment involving internal and external stakeholders which considers the guidelines and recommendations presented within CSRD, EFRAG and ISSB. The process has included management workshops, stakeholder interviews and surveys.	» Finalise the ESG materiality assessment and review the outcomes against our ESG roadmap and update our targets and priorities to reflect stakeholder views and material issues.

Enhancing our GHG emissions reporting

This is the fourth year that we have been collecting and calculating our greenhouse gas emissions. We are continuing to work on improving on our data collection and emissions analysis processes. For the second year, our greenhouse gas ("GHG") inventory has been verified for both Sirius Facilities GmbH and BizSpace Ltd in line with international best practice by Achilles, which is a global data validation company that provides assurance services for GHG emissions data.

Achilles has partnered with Toitū Envirocare, an ISO 14065 accredited certification body, to deliver the Carbon Reduce and Net Carbon Zero programmes. The inventory has been prepared in accordance with these programmes and is based on the GHG Protocol and compliant with the ISO 14064-1:2018 standard. The net carbon zero certification, achieved for the 1 April 2023 to 31 March 2024 measurement period, has been verified in line with ISO 14064-3:2019 and the technical requirements of the Toitū programmes.

Sirius Facilities GmbH – Germany

As we have reported in previous years, due to the timing of our utility invoicing and other data collection and in order to provide a complete year's analysis, our emissions calculations are based on the last full year of available data. The data used for the basis of calculating emissions for the leased assets (Scope 3) and for Scope 1 and 2 for our offices based on our business parks is from 1 April 2022 to 31 March 2023.

For complete transparency, and in line with the Achilles Carbon Reduce programme, each year we will restate our prior year calculated emissions for the leased assets (Scope 3) as we obtain the actual data for our site consumption that year. This is the first year that we are making such a restatement. Last year, for 2023 we reported total Scope 3 emissions of 78,363.27 tCO_2e based on the 1 April 2021 to 31 March 2022 data we held. The table below has been updated to show the restated Scope 3 emissions for that period as 71,532.42 tCO_2e using data from actual year 1 April 2022 to 31 March 2023.

As we highlight later in the report, this period brings a further three assets into our German portfolio (from 77 to 80). The data attributed to Scope 1 for our Berlin office is from 1 April 2021 to 31 March 2022. We continue to work with our utility providers, etc. to bring our emissions data in line with our financial calendar.

Summary – Scope emissions

This is the annual greenhouse gas ("GHG") emissions inventory and management report for Sirius Facilities GmbH covering the measurement period 1 April 2023 to 31 March 2024.

Table 1: Inventory summary

Category (ISO 14064-1:2018)	Scopes (ISO 14064-1:2006)	GHG emissions tCO_2e 2023	**GHG emissions tCO_2e 2024**
Category 1: Direct emissions	Scope 1	239.34	**220.16**
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	292.28	**313.78**
Category 3: Indirect emissions from transportation	Scope 3	373.96	**486.03**
Category 4: Indirect emissions from products used by organisation		6,841.76	**9,383.65**
Category 5: Indirect emissions associated with the use of products from the organisation		71,532.42	**80,044.42**
Category 6: Indirect emissions from other sources		–	**–**
Total direct emissions		239.34	**220.16**
Total indirect emissions*		79,040.42	**90,227.88**
Total gross emissions*		79,279.76	**90,448.04**
Category 1 direct removals		–	**–**
Purchased emission reductions		–	**–**
Total net emissions		79,279.76	**90,448.04**

* Emissions are reported using a location-based methodology.

Emissions intensity	2023	**2024**
Operating revenue (gross tCO_2e/$ million)	372.56	**402.89**
Operating revenue (gross mandatory tCO_2e/$ million)	4.30	**4.57**

As in previous years, due to the nature of our business model, our Scope 3 emissions account for over 99.7% of our total emissions. These effectively reflect the increase in our tenants' activities in Germany. Going forward, as we continue to improve on our emissions calculations and as part of our decarbonisation ambition this will be a core area of concentration for us, both in our data analysis and developing our plans and targets for the business and with our tenants.

Decarbonisation commitments

We are committed to managing and reducing our emissions in Germany and are developing our GHG emissions reduction plans, which have been reviewed and are in line with Toitū Carbon Reduce programme requirements. This year we have set a Group decarbonisation ambition to reduce our Group Scope 3 carbon emissions intensity per square meter by 45% by 2030. This ambition will be updated annually, as highlighted earlier in this report, and Sirius Facilities GmbH is currently focused on the following projects:

Objective	Project	Responsibility	Completion date
Reduce electricity emissions	Convert conventional lighting to LED	Operations	Ongoing
Reduce use of fossil fuels	Convert company cars to electrified ones	HR	Ongoing
Reduce waste amount	Reduce the amount of usable waste bins to minimal needed	Operations	Ongoing
Reduce emissions from air travel	Increase the use of trains wherever sufficient	HR	Ongoing
Reduce emissions from utilities	Installation of smart water meters to have access to usage data and prevent unusual high consumption, i. e. water pipe leaks	Operations	Ongoing
Reduce water and sewage water emissions	Installation of efficient water supply facilities to reduce water consumption	Operations	Ongoing
Reduce heating emissions	Optimisation or replacement of heating systems	Operations	Ongoing
Reduce heating emissions	Installation of smart thermostats to radiators	Sirius Renewable Energy GmbH/Operations	Ongoing
On-site energy production from PV	Installation of roof solar energy systems	Sirius Renewable Energy GmbH/Operations	Ongoing

We have acquired 534 certified offsets through Achilles for our Scope 1 and 2 emissions and have received a Carbon Reduce Certification to achieve our net zero for Scope 1 and 2 emissions ambition for Sirius Facilities GmbH.

Scope of measured inventory

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

Boundaries

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

BizSpace Ltd – United Kingdom

This is our second full year of ownership of BizSpace. We continue our work to integrate its operations as much as possible with those in Germany.

Summary – Scope emissions

This is the annual greenhouse gas ("GHG") emissions inventory and management report for BizSpace Ltd covering the measurement period 1 April 2023 to 31 March 2024.

Table 1: Inventory summary

Category (ISO 14064-1:2018)	Scopes (ISO 14064-1:2006)	GHG emissions tCO_2e 2023	**GHG emissions tCO_2e 2024**
Category 1: Direct emissions	Scope 1	164.40	**42.21**
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	33.67	**35.29**
Category 3: Indirect emissions from transportation	Scope 3	175.28	**115.03**
Category 4: Indirect emissions from products used by organisation		214.73	**200.46**
Category 5: Indirect emissions associated with the use of products from the organisation		5,727.77	**5,869.12**
Category 6: Indirect emissions from other sources		—	**—**
Total direct emissions		164.40	**42.41**
Total indirect emissions*		6,151.45	**6,219.90**
Total gross emissions*		6,315.86	**6,262.31**
Category 1 direct removals		—	**—**
Purchased emission reductions		—	**—**
Total net emissions		6,315.86	**6,262.31**

* Emissions are reported using a location-based methodology.

Emissions intensity	2023	**2024**
Operating revenue (gross tCO_2e/£ million)	126.82	**128.06**
Operating revenue (gross mandatory tCO_2e/£ million)	7.57	**4.01**

Decarbonisation commitments

We are also committed to managing and reducing our emissions in the UK. As reported, we have undertaken an analysis of the possible actions to achieve the UK Government EPC target of B by 2030 and have achieved 55% of the number of EPCs at EPC C or better during the year. This work continues and this year BizSpace has become part of the Group decarbonisation ambition to reduce our Scope 3 emissions by 45% by 2030.

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

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

We have acquired 78 certified offsets through Achilles for our Scope 1 and 2 emissions and have received a Carbon Reduce Certification to achieve our carbon neutral for Scope 1 and 2 emissions ambition for BizSpace Ltd.

Scope of measured inventory

Consolidated approach: An operational control consolidation approach was used to account for emissions. Since BizSpace provides services and utilities to its customers and has full control over procurement, the decision is an operational control approach.

Boundaries

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

Introduction

Throughout the year, we have continued to develop our understanding of the actions we need to take to decarbonise our platform and our assets.

Our aim is to build on the resilience of our portfolio against both climate transition and physical risks as well as identifying any opportunities for our business and stakeholders. We are making good progress with fully embedding climate change into our management, strategic, and financial planning processes and increasingly integrating the aims and implementation of the Task Force on Climate-Related Financial Disclosures ("TCFD") into our operations.

We have every intention of decarbonising our portfolio in line with both German and UK Government targets of 2045 and 2050, respectively. We are clear that that we will do so in line with regulation, with the aim to deliver an economic and social return for all our stakeholders. We understand that this will be a long-term process and we intend to make progress every year. However, as climate-related policy and regulation continually evolves, the relevance of long-term planning becomes challenging. We have, therefore, decided to divide our decarbonisation pathway into short, medium and long term and are focusing hard on short to medium term where we can make viable plans and actions.

As a result, this year we have concentrated on identifying a potential decarbonisation pathway to 2030 to reduce our Scope 3 emissions, which account for over 99% of our total emissions, for the Group taking into account CRREM/SBTi as a benchmark rather than seeking alignment as we note that the CRREM methodology does not have a target pathway for industrial sites which represent the highest emitting element of our portfolio. Based on this decarbonisation pathway, our ambition is to reduce our Group Scope 3 carbon emissions intensity per square meter by 45% by 2030 using our 2021/22 emissions as a baseline. In the current year, we intend to subject this potential decarbonisation pathway to further detailed examination and testing as well as renewed scenario analysis. This will enable us to start to create a formal transition plan which we will align in the future to the Transition Plan Taskforce. As we get closer to 2030, and as we get more clarity on policy and regulatory developments in Germany and the UK, we will begin to examine a longer-term decarbonisation pathway which would also reflect any requirements from standards such as CRREM and SBTi.

Highlights for 2023/24

Achieved net zero for our Scope 1 and 2 emissions for our German operations with the purchase of the 534 validated carbon offsets that we expect to reduce over time.	Detailed assessment of potential decarbonisation pathway for the emissions of the Group with the ambition to achieve a reduction in Group Scope 3 carbon emissions intensity per sqm by 45% from a 2021/22 baseline by 2030, considering CRREM/SBTi.	Creation of standalone German PV business – Sirius Renewable Energy GmbH – and the identification of a potential roll-out of PV across relevant German assets with the commencement of pilot projects to better understand risks and opportunities.	First assessment of potential decarbonisation plan for the emissions of the UK portfolio to 2030 in line with UK EPC requirements integrated with the Group decarbonisation pathway. Internal target of 55% of EPCs of UK portfolio to achieve an EPC rating of C or better at year end achieved.
Achieved carbon-neutrality for our Scope 1 and 2 emissions for our UK operations with the purchase of the 78 validated carbon offsets that we expect to reduce over time.	Continued update of physical risk analysis undertaken for our German and UK assets working with insurance providers.	We currently expect the required investment to ensure we remain aligned with our decarbonisation ambition to be absorbed within normal planning and budgets.	Achieved first CDP Climate disclosure with the aim to continue to improve on data management and reporting.

Alignment with TCFD

Our TCFD report is consistent with the requirements of the London Stock Exchange (LSE) Listing Rule 9.8.6 R and the 11 TCFD Recommendations and Recommended Disclosures published in 2017 and updated in 2021. We are aware that there is further work to fully align with the reporting requirements, in particular to address the five disclosures with which we are partially aligned. We continue to make progress year-on-year in the development of both metrics and targets as we develop in detail our decarbonisation plans to 2030 in Germany and the UK. The following tables set out our current status on reporting and where our responses to the 11 TCFD Recommendations can be located in this report.

TCFD recommendation status table

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

		Page number
Aligned and reporting in line with recommendation	■	
Partially aligned with recommendation	▨	
Not aligned with recommendation	□	
Governance		
a) Board oversight of climate-related risks and opportunities	■	49
b) Management's role in assessing and managing climate-related risks and opportunities	■	49
Strategy		
a) Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term	■	51
b) Describe the impact of climate-related risks and opportunities on the Company's business, strategy and financial planning	▨	51
c) Describe the resilience of the Company's strategy, taking into account consideration of different climate-related scenarios including a 2°C or lower scenario	▨	56
Risk management		
a) Describe the Company's process for identifying and assessing climate-related risks	■	59
b) Describe the Company's processes for managing climate-related risks	■	59
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management	▨	59
Metrics and targets		
a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process	▨	59
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	■	59
c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets	▨	59

In order to provide additional transparency, please find below a table which sets out the key actions for the year 2023/2024, our current positioning and the future workstreams we have identified for the current year.

TCFD pillar	2023/2024 highlights	Current position and more information	Future actions
Governance	» Board and management review of the decarbonisation pathway for the German portfolio and EPC performance strategy for UK assets to 2030. » Creation of the ESG Department in Germany to build a detailed operational and financial plan for potential decarbonisation. » Creation of a UK senior management team to develop detailed operational and financial plan for potential decarbonisation pathway in line with UK EPC requirements.	The Board and Senior Management Team have continued to have a strong oversight of climate-related risks and opportunities including two dedicated management away days during the year to review a potential decarbonisation pathway for the German and UK portfolios. The management team continue to be supported by specialists in sustainability, carbon performance, and energy performance.	The Board and Management will continue to be fully involved in the finalisation of the organisation's decarbonisation plan to 2030 and its continual review. Details will be reported in future periods.

Alignment with TCFD continued

TCFD pillar	2023/2024 highlights	Current position and more information	Future actions
Strategy	» The concentration on a detailed operational and financial plan for a potential decarbonisation pathway to 2030 in Germany and the UK is enabling a more thorough understanding and reduction of potential climate-related risks which are regularly reviewed by the Senior Management Team. » A decarbonisation pathway post 2030 will be created nearer that date when there is better clarity on regulation and industry standard pathways.	During the period, Sirius undertook an extensive operational and financial plan to determine a carbon emissions intensity reduction ambition by 2030 for both Germany and the UK. This planning process includes the identification and assessment of risks. In Germany, a series of pilot and roll-out projects have been agreed to further identify and understand potential risks and opportunities. In the UK, the roll-out of two pilot PV projects and the EPC improvement programme is also enabling better risk identification and mitigation.	The detailed operational and financial plans of a potential decarbonisation pathway, as well as the roll-out of pilot projects and the EPC improvement programme, is enabling better integration of any potential climate-related risk into the wider risk management practice. A focus for 2024/2025 will be to subject these detailed operational and financial plans to continued management scrutiny to identify and mitigate potential risks and opportunities as well as subject the plans to scenario analysis that could not be undertaken during 2023/24.
Risk management	» The improved risk assessment is enabling better climate risk integration with wider ERM processes and the identification of risk mitigations for any climate-related risks.	Last year, Sirius worked with external TCFD specialists to develop a set of climate-related risks and opportunities, to consider their impact on business, strategy, and financial planning, and to assess the resilience of the strategy using scenario analysis. The management team continue to rate these risks and opportunities as valid, and they have been used in the development of the detailed operational and financial plans for a potential decarbonisation pathway to 2030. The risks and opportunities will continue to be monitored as Sirius commences the roll-out of its decarbonisation projects and also commences pilot projects to better understand implementation risks in particular for the roll-out of PV where applicable for the German portfolio.	The detailed operational and financial plans created during 2023/24 included input from the initial scenario analysis undertaken during 2022/23. It is intended to subject these operational and financial plans to renewed scenario analysis testing during the current year for input into the decarbonisation pathway.
Metrics and targets	» First Group decarbonisation ambition to reduce Group Scope 3 carbon emissions intensity per sqm by 45% by 2030 set in 2023/24 and will be reviewed annually. » Updated gap analysis on disclosure against 7 cross-industry metrics and targets that currently support our climate-related strategic aims. » First year CDP submission with score of C.	Whilst we have started to identify ambitions for the Group and respective German and UK businesses, we recognise there is further work required to determine the most useful metrics to assess and support the achievement of our sustainability agenda, and to consider our approach for reporting against the TCFD's recommended cross-industry metrics.	Our key focus for the next few reporting periods will be to continue to identify and improve how we best monitor our performance towards increased resilience and stakeholder value creation and to ensure we are measuring what matters. We will also further develop our targets taking into account leading frameworks.

Governance

Board oversight of climate-related risks and opportunities

The Board assumes overall responsibility and accountability for the management of climate-related risks and opportunities. The Sustainability and Ethics Committee provides advice to the Board on the economic sustainability of the business and works with the executive management to shape policy and strategy to improve the Group's environmental performance. The Board is further supported by the Audit Committee which has responsibility for the review of the risk management methodology and the effectiveness of internal controls. The Board reviews the risk register on an annual basis.

During the year, the Chief Executive Officer provides regular updates to the Board on ESG and sustainability-related issues, through his role as Chair of the Sustainability and Ethics Committee.

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

Management's role in assessing and managing climate-related risks and opportunities

Kremena Wissel, the Chief Marketing and Impact Officer is responsible for the management of climate change related issues. The Chief Marketing and Impact Officer heads the ESG Working Committees in both Germany and the UK, which bring together senior management from sustainability, operations, finance, and HR to oversee and implement ESG within the business, including climate-related issues. During the year, the ESG Working Committee in Germany met 6 times and the ESG Working Committee in the UK met 7 times. In addition, in Germany an ESG Department has been formed, headed by Erik von Stockhausen, with the responsibility to plan and implement the decarbonisation programme in Germany reporting to the Chief Marketing and Impact Officer and Rüdiger Swoboda, the Chief Operating Officer of Sirius Facilities. The planning and implementation of the decarbonisation programme in the UK is headed by Mo Jiwaji, Chief Operating Officer and Tariq Khader, Chief Investment Officer of BizSpace. This year, the TCFD Working Group which is headed by the Chief Marketing and Impact Officer has been combined with these two decarbonisation teams to bring decarbonisation planning and implementation closer together. During the new financial year, working with external consultants, these two teams will be tasked with understanding the climate-related risks and opportunities for the business, in line with TCFD, related to their respective and combined decarbonisation business plans and strategy. The Chief Marketing and Impact Officer will coordinate with the ESG Working Committees and report to the Sustainability and Ethics Committee on progress.

The Audit Committee identifies ESG within its Principal Risks, within which climate-related risks and opportunities are captured. A risk management framework is in place to ensure that relevant risks are identified and mitigated in order to significantly increase the chances of being able to achieve the Group's objectives of creating and sustaining shareholder value. During the year both decarbonisation teams presented at two senior management strategy days specifically dedicated to the planning and implementation of the decarbonisation programme. Potential risks and opportunities were discussed, covered later in this report.

In the second half of the financial year, the Group commenced a new ESG Materiality assessment in line with best practice and to meet the requirements of forthcoming UK and European regulations. As the assessment is ongoing, results are yet to be presented, however climate change adaptation and the net zero transition are included as key issues and are considered within the decarbonisation programme and TCFD alignment.

Governance continued

Management's role in assessing and managing climate-related risks and opportunities continued

A summary of the governance structure relating to climate-related risks and opportunities, strategic decision-making and reporting is set out below.

Board of Directors

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

Actions: Formally discussed ESG on eight occasions

↑
Informing and reporting
↓

Sustainability and Ethics Committee (chaired by CEO)

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

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

↑
Informing and reporting
↓

Audit Committee

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

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

↑
Informing
↓

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

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

Actions: Commenced development of decarbonisation pathway

↑
Informing and reporting
↓

ESG Department in Germany and the Senior Management Team in UK, integrating the TCFD working group (team of senior management, headed by Chief Marketing and Impact Officer and supported by external specialists)

Responsibility: Planning and implementation of decarbonisation programme in Germany and the UK, identification and assessment of climate-related risks and opportunities

Actions: Regular reports to the ESG Working Committee on developments of the decarbonisation programme to 2030 and related climate-related risks and opportunities

Strategy

Short-term and medium-term risk and opportunity assessment

During the year, the Board and Senior Management Team agreed that it was most valuable to concentrate on a short- to medium-term decarbonisation programme and targets as this enables management decisions to be made with knowledge of Government ambition and regulation which are subject to change over the longer term. To this effect, the Senior Management Team created an ESG Department in Germany in April 2023 and identified a senior UK management team to start to develop a detailed operational and financial model of a potential roadmap to decarbonise the German and UK portfolio to 2030. Within the respective decarbonisation teams and reviews by senior management and the Board, the planning for the decarbonisation programme has included discussions and oversight of potential risks and opportunities for both the German and UK portfolios which were identified in the risk and opportunity assessments undertaken last year.

The short- to medium-term decarbonisation programmes in Germany and the UK will concentrate on the roll-out of LED replacements, smart-meters, thermostats, fossil fuel heat replacement with heat pump or similar systems, as well as the installation where appropriate, of onsite PV renewable energy to be available to our own operations and tenants prioritising those actions that are economically feasible and have low pay back periods. The Group is also rolling out EV charging points at all relevant sites for the use by tenants. In addition to the risks and opportunities identified below, as these projects are implemented, they will be continually monitored in order to understand both seen and unseen risks and opportunities.

We remain on track to complete our rollout of smart energy meters by 2027 in Germany. In the UK, almost 90% of sites are equipped with smart meters, with work ongoing to equip the final sites, and assess new acquisitions. Inefficient lighting across our properties is reviewed and replaced with LED as part of our building maintenance programmes. We are also examining sites which may require heating system replacements or upgrades across both our German and UK portfolios and putting in place plans to make required and applicable enhancements. We completed 34 lighting optimisation projects in Germany in the year, with a further 30 projects identified across 24 properties. In the UK, our LED replacement programme is aligned with our ongoing EPC improvement programme. We completed 19 projects in the year, with additional projects to be aligned with our EPC ambitions.

The Group has also continued to assess the feasibility of photovoltaic (PV) installations across the portfolio in both Germany and the UK. In Germany, an initial assessment identified two pilot sites with work commencing at Augsburg and Tempelhof properties to be completed in FY2024/25, with a further six projects identified and budgeted. In the UK work has started on two pilot sites in Solihull and Theale. The PV pilot projects will be used to further understand and test the risks and opportunities. The pilot projects are being undertaken with different assets within the portfolio in various stages of development to provide as broad a range of insight into the implementation challenges as possible. Due to the nature of our portfolio in the UK, we do not expect a significant rollout, but all applicable sites will be carefully assessed.

Monitoring and management of risk and opportunity

This climate-related risks and opportunities section outlines the significant risks and the key monitoring and management methodologies that apply for the short and medium term. As part of the planning undertaken by the respective decarbonisation teams, these risks and opportunities and the impact/likelihood assessments derived from the climate-related risk and opportunity workshops undertaken in 2022/23, with the support of external consultants, were included and are considered to remain valid. A significant risk is determined as one that could have a significant impact (financial, operational, reputational) and which is likely to occur. A significant opportunity is one that is feasible, or likely to occur, and which could have very long-term benefits for the company and a positive impact with a range of stakeholders. Those risks that were identified as significant were further assessed using scenario analysis to determine how these risks may shift over time. In addition to the top-down approach to risk identification, assessment, and management, we also undertook a bottom-up approach to ensure that asset level risk (such as flood risk and energy performance) is effectively monitored at asset level through flood risk assessments and energy performance assessments at site level.

Strategy continued

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

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

	Short term	**Medium term**	**Long term**
Time span	1–5 years	5–10 years	10+ years
Planning horizons assessed as part of our scenario analysis	2023–2025	2025–2030	2030–2050
Business planning cycle	Our short-term business plans consider capex and operational cash flows required in the next three years to support our strategy.	We are developing a detailed operational and financial plan for our decarbonisation pathway to 2030. This includes risk analysis and the use of pilot projects to minimise risk.	
Strategic planning	Working through the ESG Department in Germany and the designated management team in the UK to plan our decarbonisation pathway, we carry out horizon scanning to assess the key areas of significance for our business, this includes a regulatory review of current and future regulation which enables us to identify key capex requirements in the medium term.		As we approach 2030, we will undertake more detailed risk and opportunity analysis based on better clarity on the policy and regulatory outlook.
Climate-related scenario analysis	We are including the results from scenario analysis within our viability assessments (including capex commitments to meet regulatory requirements) and will update our scenario analysis.	We will consider a range of future scenarios to assess impacts on our business, strategy, and financial planning in the long term.	

Climate-related risks and opportunities

As part of our climate-related risk and opportunity workshops undertaken in 2022/23, which included representatives from across the business, including finance, risk, operations, and sustainability, we identified a wide range of risks and opportunities, including acute and chronic physical risks, and transition risks relating to political, legal and regulatory change, market risk, technology and reputational risks. We also considered opportunities arising from resource efficiencies, changes to our products and services, and market opportunities.

Significant transition risks and opportunities

The risks which were identified and could have a significant impact on our business over the short to medium term are outlined below. As already highlighted, these are being taken into account in our initial decarbonisation plans to 2030.

Significant climate-related transition risks and opportunities

Risk/opportunity	Drivers and causes	Impact on business, strategy and financial planning (risk consequences)	Risk mitigations/methods to realise opportunities
Key risks – all impacting the short and medium term			
Policy and regulation			
	» Nationwide drive to decarbonisation » Increased focus on sustainability » Focus on regulating the built environment to improve sustainability	» Investment required to meet requirements » Lower returns from assets not exceeding requirements (impact on portfolio value) as stakeholder preference shifts to green buildings » Risk of fines and penalties if requirements not met » Increased administrative requirements	» Monitoring of regulatory requirements and identifying capacity and capabilities in meeting them » Investment in green energy » Development of decarbonisation pathway
Market			
Cost of capital	» Lenders seek to reduce financed emissions by linking the cost of debt to carbon emissions	» The cost of debt for properties with low building standard ratings (EPC, BREEAM) may increase » The availability of finance may decrease for certain sectors	» Development of decarbonisation pathway » Collaborations with lenders to understand changes to their financing strategies
Market/policy and regulation			
Cost of energy and carbon	» Cost of carbon increases and non-renewable energy costs are impacted » A direct tax on carbon is applied to Scope 1 and Scope 2 emissions » Increased demand for green energy limits availability	» Increased operating costs » Risk of affordability for tenants if energy costs or carbon costs are passed on » Inability to meet decarbonisation commitments due to availability of green energy agreements	» Development of decarbonisation pathway » Remodelling approach rather than rebuild to reduce embodied carbon emissions
Reputation			
Stakeholder concern	» Stakeholders increasingly focused on sustainability and decarbonisation agenda and want to invest in climate-resilient companies » Decarbonisation may be challenging in the built environment leading to failure to meet targets	» Reduced investment and share price » Reduction in market share » Increased investment required to meet stakeholder requirements	» Stakeholder consultation

Climate-related risks and opportunities continued

Significant transition risks and opportunities continued

Significant climate-related transition risks and opportunities continued

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

There were additional risks and opportunities that were included in this analysis, and which were not identified as significant due to our business model and tenant base. However, we continue to consider them in our review of climate-related risks and opportunities. These include potential market fluctuations in the cost of raw materials used in developments, supply chain issues and stakeholder preference towards low carbon buildings and services. Opportunities include increasing demand for low carbon buildings and services, and increased demand for climate-resilient assets, resulting in increased portfolio value.

Physical risks and opportunities

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

Physical climate-related risks and opportunities

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

We understand that climate-related risks and opportunities can change and impact our business and should be considered in developing our strategy. In 2022/23, we used inputs from climate-scenario models and industry reports to assess how the risks and opportunities identified may impact upon our business, strategy, and financial planning in a range of climate-scenarios, including a below 2°C scenario. As stated earlier, it is the view of the management team that these scenarios remain valid. The key characteristics of the scenarios we utilised are outlined in the following table:

Sirius scenario	Low emissions	Medium emissions	High emissions
Physical risk assessment (wildfire, inland flood, cyclone, water stress, heatwave, sea level rise)			
IPCC Relative Concentration Pathway	RCP2.6	RCP4.5	RCP8.5
Shared socioeconomic pathway model	SSP1	SSP2	SSP5/SSP3
Approximate 2100 warming trajectory	1.8°C	2.4°C	4.3°C
Atmospheric CO_2	430–480ppm	580–720ppm	>1,000ppm
Transition risk assessment			
Regulatory change	More stringent environmental regulation	Moderate awareness of environmental consequences of choices made and environmental systems experience degradation	Environmental policies have little importance, environmental systems are seriously degraded
Technological change	Rapid technological shifts	Technological progress but no breakthrough	Low investment in technology
Resource use	Improved resource use	Modest decline in resource use intensity	Increase in resource use intensity
Wellbeing	Emphasis on human nature and wellbeing	Current social and economic trends continue	Emphasis on national issues due to regional conflicts and nationalism
Cooperation	Global cooperation	Weak cooperation	Scepticism around globalisation

Climate-related risks and opportunities continued

Long-term risk and opportunity assessment

With the concentration on the development of the short- to medium-term decarbonisation programme to 2030, during the current year we have not taken forward our consideration of potential time-horizon risks beyond 2030. It is our intention to start to review these longer-term risks and opportunities during the current year and for this to continue as we develop our post 2030 decarbonisation plans nearer that date, based on our increasingly more detailed understanding and experience of risks which will be taken into account. These longer-term risks and opportunities will also be reviewed based against revised scenario analyses.

Climate-related scenario analysis

We concluded in our scenario analysis that there are very different potential risk and opportunity impacts when looking at the temperature spectrum as highlighted in the table below. It is the view of the management team that the medium emissions scenario is currently the most likely to be experienced within Sirius' geographies and that this will result in a combination of issues set out in the table that follows:

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

The key risk mitigations are being built into our short- to medium-term decarbonisation plan with examples highlighted below under physical and transitional risks. With the ongoing development of the Group's decarbonisation pathway and the management structure put in place to develop these plans and implementation roll-out, as well as monitor changes to national policies, the management assess that the business is positioned to meet the currently identified risks and opportunities.

Physical risks

In order to the assess acute risks of flood, wildfire, and cyclone, and chronic risks such as water stress, heatwaves, and sea level rise, last year we partnered with our then insurance providers to identify assets with the highest levels of physical risk, and carried out in-depth climate scenario analysis on a representative sample of our at-risk assets to consider the long-term (2050) view of future climate risk looking at the most extreme risks. The analysis predominantly focused on an RCP8.5/SSP5 scenario, and an RCP4.5/SSP2 scenario. The modelling used General Circulation Models (GCM) from the latest international modelling efforts "The Coupled Model Intercomparison Project6" and high-resolution historical observations from satellites and sensors to provide detailed information about physical risks, and machine-learning and artificial intelligence methods to deliver spatial resolution that is finer than GCMs alone. The findings indicated that the assets sampled (which are more than 25% of our German and UK portfolio) are at low risk of overall significant climate stress in 2050, but medium risk for water stress and wildfire however further consideration shows that the relative change expected is not significantly different to today and as such any localised issues experienced today are unlikely to significantly worsen. We also considered the Value at Risk of our sampled assets arising as a result of high impact events such as wildfire, cyclone, and intense river flooding.

The process simulated many thousands of events, at multiple hazard intensities with varying probabilities of occurrence and differing levels of vulnerability. The outputs from our Value at Risk assessment did not identify significant Value at Risk for our sampled assets.

During the year, we changed our insurance providers for both our German and UK assets. While we believe that the physical risk assessment for a sample of our assets deemed most at risk undertaken during the 2022/23 financial year remains valid, we have started the process of updating our physical risk to climate-change assessment with our new insurance providers for the entire portfolio and this remains ongoing.

To date, the updated physical risk assessment is showing very similar results which is expected. In Germany only 0.69% of total insurable value (1 property) is deemed to be at risk of flooding within a 50-year period and 16% of total insurable value over 100 years. Only 1 property is at risk of storm surge over 1,000-year period. In the UK, 17 properties are deemed to be exposed at medium risk in terms of flood. However, this is the common natural catastrophe peril in the UK. We will continue to develop our physical risk assessment with our insurance providers.

Transition risks and financial impacts

Through the work undertaken on our initial decarbonisation plan to 2030 we are developing a pathway to improve the energy efficiency of our German and UK portfolio, and this is being fed into our ongoing corporate strategy, which remains focused on investing in our assets to improve their utilisation and lifespan. We are fully committed to decarbonising our business across our Scope 1, 2 and 3 emissions and will do so based on detailed management and financial planning, which is being integrated into our operational and planning processes. We recognise that we have large, multi-use and complex assets situated in many locations and communities in Germany and the UK with a broad tenant base. As a result, our decarbonisation pathway has to be developed on an asset-by-asset basis and in many cases working in close engagement with our tenants. This is a time and resource demanding exercise which is now being met by the ESG Department in Germany and the senior management team in the UK.

In Germany, last year we were pleased that we had successfully achieved net zero emissions for our Scope 1 and 2 emissions for the first time which we have repeated this year with the purchase of 534 validated carbon offsets at a minimal cost of €5,618.74, which we expect to decline over time. We believe that our strategy of running pilot projects for the roll-out of our PV installations will enable us to identify and mitigate any currently unseen risks and opportunities. Similarly, the annual roll-out of LED projects, smart-meters, thermostats, and fossil fuel replacement systems will enable us to control risks and better understand the financial requirements.

Cost of carbon

Within our decarbonisation pathway for Germany, we also monitor and manage the cost of carbon which is built into our budgeting process. The German Government introduced an adjacent system to the EU Emissions Trading System to cover buildings, and in particular, the energy used in the heating of buildings (typically a cost borne by tenants) with the split of carbon tax for landlords and tenants currently allocated 50/50 for non-residential buildings. The scheme was introduced at 05.12.2022 with an original price per tonne of carbon at 35 €/tCO_2e which was reduced in 2023 to 30 €/tCO_2e to support the German economy and the energy crisis. As energy prices abated, the German Government decided to move the cost of carbon to 45 €/tCO_2e for 2024 and to 55 €/tCO_2e by 2025. Post 2025, the price is currently unknown and there is uncertainty over the future cash flow implications and if the split for landlords and tenants will be changed. However, we take into account the known split and anticipated price forecasts to 2025 in our cash flow forecasts and undertake financial impact analysis of how this could change our overall operating cash flows if the charging mechanisms were to change (i.e. to reflect a change in landlord/tenant split). The amounts assessed do not result in a material financial impact.

In the UK, we are pleased that we have successfully achieved carbon-neutrality for our Scope 1 and 2 year with the purchase of 78 validated carbon offsets at a minimal cost of €820.71, which we expect to decline over time. The continued roll-out of EPC improvements is again enabling us to identify and mitigate risks and opportunities and we remain confident of meeting the UK Government requirements for commercial properties to have a minimum EPC rating of C by 2027 and B by 2030.

Climate-related risks and opportunities continued

Policy and regulation

As part of our transition planning, we also monitor the changes in policy and regulation. We note that while the EU and the UK have both announced Net Zero pledges to 2050 (with Germany by 2045), it remains unclear the measures that will be put in place to help drive decarbonisation in the built sector. For example, in Germany, we have undertaken an initial assessment of a decarbonisation pathway to net zero emissions for our portfolio using the CRREM methodology and in line with the Science Based Targets initiative, however we note that the CRREM methodology continues to change which can impact the potential alignment of our programme to their theoretical pathway. Similarly, in the UK, the Minimum Energy Efficiency Standard Regulations that currently require all commercial lettings to be in possession of a valid EPC band B by April 2030 and band C by April 2027 is rumoured to be under review.

As we continue to assess our own roadmap and implementation of our decarbonisation pathway, we will monitor these changes. It is the management's view that these changes will not distract from the ambition to achieve net zero emissions for the portfolio in Germany by 2045 and the UK by 2050. However, it does question the validity of attempting to achieve short-term alignment with methodologies such as CRREM if they are to continue to regularly change and also do not recognise many of our industrial sites in their methodology. For this reason, while management will continue to assess the Group's decarbonisation pathway against CRREM and SBTi, it does not consider it valid to publish any alignment until there is a more consistent policy and regulatory outlook.

It is our intention to update on our carbon intensity reduction ambition each year as we learn more from the roll-out programme and understand the outlook. We believe this to be appropriate and in line with the other governance processes of the company as both the reduction ambition will have been subjected to review and approval by the Board. This year, due to the combined efforts of the German and UK management, we have set the ambition of achieving a 45% reduction in Group Scope 3 emissions intensity per square meter by 2030.

Our decarbonisation ambition is based on a number of assumptions which we will review over time. It is based on CRREM version 2.0 with a location-based approach for carbon emissions factors. Currently the CRREM methodology does not have a target pathway for industrial sites which means that energy consumption of our tenant industrial processes is not reflected in our reduction ambition. Our current ambition also excludes the Titanium venture in which we hold 35%. Furthermore, we recognise that our ambition relies on the predicted decarbonisation of the national grids. Should the German or UK national grid decarbonise faster or slower than currently predicted, we will need to review the implications for our decarbonisation plans. Additionally, the ambition is based on our current portfolio, which due to strategic acquisitions and sales of assets will change over time.

Moreover, the reduction ambition does not include embodied carbon, which represents 10% of our total emissions. These will be addressed through a separate programme of engagement with our suppliers. Equally, with our large industrial assets, decarbonisation can only be achieved through partnership with our tenants, and this will take time as we coordinate with their plans and is something we will be working towards over the coming years.

Our understanding and assessment of our Scope 3 emissions will continuously evolve as a result of these assumptions, and as we gain further insight into our tenant's energy use and requirements. We will also need to account for changes to Government policy and science-based frameworks. We will review and update our pathway and reduction ambition, and the assumptions on which it is based, each year.

As our pathway develops, our assessment of required investment may change, but we currently expect the required investment to ensure we remain aligned with our ambition to be absorbed within the normal course modernisation and maintenance planning and budgets.

During the year we have also acquired additional assets in both Germany and the UK. Our acquisition framework has been updated to include environmental considerations as part of the pre-acquisition due diligence.

Risk management

We are continually improving our processes for identifying and assessing climate risks. As shown in the section "Managing our Risks" starting on page 66, this process is in line with our risk management approach. Climate-related risk which sits within ESG, is identified as a principal risk, and is governed and managed in line with our risk management and control framework. This framework enables us to effectively identify, assess and manage corporate risks, set out risk mitigations and increase our ability to create and sustain shareholder value. Read more about our Risk Management framework on pages 66 and 67.

As part of our operational process, through our insurance providers, we include identifying climate-related physical risks, such as flood risk assessments. As highlighted earlier in this report, as we develop our decarbonisation pathway, our approach of setting pilot projects and the roll-out of energy efficiency projects also enables us to identify and mitigate potential transitional risks. Our acquisition due diligence also includes environmental criteria when acquiring a new property.

The ESG Department in Germany and the Senior Management Team in the UK, in addition to the ESG Working Committees reporting to the Sustainability and Ethics Committee are the key forums for discussing climate-related risks and opportunities at the operational level. In addition, climate change, as a principal risk under ESG, is reviewed by the Audit Committee.

Metrics and targets

We continue to improve on our measurement of a wide range of consumption data relating to energy, water, waste, and embodied carbon. These can be found in our CDP submission from July 2023 which is publicly available on our website and through the CDP platform. Carbon emissions is one of our main areas of focus. We report our GHG emissions, which are disclosed in the Annual Report including Scope 1, 2 and 3 emissions on pages 43 to 45.

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

The table below outlines our areas of focus and provides the current status on the metrics and targets used by the management team. Going forward, as our decarbonisation pathway develops, it is our intention to continue to enhance our performance and targets and we will undertake a gap analysis against frameworks including ISSB, ESRS and TPT, even if we are not expecting to be directly subject to all of them, to determine the most relevant and useful KPIs to monitor internally. A review of our current reporting can be found in the following table:

Cross-industry metrics	**Current status**
Scope 1, 2 and 3 GHG emissions	See pages 43 to 45
Transition risks	2023/24 ambition to reduce Group Scope 3 carbon emissions intensity per square meter by 45% to 2030 with 2021/22 as the base year 2023/24 target to have 55% of number of EPCs in the UK to be rated at C or better in 2024/25 and 100% EPCs at B or better by 2030 Completion of annual CDP assessment with a score of C
Physical risks	Physical risk exposure assessment to be published on an annual basis
Opportunities	To be developed in more depth on finalisation of the decarbonisation pathway
Capital deployed	For current capital deployed related to climate change see "Transition risks and financial impacts" section on page 57
Internal carbon price	See "Transition risks and financial impacts" section on page 57
Remuneration	ESG is currently linked to remuneration, see further details on pages 99 to 123 of the Annual Report

Our greenhouse gas emissions and associated energy consumption data for our German and UK businesses is available in the Streamlined Energy and Carbon Reporting (SECR) section of this Annual Report on pages 43 to 45 and are in line with the GHG Protocol. For the second year, our GHG emissions data has been subject to verification by Achilles.

Continued sustainable FFO growth

Chris Bowman
Chief Financial Officer

> "Sirius is pleased with the continued support from its shareholders as demonstrated in the recent €165.3m equity raise to fuel an accretive pipeline to position the Company for its next phase of growth."

Continued FFO growth

Sirius recorded FFO of €110.2m which represents a 7.9% increase over the €102.1m FFO reported last year. The Group has benefited from continued substantial organic growth and excellent asset recycling despite facing headwinds in the form of increasing interest rates and utility costs as well as the challenging markets which are continuing to be affected by instability from the Ukraine conflict and the cost of living crisis in both Germany and the UK. The main driver of organic growth was the 7.2%(1) increase in like-for-like rent roll which underpinned the 8.2%(1) total rent roll growth when incorporating the effect of asset recycling and acquisitions.

Trading performance and earnings

The Company has reported a profit before tax in the year ended 31 March 2024 of €115.2m (31 March 2023: €87.0m), representing an increase of 32.4% from the prior year. This increase in profit is mainly due to the FFO growth mentioned above including a net valuation gain of €12.4m (€50.1m valuation gain less €37.7m capex) being reported in the period, whereas in the prior year a net valuation deficit of €7.7m (€21.4m valuation increase less €29.9m capex) was reported. The €8.1m increase in FFO to €110.2m (31 March 2023: €102.1m) included BizSpace contributing €28.5m to the Group (31 March 2023: €26.7m), increasing its FFO contribution by €1.8m year over year. The organic growth within our UK business came mainly from the 7.5%(1) increases in like-for-like annualised rental income, with acquisitions in the second half of the year contributing to the total annualised rent roll increase of 14.5%(1). The UK has a loss after tax due to a revaluation deficit noted in the period, as outlined in "Portfolio valuation – Group" in greater detail.

The Company entered into acquisitive growth in the second half of the financial year as it saw significant opportunity in the market off the back of its €165.3m financing in November 2023, with the vast majority of capital either spent or committed to attractive assets in both Germany and the UK. The effects of the acquisitive growth are expected to be flowing through in FY2025, as the assets are integrated into the platform and contribute to the Group's FFO.

(1) The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1695, being the closing exchange rate as at 31 March 2024.

On a per share basis, the impact of valuations stabilising resulted in a 28.3% increase in basic EPS for the period to 8.75c per share. Adjusted EPS, basic EPRA EPS and diluted EPRA EPS, which exclude the impact of valuations described above, increased by approximately 8.4%, 8.7% and 8.6% respectively reflecting the strong operational performance in the year.

	Earnings €m	No. of shares	**31 March 2024 cents per share**	Earnings €m	No. of shares	31 March 2023 cents per share	Change %
Basic EPS	107.8	1,231,991,541	**8.75**	79.6	1,167,757,975	6.82	28.3
Diluted EPS	107.8	1,249,500,420	**8.63**	79.6	1,183,626,763	6.73	28.2
Adjusted EPS*	106.2	1,231,991,541	**8.62**	92.9	1,167,757,975	7.96	8.4
Basic EPRA EPS	101.1	1,231,991,541	**8.21**	88.2	1,167,757,975	7.55	8.7
Diluted EPRA EPS	101.1	1,249,500,420	**8.10**	88.2	1,183,626,763	7.45	8.6

* See note 12 and the Business analysis section of the Annual Report and Accounts 2024.

Income

Total revenue reported in the period, which comprises rent, fee income relating to Titanium, other ancillary income from investment properties, and service charge income, increased from €270.1m for the 31 March 2023 year to €288.8m this year. The detail of the €18.7m increase in income is shown in the following table.

	Year ended 31 March 2024			Year ended 31 March 2023		
	Germany €m	**UK €m**	**Group €m**	Germany €m	UK €m	Group €m
Rental and other income from investment properties	**131.5**	**38.3**	**169.8**	125.5	33.3	158.8
Service charge income from investment properties	**73.4**	**25.9**	**99.3**	66.6	24.0	90.6
Rental and other income from managed properties	**4.6**	**—**	**4.6**	10.9	—	10.9
Service charge income from managed properties	**15.1**	**—**	**15.1**	9.8	—	9.8
Revenue	**224.6**	**64.2**	**288.8**	212.8	57.3	270.1

Annualised rent roll in Germany increased by 5.4% from €123.1m to €129.7m with organic growth contributing €8.5m respectively whilst disposals exceeded acquisitions by €1.9m. BizSpace's annualised rent roll increased 14.4%(1) from €56.8m(1) to €65.0m(1) in the period, with the impact of organic growth of €4.1m being supported by net acquisitions of €4.1m. This is shown in more detail in the following table:

	Germany €m	**UK(1) €m**	**Group €m**
Opening annualised rent roll	**123.1**	**56.8**	**179.9**
Acquisitions	**1.7**	**4.4**	**6.1**
Disposals	**(3.6)**	**(0.3)**	**(3.9)**
Move-ins/outs	**4.3**	**(0.4)**	**3.9**
Uplifts	**4.2**	**4.7**	**8.9**
Foreign currency impacts	**—**	**(0.2)**	**(0.2)**
Closing annualised rent roll	**129.7**	**65.0**	**194.7**

(1) The Company has chosen to disclose certain Group rental income figures utilising a constant foreign currency exchange rate of GBP:EUR 1.1695, being the closing exchange rate as at 31 March 2024.

Income continued

The rental growth in the period remains strong year on year, achieved through increasing rates whilst also modestly reducing vacancy rates. The vacancy remaining in the like-for-like portfolio, coupled with that acquired through our acquisitions, means that the opportunity that remains within this vacancy for further organic growth over the next few years has been preserved. As inflationary levels recede from their recent highs, the key to unlocking this in the most effective way is through the continuation of Sirius' capex investment programmes combined with a wide range of other intensive asset management initiatives.

Portfolio valuation – Group

The portfolio of owned assets was independently valued at €2,186.7m by Cushman & Wakefield LLP at 31 March 2024 (31 March 2023: €2,103.2m), which converts to a book value of €2,210.6m after the adjustments in relation to lease incentives and inclusion of leased investment property. A breakdown of the movement in owned and leased investment property, excluding assets held for sale, is detailed in the table below.

	German investment property – owned €m	German investment property – leased €m	UK investment property – owned €m	UK investment property – leased €m	Investment property – total €m
Investment properties at book value as at 31 March 2023*	1,680.8	10.8	417.7	13.7	2,123.0
Additions relating to owned investment properties	21.4	—	52.7	—	74.1
Capex investment and capitalised broker fees	26.6	—	11.1	—	37.7
Disposal	(45.5)	—	(3.4)	—	(48.9)
Gain/(deficit) on revaluation above capex investment and broker fees	41.0	—	(28.6)	—	12.4
Deficit on revaluation relating to leased investment properties	—	(0.8)	—	(0.1)	(0.9)
Adjustment in respect of lease incentives	0.7	—			0.7
Currency effects	—	—	12.1	0.4	12.5
Investment properties at book value as at 31 March 2024*	**1,725.0**	**10.0**	**461.6**	**14.0**	**2,210.6**

* Excluding assets held for sale.

The increase in value of the German portfolio of €44.4m was made up of €21.4m of asset acquisitions, less €45.5m of disposals, plus a €67.6m valuation increase on the existing portfolio and finally a €0.7m positive adjustment in respect of lease incentives. The €67.6m valuation increase was higher than the €26.6m of capex spent on that portfolio; hence, the net of these resulted in a €41.0m gain being booked through the Company's profit.

In the UK, the value of the BizSpace portfolio increased by €43.9m due to €3.4m of disposals offset by €52.7m of additions, a valuation deficit of €17.5m on the existing portfolio and a €12.5m foreign currency reduction due to the strengthening of GBP against EUR for the year. The €17.5m valuation deficit was further increased by €11.1m capex spent on that portfolio, resulting in a €28.6m deficit being reported through the Company's profit.

The Company recognised a gain on revaluation of investment properties of €12.4m for the year which compares to a €7.7m deficit recognised in the comparative prior period.

Portfolio valuation – Germany

The book value of the existing German portfolio that was owned for the full period increased by €68.0m or 4.2% from €1,636.1m to €1,704.1m. This was driven by an increase in annualised rent roll of €8.5m in the year which more than compensated for a gross yield expansion of approximately 20 bps.

The German portfolio at 31 March 2024 comprises 68 assets with a book value of €1,725.0m generating €127.6m of rental income and €125.3m of net operating income based on an occupancy of 85.2%. This represents an average gross yield of 7.5% (31 March 2023: 7.3%), which translates to a net yield of 6.8% (31 March 2023: 6.5%) and an EPRA net yield (including estimated purchaser costs) of 6.3% (31 March 2023: 6.2%).

Yields have expanded within the German portfolio valuation by a further 20 bps in the period to 7.5% (31 March 2023: 7.3%). The average capital value per sqm of the portfolio of €950 (31 March 2023: €912) also remains below replacement cost and, when considered with the level of vacancy that remains within the portfolio, illustrates the excellent opportunity for further growth, particularly from upgrading and letting of the sub-optimal vacant space through the Company's capex investment programmes.

The acquisitions made over recent years have replenished a lot of the vacancy that was transformed and let up through Sirius' capex investment programmes. As a result, at 31 March 2024, 61% of the German portfolio are considered value-add assets (31 March 2023: 65%) which, with average occupancy of 81.2% and valued at a gross yield of 8.0%, provide significant opportunity for further earnings and value growth. The mature assets which make up about 39% of the German portfolio have reached an occupancy level of 94.4% and, at a gross yield of 6.8%, are valued at a yield that is 120 bps lower than the value-add assets. As the transformation of the value-add assets continues, the yield gap between the mature and value-add assets is expected to reduce. The full details of the capex investment programmes are provided in the Asset management review – Germany section of this report. The specifics of the value-add and mature portfolios are detailed in the table below:

	Annualised rent roll €m	Book value €m	NOI €m	Capital value €m/sqm*	Gross yield* %	Net yield* %	Vacant space sqm*	Rate psqm €*	Occupancy %*
Value-add assets**	84.0	1,053.2	75.1	834	8.0%	7.1%	229,087	7.06	81.2%
Mature assets	45.7	671.8	43.7	1,216	6.8%	6.5%	29,456	7.60	94.4%
Other	—	—	(1.7)	—	—	—	—	—	—
Total	129.7	1,725.0	117.1	950	7.5%	6.8%	258,543	7.24	85.2%

* Expressed as averages.

** Excluding assets held for sale.

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

	31 March 2024 €m	31 March 2023 €m
Investment properties at market value	**1,728.9**	1,685.5
Adjustment in respect of lease incentives	**(3.9)**	(4.7)
Book value of investment properties*	**1,725.0**	1,680.8

Portfolio valuation – UK

At 31 March 2024, the value of the UK portfolio was £394.7m (€461.6m), compared to a £367.2m (€417.7m) valuation at 31 March 2023. Of the change in valuation, £41.6m is attributed to the acquisition of 5 assets (£44.9m) offset by the disposal of Stoke (£3.3m) and yield expansion (£14.1m) during the period.

The like-for-like value of the UK portfolio was £349.8m (€409.8m), which was lower than the 31 March 2023 valuation of £363.9m (€413.9m). The £14.1m decrease was driven by yield expansion of approximately 60 bps to a 9.9% like-for-like portfolio net yield, which fully offset a £3.6m increase in annualised rent roll during the period. On a euro basis, the like-for-like portfolio also benefited from the appreciation of GBP compared to the euro year on year, and the impact of yield expansion was reduced to €4.1m. The EPRA net yield (including estimated purchaser costs) stands at 8.7% (31 March 2023: 7.6%).

The average capital value per sq ft of the total portfolio of £91 per sq ft (€1,150 per sqm) (31 March 2023: £88 per sq ft (€1,072 per sqm)) also remains below replacement cost and further supports the sentiment that there remains value-add potential within the portfolio.

	Annualised rent roll £m	Book value £m	NOI £m	Capital value £m/sq ft	Gross yield %	Net yield %	Vacant space sq ft	Rate psqft £	Occupancy %
UK portfolio	55.6	394.7	34.8	91.31	14.1%	9.9%	580,931	14.86	86.5%

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

Net asset value

The valuation movements mentioned on pages 62 and 63, together with retained profits after payment of dividends, resulted in an increase in net asset value per share to 104.96c at 31 March 2024, an uplift of 2.4% from 102.46c as at 31 March 2023. The adjusted net asset value per share increased to 111.12c at 31 March 2024, an uplift of 1.8% from 109.21c as at 31 March 2023. The Company paid out 5.98c per share of dividends during the financial year which contributed to a total shareholder accounting return (adjusted NAV growth plus dividends paid) of 7.2% (31 March 2023: 5.3%). The movement in NAV per share is explained in the following table:

	Cents per share
NAV per share as at 31 March 2023	102.46
Recurring profit after tax	7.92
Equity raise	(0.94)
Gain on revaluation (net of capex)	0.98
Deferred tax charge	(0.19)
Cash dividend paid	(5.62)
Adjusting items(1)	0.35
NAV per share as at 31 March 2024	**104.96**
Deferred tax and derivatives	6.16
Adjusted NAV per share as at 31 March 2024(2)	**111.12**
EPRA adjustments(3)	(1.30)
EPRA NTA per share as at 31 March 2024(2)	**109.82**

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

(2) See Annex of 2024 Annual accounts for further details.

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

The EPRA NTA per share, which, like adjusted NAV per share, excludes the provisions for deferred tax and fair value of derivative financial instruments but also includes the potential impact of shares issued in relation to the Company's long-term incentive programmes and excludes intangible assets, was 109.82c, an increase of 1.6% from 108.11c as at 31 March 2023.

Financing

In November 2023, the Company saw significant opportunity in the acquisitions market and raised €165.3m via an equity placing of new shares to fund a pipeline of attractive asset acquisitions in both Germany and the UK. The Company has delivered on this pipeline, completing or notarising €157.8m (before costs) in acquisitions since.

In May 2023 the Company refinanced its €57.3m Deutsche Pfandbriefbank ("PBB") loan facility, seven months in advance of it falling due on 31 December 2023. The new facility amounting to €58.3m has a term of seven years at a fixed interest rate of 4.25%. In addition to this early refinancing, in August 2022 the Company secured a refinancing with Berlin Hyp AG, one year in advance, of its €170.0m facility due in October 2023, agreeing a new seven year €170.0m facility commencing on 1 November 2023 with a fixed interest rate of 4.26%.

Of the €955.3m of total debt, the Company has €28.5m of debt coming due in the next twelve months which is made up of two tranches of the HSBC Schuldschein totalling €15.0m and €13.5m Saarbrücken Sparkasse. These loans come due in the fourth fiscal quarter and negotiations regarding extensions shall commence in due course.

The debt structure of the Company remains such that 75% of its debt is unsecured (31 March 2023: 75%) allowing the Company to maintain flexibility over its financing structure. As at 31 March 2024, the Company had a weighted average debt expiry of 4.0 years, net LTV was 33.9% (31 March 2023: 41.6%) and interest cover at EBITDA level was 8.3x (31 March 2023: 8.6x). All covenants were complied with in full during the period.

Fitch confirmed its BBB investment grade rating with "Stable Outlook" in October 2023.

Post balance sheet, the Company increased its €300.0m Corporate Bond due in November 2028 by 19.9%, issuing €59.9m in additional debt. The Company intends to utilise the proceeds for fuelling its acquisition pipeline and corporate purposes.

The Company's weighted average cost of debt is 2.10% whilst the weighted average debt expiry remains at four years following the above financing activity.

A summary of the movement in the Group's debt is set out below:

Movement in debt

	€m
Total debt as at 31 March 2023	975.1
Repayment of credit facility	(243.3)
Drawdown of credit facility	228.3
Scheduled amortisation	(4.7)
Total debt as at 31 March 2024	**955.4**

Dividend

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2024 of 3.05c per share, which together with the first half dividend of 3.00c per share, represents an increase of 6.5% on the 5.68c total dividend declared in respect of the financial year ended 31 March 2023.

The table below shows the dividends paid and pay-out ratios over the last five years, demonstrating the excellent progression the Company has made in the period as well as the ability of the Board to increase the dividend pay-out ratio whilst the proceeds of asset disposals are invested.

	First half dividend per share cents	Second half dividend per share cents	Total dividend per share cents	Blended pay-out ratio % of FFO
Year ended March 2019	1.63	1.73	3.36	70%
Year ended March 2020*	1.77	1.80	3.57	66%
Year ended March 2021	1.82	1.98	3.80	65%
Year ended March 2022	2.04	2.37	4.41	65%
Year ended March 2023	2.70	2.98	5.68	65%
Year ended March 2024**	**3.00**	**3.05**	**6.05**	**68%**

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

** First half 66%, second half 69% of FFO.

Details of the dividend distribution and announcement are detailed in note 28 of the Annual Report and Accounts.

Summary

As inflation came off its peaks experienced in 2022 and acquisition opportunities in the market crystallised, the Company was able to grow its occupancy and capture organic growth whilst setting itself up for further growth through transacting on its acquisition pipeline in the second half of the year, purchasing in total five properties, three of which completed in April 2024.

The Company's balance sheet remains strong as demonstrated through its recent equity and debt financings in the year, permitting it to continue to grow through acquisitions whilst maintaining a healthy net LTV ratio. This has been confirmed by Fitch in October 2023 through its BBB investment grade rating with a stable outlook. The Company continues to deliver on its growth objectives and continues to be well positioned to take advantage of opportunities as they arise.

The Company's strong financial profile, along with its proven internal operating platform, means the Company is fully capable of adapting to changing market conditions. With acquisition firepower available, further vacancy to develop and reversion potential to capture, as well as a defensively positioned portfolio, the Company is well set to meet the challenges ahead and looks forward to continuing to deliver attractive and sustainable returns for shareholders in the future.

Chris Bowman
Chief Financial Officer
31 May 2024

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

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

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

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

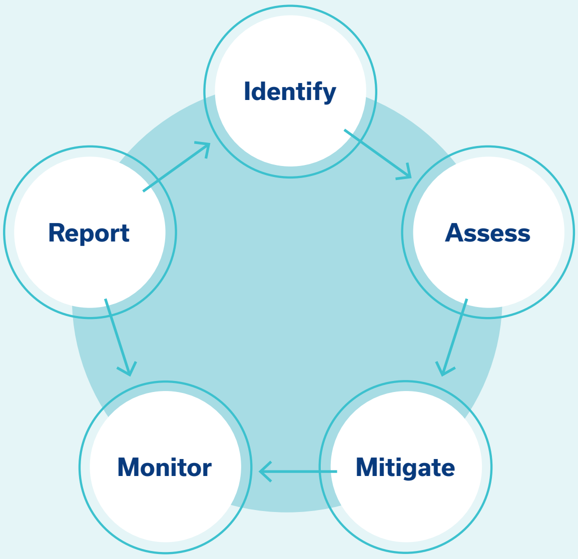
Finally, the risk register documents the controls in place that exist to mitigate the particular risk.

The Board has overall responsibility for risk management whilst the Audit Committee takes responsibility for the review of the risk management methodology and the effectiveness of internal controls.

This process includes the following:

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

Risk management process diagram



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

Risk management framework diagram

Board of Directors

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

Audit Committee

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

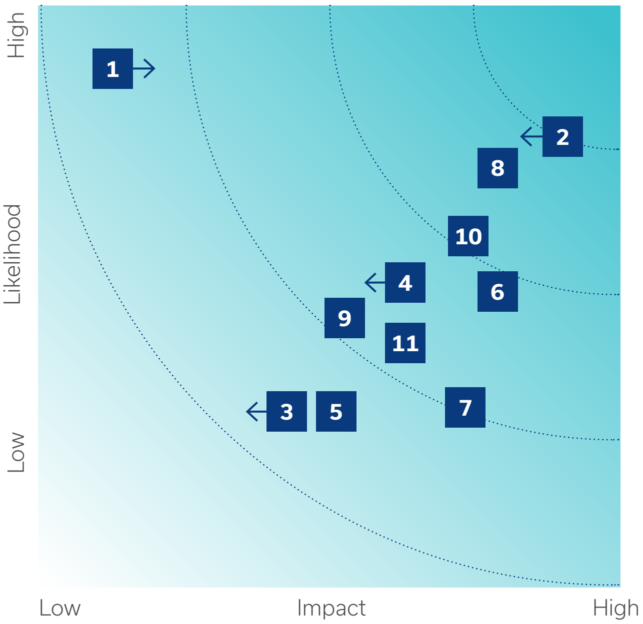
Executive Directors

- Perform key business activity reviews, identify emerging risks, 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 key risks, emerging risks and provide assurance and self-assess.

Current assessment of principal business risks post mitigation



Risk area

1	Macroeconomic environment and markets
2	Financing
3	Valuation
4	Acquisitive growth
5	Organic growth
6	Customer
7	Regulatory and tax
8	People
9	Systems and data
10	ESG
11	Foreign currency

Risk area	Principal risk	Potential impact	Mitigation	Development in the year	Trend
1 **Macroeconomic environment and markets** Link to strategy **see pages 22 and 23** 1 2	» Sticky inflationary pressures. » Uncertainty on timing of economic recovery in Europe and the UK. » Reliance on specific industries and SME market.	» Reduction in profitability as a result of bearing cost increases that are not offset by increases in revenues. » Decreased demand for space due to structural economic changes, negatively impacting profitability. » Downturn in a relied upon industry and/or market reducing profitability.	» Products are priced below the upper quartile in both the German and UK markets to its diverse tenant base from major blue-chip corporations to private individuals. » The tenant base is diverse with no single tenant having a significant rent roll contribution.	» Group like-for-like rent roll increase of 7.2%, with occupancy increasing to 85.5% from 83.9%. » Increased cost of borrowings from 1.4% to 2.1% year on year. » Election outcomes in the United States and the UK in 2024 may lead to uncertainty in markets.	↑
2 **Financing** Link to strategy **see pages 22 and 23** 1 3 5	» Availability and pricing of equity capital. » Compliance with loan facility covenants. » Cost of debt and leverage on returns.	» Inability to raise equity as returns are not attractive to shareholders. » Requirement to dispose of assets at discounted values to service debt obligations or security over assets enforced reducing cash flows. » Inability to raise and/or refinance debt at favourable terms reducing leverage on returns.	» Equity capital is raised only when it is determined to be in the best interests of the Company and shareholders to do so, with significant time and resource invested in engagement with shareholders and market participants on both a group and individual basis. » Bank facilities are negotiated to ensure covenant headroom is managed, cure provisions are available if required and there is sufficient flexibility in the terms of the agreement. » 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 Company raised €165.3m (£140m) in equity in November 2023. » All loan facility covenants were met in full during the year with sufficient headroom. Reverse stress testing shows sufficient headroom of 24% on both net operating income and on LTV. » Early refinancing of the Berlin Hyp and PBB loan facilities on seven- year term extensions. » Post balance sheet issuance of €59.9m debt via November 2028 €300.0m bond.	↓

Risk area	Principal risk	Potential impact	Mitigation	Development in the year	Trend
3 **Valuation** Link to strategy **see pages 22 and 23** 1 2 3 4 5	» Susceptibility of property market to change in value. » ESG requirements impacting valuations. » Capex initiatives generating required returns.	» Reported NAV may not accurately reflect the value of the portfolio. » ESG measures requiring significant capital investment which does not translate to valuation improvements. » Capex investments do not generate the required return.	» Valuations are conducted half yearly by an independent expert valuer in accordance with applicable standards. » ESG capex measures are managed closely to meet both ESG requirements and sufficient return on investment. » The Group operates a value-add business model that is focused on growing net operating income at the asset level through a variety of intensive asset management activities.	» The Group has seen valuation gains of €12.4m, following a €7.7m deficit in the prior period. Whilst yields continue to expand in both the German and UK markets, they do so at a reduced rate, which the Company is outpacing through rental income. » The Company has a dedicated ESG department focused on implementing value-add ESG initiatives. » The Group's capex initiatives have generated a return on investment of 41.5% to date in its German portfolio.	↓
4 **Acquisitive growth** Link to strategy **see pages 22 and 23** 5	» Lack of accretive opportunities available in the market. » Increased competition for high-yielding assets leading to pricing pressure.	» Unable to acquire value-add opportunities, reducing shareholder returns. » The Group overpays for and/or takes on additional risk in order to acquire assets.	» The Group's highly experienced acquisition team provides the Group with deep market connectivity and access to potential investment opportunities. » All investments require approval of the Investment Committee and Board of Directors.	» Off the back of equity raise in November, the Company has put its capital to work through notarising or completing three transactions in Germany amounting to €57.5m and three transactions in the UK amounting to £96.8m (€113.2m) for an aggregate of six transactions amounting to €170.7m. » Across the Group, asset recycling amounted to approximately €60m in the period.	↓
5 **Organic growth** Link to strategy **see pages 22 and 23** 3	» Tenant retention. » Tenant demand for offering of space.	» The Groups cash flows decrease through increasing vacancy and reducing service charge recoveries. » The Group's detailed site business plans and expected returns are not achieved.	» The Group's specialised marketing and sales platforms have deep market insights, to establish a desired product mix.	» Like-for-like rent roll increase of 7.2%. » Like-for-like average rate per sqm increase of 5.2%. » Like-for-like occupancy increase of 1.9%.	→
6 **Tenant** Link to strategy **see pages 22 and 23** 2 3 4	» Decline in demand for space and product offering. » Delays in cash collection and tenant insolvencies. » Affordability of product mix.	» Reduction in profits, cash flows and property valuations if a number of major tenants vacate or become insolvent in a short time period. » Downward pressures on earnings and NAV.	» The Company has established a specialised task force to let up vacant office space, allowing it to quickly adapt to market trends. » The Group's pricing policy is to be below the upper quartile of the market providing protection in challenging economic times. » The Company controls costs charged to tenants through a combination of providing metering, procuring at scale and utilising forward purchasing agreements.	» As storage demand has shown to continually increase, the Company maintains a strong focus on growing the Smartspace storage brand across its portfolio by converting space as appropriate. » The Group maintained a cash collection rate of 98.2% for the year ended 31 March 2024 (31 March 2023: 98.6%).	→

Risk key

→ No change ↑ Increased risk ↓ Decreased risk

Current assessment of principal business risks post mitigation continued

Risk area	Principal risk	Potential impact	Mitigation	Development in the year	Trend
7 **Regulatory and tax** Link to strategy **see pages 22 and 23** 1	» Compliance with regulatory and tax obligations.	» Forfeiture of tax losses resulting in increased corporate income tax. » Loss of UK REIT status resulting in increased tax burden on the UK business. » Financial penalties and reputational damage.	» The Group works closely with specialised advisers to mitigate adverse effects of non-compliance. The corporate structure is reviewed on a regular basis.	» The Group continues to have tax losses that are potentially available for offset against future profits of its subsidiaries. As at 31 March 2024, tax losses amounted to €191.2m. » The Company has submitted all relevant REIT compliant documents in a timely manner to continue to meet the definition of a REIT.	→
8 **People** Link to strategy **see pages 22 and 23** 1 5	» Inability to recruit and retain talent with appropriate skill set to meet strategic objectives of the Company.	» High turnover levels and increasing knowledge gaps affecting business continuity and adding financial burden to the Group. » Inability to support the Group's growth ambitions.	» Key management's compensation is reviewed on an annual basis by the Remuneration Committee. » Objectives for staff, management and executives are clear and aligned to corporate goals. » Employees are engaged with on an ongoing basis.	» Through nominating a dedicated employee engagement director in the year, employee engagement is a priority of the Group with a dedicated employee engagement director nominated. » Hiring dedicated training manager to deliver Group wide, structured training to staff. » Employee survey and CEO forum to gauge employee satisfaction.	→
9 **Systems and data** Link to strategy **see pages 22 and 23** 1	» System failures, breaches and loss of data resulting in business interruptions, leading to financial and operational downtime and reputational damage.	» Impeded access to core systems for internal and external customers. » Loss of business-critical data. » Financial penalties and potential litigation. » Reputational damage.	» A comprehensive disaster recovery plan is in place to ensure minimal information and time are lost. » The Company employs a full-time data protection officer to plan and control all data protection obligations as prescribed by applicable laws and regulations. » Mandatory training of all employees on GDPR and cyber security.	» The Group was accredited with the Cyber Security Essentials certification by the UK National Cyber Security Centre. » Enhanced device management and control solution ("MDM") and security information and event management ("SIEM") implemented. » Optimised core infrastructure technologies for improved resilience. » Continued development of security management.	→

Risk area	Principal risk	Potential impact	Mitigation	Development in the year	Trend
10 **ESG** Link to strategy **see pages 22 and 23** **1** **2** **4**	» Unforeseen costs relating to physical and transition risks (the transition to net zero). » Failure to meet stakeholder expectations in adapting to ongoing trends. » Changes in regulatory environment as regulation evolves over time.	» EPC ratings in the UK not met thereby negatively impacting property valuations through inability to let space to tenants. » ESG credentials not achieved. » Renewable energy targets not met.	» Sufficient capex allocated to ensure EPC ratings are met. » Regular horizon scanning for regulatory changes and continual financial assessments of how regulatory requirements will impact upon the organisation. » Formation of ESG department in Germany and senior management responsibility in the UK ensure continued progress on development of decarbonisation transition plan to outline fully costed approach to achieving regulatory requirements and net zero emissions for the portfolio.	» The Company has launched its first renewable energy entity, selling self-produced solar energy to tenants. » The Group has carried out and verified its GHG emissions calculations to analyse its Scope 1, 2 and 3 emissions for the full German and UK portfolios and the details are provided in the Sustainability section of this report. » Achievement of net zero for Scope 1 and 2 emissions in Germany and carbon neutrality in the UK balanced by the acquisition of validated carbon offsets.	→
11 **Foreign currency** Link to strategy **see pages 22 and 23** **1**	» Translation risk associated with holding assets in a foreign currency. » Impact on LTV and other key performance indicators.	» Reduction in income recognised from foreign currency denominated business as a result of GBP depreciation. » Reduction in the reported values of the foreign currency denominated business' assets as a result of GBP depreciation.	» Cash flows generated within the Group's foreign currency denominated business are used to fund the Group's GBP dividend payments, thereby limiting cross-currency transactions. » GBP to EUR represents an established and stable currency pairing. » The Group can transfer cash resources freely between currencies and is not restricted by any loan facility covenants.	» As at 31 March 2024 the Group's GBP denominated owned investment property excluding lease incentives represented 21.1% of the Group's total owned investment property excluding lease incentives. » As at 31 March 2024 the Group had a total of €1.7 billion of EUR denominated assets and €955.4m of EUR denominated debt.	→

Risk key

→ **No change**
↑ **Increased risk**
↓ **Decreased risk**

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 66 to 71 on the assumptions made in the Group's forecasts.

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

Whilst all principal risks and uncertainties set out on pages 66 to 71 could potentially impact the Group, only those that are considered to have high impact have been incorporated into the viability forecast. Particular attention is given to the ongoing uncertainty in the macro-economic environment, including inflation and interest rate forecasts, as well as the Group's existing and planned financial commitments and financing arrangements.

When considering the key assumptions to model and the time period over which these assumptions are to be modelled, the Company determined the viability period to be the three years ended 31 March 2027. A three year time horizon has been deemed to be appropriate, as the Company considered realistic what-if scenarios in view of its principal risks and uncertainties for the following reasons:

- its debt profile, whereby approximately 95% of debt is secured at fixed rates for the next three years;
- its underlying business plans, which are based on a tenant life cycle (WALT) of 2.7 years for approximately 80% of its portfolio based on asset value; and
- three year detailed strategic forecasts conducted by management which are reviewed by the Board.

The key assumptions modelled within the severe but plausible scenario, linked to the corresponding principal risks and uncertainties set out on pages 66 to 71, are detailed in the table below:

Scenario	Principal risk and uncertainty
A reduction in rental income and increase in net service charge costs following a reduction in occupancy of 10% per annum over a three year period. The reduction is applied to the Group's Going Concern base case scenario as at 31 March 2024.	» Organic growth » Tenant
A reduction in investment property values following declines in occupancy and market uncertainty of 10% per annum over a three year period.	» Tenant » Valuation » Market » Macroeconomic environment

The Directors consider the likelihood of the severe but plausible downside scenarios outlined on the left is significantly reduced due to a combination of factors including the location of the Group's assets within Germany and the UK, the diversity of its tenant base, its multiple product offerings and importantly its management team's experience in managing challenging macroeconomic environments such as recently Covid-19, the Ukraine conflict and periods of elevated inflation, whilst remaining profitable and growing rent roll throughout.

There are €427.8m of debt facilities which fall due in the viability period. Those which fall due in the going concern period amount to €27.8m and the Group forecast repaying these from available cash in the severe but plausible downside scenario. Beyond this is the Group's €400.0m corporate bond facility which matures in June 2026 which Management expect to refinance this facility before its maturity. This assumption is supported by the Group's track record of arranging financing as demonstrated its most recent 19.9% tap of its €300.0m bond maturing in November 2028 for total proceeds of €51.3m in May 2024, refinancing maturing debt (including the recent €58.3m financing of the PBB loan facility in May 2023 and the €170.0m early financing of the Berlin Hyp loan facility in August 2022) and the period of time the Group has to arrange refinancing. In addition to these financing activities, the Group's capital raise in November 2023 amounting to €165.3m further supports the Company's ability to raise capital as it deems necessary.

The Group assesses compliance with financial covenants to ensure the conditions which would result in a breach of covenant can be anticipated. Based on the severe but plausible scenarios set out above, the Company forecasts soft covenant breaches during the going concern period, for which the Group has sufficient free cash resources to fund, should these occur. The Company does not forecast any hard covenant breaches in the severe but plausible downside scenario in the Going Concern period. Based on the severe but plausible scenarios set out above, the Company forecasts both soft and hard covenant breaches outside of the Going Concern period, for which the Group has sufficient cash resources to fund, should these occur. If these reductions were to occur, the Group would take pro-active measures with its lenders to mitigate the risks associated with a breach of covenant.

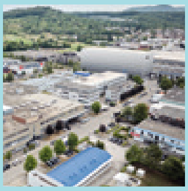
Based on cash at bank as at 31 March 2024 amounting to €214.5m, the Group's expected ability to refinance the debt maturing in the viability period, the forecast cash availability in the scenarios and the exclusion of the benefit of any mitigating actions, the Group considers itself to have sufficient cash resources to remedy any breaches of its loan covenants in this scenario.

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

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

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 2027.

Governance



Ongoing cohesion

Daniel Kitchen
Chair

Dear Shareholder

Looking back on the past year, it remained a challenging one in terms of the macroeconomic environment, with higher inflation and interest rates, to which we and our stakeholders are having to adjust. We made progress in 2023 and I would like to thank the Board, management and all of our employees for delivering on our strategy which enabled the Company to continue paying an increasing dividend for the year.

Environmental issues and climate change featured heavily in our Board and Committee discussions and presentations throughout the past year, notably the decarbonisation pathway to 2030 and actions we are developing or taking to remain sustainable in the long term. We have broadened our reporting in 2023 and I am pleased to announce that we have set a Group carbon emissions intensity per square metre reduction ambition of 45% to 2030 for the first time. This will be updated every year and further details can be found in the Company's second Sustainability Report ("Building momentum on our ESG journey") which will be available to view on the Company's website. I would like to thank Andrew Coombs, CEO, for leading on sustainability through his role as Chair of the Sustainability and Ethics Committee, ably assisted by Kremena Wissel, Chief Marketing and Impact Officer. I am pleased to inform you that we established a dedicated ESG team, which has already made significant progress, as reported in the Sustainability and Ethics Committee report.

We have engaged with stakeholders throughout the year, from tenants (in relation to their space needs) to suppliers (continuing to embed the Supplier Code of Conduct, bribery and corruption and to tackle modern slavery), communities (charitable contributions, alongside offering volunteer opportunities, internships, and positions for refugees) and employees (lead Director activities through forums to discuss training and development and career opportunities, including promotions across the Group and providing feedback on decisions taken by the Board, based on annual employee survey results).

I was pleased that, as a result of employee feedback in 2023, we have increased expenditure on training and development, noted some 67 promotions across the Group. We also took action on being a modern employer; such initiatives included diversity and awareness workshops and mental health assistance via a hotline.

The Board underwent a few changes in the past year, with Alistair Marks stepping down from the Board at the AGM in July and subsequently leaving the Company. We would like to thank Alistair for his significant contribution to the Board since he joined the Company in 2007. Chris Bowman started his induction in July 2023 and commenced as CFO on 29 August 2023 and is already approaching his first anniversary with the Company.

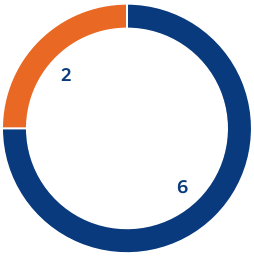
As first reported in 2022, James Peggie reached the end of his nine year term of office and while the Board considers that James Peggie remained independent (as permitted by the Code), James is stepping down from the Board and will not seek re-election at the AGM in 2024. We would like to thank James for his enormous contribution to the Board and Committee discussions over the years. Director independence is considered further on page 87 of this report.

My priorities for the coming year are to build on Board cohesion through discussions and site visits and to oversee the induction of Deborah Davis who joins us as independent Non-Executive Director in December 2024.

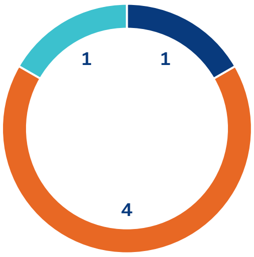
The Annual General Meeting will be held at 10.00am (UK time) on Friday 28 June 2024 at 33 St James' Square, London SW1Y 4JS. I draw your attention to the Shareholder Circular and Notice of Meeting (the "Notice of AGM") which includes a description of the reasons to re-elect the individual Directors. The Notice of AGM accompanies this Annual Report and Accounts, where you will find further details.

Daniel Kitchen
Chair
31 May 2024

Board composition



Board tenure
(Chair and Non-Executive Directors)



The tenure for the two Executive Directors is ten years for Andrew Coombs and under one year for Chris Bowman.

Note: As at 31 May 2024.

Age

Statement of compliance

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

The Board considers that the Company has complied with the principles and provisions of the UK Corporate Governance Code 2018 (the "2018 Code") throughout the financial year ended 31 March 2024, a copy of which can be found at www.frc.org.uk.

Continuous development

N R

Daniel Kitchen(1) (72)
Chair

Appointed to the Board

2018

Career and experience

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

S

Andrew Coombs (59)
Chief Executive Officer

Appointed to the Board

2014

Career and experience

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

Chris Bowman (48)
Chief Financial Officer

Appointed to the Board

2023

Career and experience

Chris Bowman joined the Sirius Facilities group in 2023 from Berenberg and brings nearly 25 years' accounting, finance and capital markets experience. Most recently Chris led the UK investment banking arm of Berenberg, a business division which he was brought in to build from new and has grown to become one of the UK's leading mid-market public company advisers. Prior to this, Chris spent seven years in investment banking at Liberum, before which he worked in corporate finance at Canaccord and Credit Lyonnais. Chris qualified as a Chartered Accountant with KPMG in 2000. Chris Bowman is responsible for the Company's financial management and control across the Group, including its banking relationships.

N S

Mark Cherry (65)
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 was employed until 2023 on a part-time basis by Invesco Asset Management Ltd as its adviser to the real estate lending team. He holds no further listed non-executive directorship positions.

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

Committee membership

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

A N

Caroline Britton (59)
Senior Independent Director
(Lead Independent Director for purposes of the JSE Listings Requirements)

Appointed to the Board

2020

Career and experience

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

A N S

Kelly Cleveland (47)
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 strategy and investment, an Exco member and chair of the investment committee for British Land Co Plc, the FTSE 100 REIT, where she has worked for more than ten years, including roles in strategy and corporate finance. Kelly previously held roles in corporate finance and finance respectively at Grosvenor Group and Burberry Group Plc.

N R S

Joanne Kenrick (57)
Independent
Non-Executive Director

Appointed to the Board

2021

Career and experience

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

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

A N R

James Peggie (53)
Independent
Non-Executive Director

Appointed to the Board

2012

Career and experience

James Peggie is a director and general counsel of Principle Capital Group, a private investment business he co-founded in 2004. He is a qualified solicitor and previously was head of legal and corporate affairs at the Active Value group. Before that he worked in the corporate finance division of law firm Sinclair Roche & Temperley, prior to its merger with Stephenson Harwood. James has 26 years' experience in corporate finance and M&A, as well as wealth management. He has extensive experience as a director of his group's private investments, many of which have been in the real estate sector. James was Senior Independent Director and Chair of the Remuneration Committee, positions which he relinquished at the end of the AGM in 2022 as part of the succession plan. He was a non-executive director of Liberty Plc, owner of the eponymous store in London, from 2006 to 2010 and has previously been responsible for the operations of three listed investment companies. He holds no further listed non-executive directorship positions.

SENIOR MANAGEMENT TEAM

Strong leadership and operating excellence

AM

Andrew Coombs (59)

Chief Executive Officer ("CEO")
See page 76

AM

Chris Bowman (48)

Chief Financial Officer ("CFO")
See page 76

HR

Annemie Ress (53)

Group HR Officer ("GHRO")
Joined 2022
Experience

Annemie is a very senior HR professional, having worked with a number of companies including e-Bay where she was Global Head of HR, Skype where she was also Global HR Head as well as a host of other senior appointments with well-known global brand names from PepsiCo, Skype to Pay-Pal. Annemie holds a BA (HON) LLB, has set up her own successful consulting business and also has extensive experience in start up investment and as a Non-Executive Director with various organisations. Annemie's remit is to focus on strategy and to work through the Country Heads, therefore HR will be headed up and run by each country head, the role of the Group HR Officer will be Strategy, support, SRE Board and Investors.

Germany Directors

AM HR

Rüdiger Swoboda (60)

Chief Operating Officer ("COO")
Joined 2010
Experience

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

Committee membership

AM Asset Management Committee

ESG Environmental, Social and Governance Committee

HR Human Resources Committee

TEC Technology Committee

● Chair of Committee

AM ESG HR

Kremena Wissel (45)

Chief Marketing and Impact Officer ("CMIO")
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 in London. She has studied in Germany, the United Kingdom, China, Vietnam, and South Africa, and has 18 years of experience in the real estate industry. Kremena is the Managing Director of Sirius Facilities GmbH and Sirius Renewable Energy GmbH. As the Chief Marketing and Impact Officer at Sirius, she oversees the Group's marketing activities and implements the business' ESG strategy. Additionally, Kremena serves as a Diversity and Inclusion Ambassador at Sirius.

AM ESG HR

Craig Hoskins (53)

Asset Management Director and Director of Employee Engagement
Joined 2006
Experience

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

Tobias Schorstädt (42)

Acquisitions Director
Joined 2012
Experience

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

ESG

Andreas Schlesinger (42)

Contracts, Utilities and Environmental Services Director
Joined 2010
Experience

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

ESG ITC HR

Burkhard Honsek (39)

Finance Director
Joined 2020
Experience

Burkhard obtained his Bachelor of Commerce at the University of Calgary, qualified as a Chartered Accountant with PricewaterhouseCoopers in Canada in 2011 and has over 15 years of management experience. Burkhard joined Sirius Facilities group in December 2020. Burkhard is the Managing Director at Sirius Facilities GmbH and has primary responsibility over the finance function in Germany, whilst also managing the Group's audit and financing processes, as well as working with the CFO on various Group related matters including debt and equity financing.

UK Directors

Tariq Khader (38)

Finance Director and CIO ("CIO")
Joined 2017
Experience

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

Vincent Scammell (56)

Operations Director
Joined 2022
Experience

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

Formerly held positions include senior roles within The Lyreco Group, a B2B workplace solutions supplier, and director of sales and regional MD roles across IWG's European markets.

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

Mo Jiwaji (49)

Commercial Director
Joined 2021
Experience

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

Anthony Payne (55)

Director of Data Compliance
Joined 2010
Experience

Anthony holds a BSc in Accounting and Finance from Brighton University and is a qualified Chartered Management Accountant. Anthony is the Director of Data Compliance for BizSpace having been 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.

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 Chair
Substantial background in commercial property, business and board leadership

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

Executive leadership

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

Chris Bowman
Chief Financial Officer
Senior finance and management expertise

Independent

Caroline Britton
Senior Independent Director
Chartered Accountant and a former audit partner at Deloitte LLP

Joanne Kenrick
Non-Executive Director
Significant commercial marketing experience

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

James Peggie
Non-Executive Director
Lawyer specialising in corporate finance and public and private equity investment

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

Audit Committee

See page 88

- 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 94

- 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 99

- 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 97

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

Our purpose

"Empowering business, unlocking potential."

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

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

Our culture

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

During the 2024 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 being an exceptional employer of choice and the Company appointed a Director of Employee Engagement in 2023 to further embed the Group's culture across the businesses and to drive desired behaviours. Other related initiatives included the appointment of a Head of Learning and Development to oversee training programmes across the Group and a new communications platform (Workplace) was launched Group wide with ambassadors appointed to promote engagement with the platform by employees and management.

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

Leadership structure

The Board is the primary decision-making body for the Group. The Directors are collectively responsible for the long-term success of the Company. This is achieved by aligning the Group around a common purpose and agreed strategy, supported by a conducive culture and values. Leadership is exercised from the Board of directors within a framework of prudent and effective controls, through the executive management team to the business, using both formal reporting and decision making structures as well as 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 Chair 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 Chris Bowman	As CFO, manages the day-to-day financial operations and reporting for the Group, and its risk framework. Works alongside the Chief Executive Officer in delivering the Group's strategy.
Senior Independent Director Caroline Britton	In addition to the responsibilities of a Non-Executive Director outlined below, acts as a sounding board for the Chair 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 Chair or the Executive Directors. Annually appraises the Chair's performance.
Other independent Non-Executive Directors Mark Cherry Kelly Cleveland Joanne Kenrick James Peggie	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 Chair on governance and compliance matters affecting the Board and the Group. Supports the Board in the effective execution of its programme of work, including Board evaluations and the induction and training of Directors. Supports and advises the business on governance and compliance matters and provides a channel of independent assurance between the business and the Board.

How the Board operates

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

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

The six scheduled Board meetings in the financial year and unscheduled meetings, often called at short notice, were very well attended by all members of the Board. The Board visited sites in Germany during the year and plans a further site visit in FY2025. The following table sets out the Directors' attendance at scheduled Board and Committee meetings during the 2024 financial year:

	Board	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Sustainability and Ethics Committee**
Total meetings(1)	**6**	**4**	**5**	**6**	**3**
Daniel Kitchen (Non-Executive Chair)	6/6 ■		5/5 ■	6/6 □	
Caroline Britton (Senior Independent Director)	6/6 □	4/4 ■	5/5 □		
Mark Cherry (Non-Executive Director)	6/6 □		5/5 □		3/3 □
Kelly Cleveland (Non-Executive Director)	6/6 □	4/4 □	5/5 □		3/3 □
Joanne Kenrick (Non-Executive Director)	6/6 □		5/5 □	6/6 ■	3/3 □
James Peggie (Non-Executive Director)	6/6 □	4/4 □	5/5 □	6/6 □	
Andrew Coombs (Chief Executive Officer)	6/6 □				3/3 ■
Alistair Marks(1) (Chief Investment Officer and interim Chief Financial Officer)	2/2 □				
Chris Bowman(2) (Chief Financial Officer)	4/4 □				

■ **Chair of Committee**

□ **Committee member**

(1) Alistair Marks stepped down from the Board at the conclusion of the AGM on 10 July 2023.

(2) Chris Bowman joined the Company on 20 July 2023 and was appointed as a Director on 29 August 2023.

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: » Notarised €85.2m of assets in FY2024 and a further €85.7m of assets post year end (details set out on pages 10 and 11) » Organic growth programme focusing capital on the most accretive opportunities » Notarised disposals of mature sites for a total of €59.7m, all above book value Titanium portfolio: » Commenced the project to redevelop Berlin Tempelhof; a hall with approx. 2,500 sqm storage and approx. 500 sqm office space will be built, which will be completed in Q2/3 2024	Follows the Group's stated drivers of value creation (see pages 22 and 23): » Intensive assessment and execution of acquisitions and disposals » Recycling capital from non-core and mature assets into assets with value-add potential » Executing detailed asset-level business plans, focusing on service charge recovery and space optimisation » Highly accretive capex investment programmes	These strategic decisions were made with the longer-term success of the Company foremost in the Board's thinking. Considerations included advancing the successful relationship with AXA 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	The Board considered as emerging risks the developments in the macroeconomic environment which create uncertainty. The Board will monitor these risks throughout the year.	Follows the Group's stated drivers of value creation (see pages 22 and 23): » Improvement of service charge recovery » Highly accretive capex investment programmes » Strong bank and investment banking relationships	The Board considers the impact that inflationary pressures may have on both its income streams and cost base including the review of sensitised financial projections. The Company mitigates the risk of increased service charge and capex investment-related costs through a range of procurement techniques including volume-based discounts, forward purchasing agreements and the use of preferred suppliers.
Business	» Geographical diversification in the UK » Approved property acquisitions and disposals » Considered asset management plans » Review of site development potential » Monitored movements in estate valuations, yields and other key business metrics, and the underlying drivers	Follows the Group's stated drivers of value creation (see pages 22 and 23): » Intensive assessment and execution of acquisitions and disposals » Recycling capital from non-core and mature assets into assets with value-add potential » Executing detailed asset-level business plans, focusing on service charge recovery and space optimisation	The Board considers strategic and tactical decisions within the context of the Group's overall strategy and drivers of current and future value creation. By maintaining a clear focus on these drivers, the Board supports the Group as it builds a stronger investment case. This contributes to the long-term success of the Company which benefits investors and a broader spectrum of stakeholders.
Financial	» Capital raise of €165.3m in November 2023 » Decision to pay a dividend for the 2024 financial year per normal policy » Repayment of secured debt facilities with proceeds from the capital raise » Issued €59.9m of new notes in post year end bond tap » Implemented the capex threshold requiring a Board decision above €2.0m	Follows the Group's stated drivers of value creation (see pages 22 and 23): » Strong banking relationships » Utilisation of "structural" vacancy » Improvement of service charge recovery » Highly accretive capex investment programmes	Capital efficiency and flexibility have a direct effect on the Group's current and future success and improve its management of risk. The bond issuances have enabled the Company to be confident in its ability to navigate any financial crisis more flexibly, as unencumbered assets can be applied to cure any banking covenant issues in the Group's secured debt facilities should the need arise.

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Stakeholders	» Daniel Kitchen is the designated Non-Executive Director with responsibility for engaging with the workforce and reported on his engagement with colleagues » Received a summary of the findings of the annual employee survey and the actions taken » Received reports on the development of training & development as well as wellbeing programmes for employees » Received reports from investor roadshows and attended ad hoc meetings with investors and analysts » Received market updates from the Company's UK brokers and South African sponsor » Developed social impact programmes to foster internships to Tenants, recruit refugees, support tenants to make a positive social impact and promote volunteer days	» Builds and maintains the trust and confidence of investors and colleagues in the Board and Senior Management Team. The health of these relationships is critical to the Group's ongoing success » Enhances Sirius Facilities' engagement and reputation with local communities and promotes positive social impact	By continually developing its understanding of investors', colleagues' and other stakeholders' views on a range of issues, the Board is able to make better decisions with wider considerations in mind.
Sustainability	» Established an ESG department for Germany to deliver the decarbonisation programme » Review development of a potential pathway to decarbonise portfolio to 2030 taking into account CRREM/SBTi » Undertook its second financial and impact materiality assessment in line with best practice and forthcoming regulations » Review of the business' environmental, social and governance programmes » Received specific reports on ESG considerations for each proposed acquisition » Commenced actions in UK to achieve the required Energy Performance Certificates ("EPC") of "C" by 2027 and "B" by 2030 and linking it to decarbonisation pathway » Expanding biodiversity initiatives from Germany to the UK business » Received update reports from the CMIO in relation to progress on ESG (see separate report on pages 49 to 50)	» 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, the environment and climate change might impact the Company's business model in the medium to longer term » Recognises that climate change is also a growing concern to tenants, which provides an opportunity to engage and collaborate with them	Sirius continues to develop its response to climate change risk and sustainability in a detailed manner. 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.

Key focus areas continued

Area	Subject	Link to Group purpose and strategy	Relevant Section 172 considerations*
Governance	» Considered FTSE Women Leaders' Women on Board diversity targets and Parker ethnicity targets for FTSE 250 companies » Conducted an internal Board evaluation » Appointed a new Chief Financial Officer and completed tailored induction programme » Approved 2024 Modern Slavery Statement and reviewed other corporate policies » Various post-Committee meeting updates from Committee Chairs » Reviewed Committees' Terms of Reference	» Builds and maintains the trust and confidence of investors, colleagues, tenants and local communities in the Board and Senior Management Team » Directly contributes to effective decision making and stewardship	The Board is committed to a process of continual improvement, which is served by addressing governance matters. The Company believes that modern slavery and bribery and corruption risks to the Group are relatively low. Nonetheless, the Board considers these and other activities are central to the Company's sense of corporate citizenship.

* This element of the table has been prepared in compliance with Provision 5 of the 2018 Code. While Provision 5 requires issuers to describe in the Annual Report how stakeholder interests and the matters set out in Section 172 of the Companies Act 2006 (the "UK Act") have been considered in Board discussions and decision making, the Company is not subject to the UK Act or related regulations. Further information relating to stakeholder engagement and how such engagement has influenced the Company's decisions and environmental considerations, the Group's work in the community and fostering consumer and supplier relationships can be found in the Stakeholder engagement section of this report on page 87, on pages 97 and 98 of the Sustainability and Ethics Committee report, and on pages 104 and 113 of the Directors' remuneration report. Section 172 sets out the UK's law on directors' duties, being the duty to act in a way the director considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard (amongst other matters) to: (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly between members of the company.

Site visits

In October 2023, the Chair, CEO and Non-Executive Directors visited several sites in and around Frankfurt. The visits enabled the Non-Executive Directors to further develop their understanding of the German business and provide context to the implementation of the strategy. The opportunity was also taken to spend time with site managers and later with senior management during a post visit dinner.

Diversity – our journey so far

Boardroom diversity

The Board's Diversity Policy Statement, adopted in May 2017 and updated in 2023, recognises that boardroom diversity:

> **"...maximises the opportunities to achieve the Group's business goals through an informed understanding of the diverse environments in which we operate...making good use of differences in ethnicity, sexual orientation, disability, socio-economic background, age, gender, race, skills, industry experience, educational and professional backgrounds and other distinctions..."**

The importance of taking measured steps towards broadening boardroom diversity in all its forms has been important in the Board's thinking during Board appointments over recent years. Since 2017, we have been progressively working towards greater gender diversity in the boardroom, including in the Remuneration, Audit and Nomination Committees, to which the Diversity Policy now applies.

At the end of FY2024, 37.5% of the Board were female, one of whom is the Senior Independent Director. This will increase to 50.0% at the conclusion of the AGM in 2024 when James Peggie steps down from the Board. This 50.0% female representation on the Board meets the target for FTSE 250 companies set by the FTSE Women Leaders and the 40% target required by the Listing Rules. During the year, the Sirius Board comprised a total of eight directors of whom three were female. The Board is a relatively small Board and the Chair, together with the Nomination Committee, continue to work to meet applicable diversity targets.

Further information on the Board's succession planning is set out on page 96 of the Nomination Committee report.

Board and Executive Committee gender diversity

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

Board and Executive Committee ethnic diversity

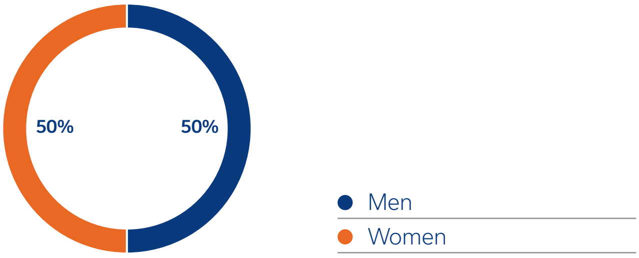
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	8	89	4	7	54
Mixed/multiple ethnic groups					
Asian/Asian British	1	11		2	15
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say				4	31

Note: The above tables apply a 31 May 2024 reference date, with data collected on the basis of sex and a consistent approach applied to both the Board and executive management. Data was collected from responses to a questionnaire requesting confirmation of the ethnicity details set out in the table which was sent to the relevant individuals, and the summary table is based on replies received as well as recognising those who preferred not to say.

Workforce diversity

The Group's commitment to promoting diversity and an inclusive culture among the workforce is set out on page 41.

Gender-balanced workforce



Time commitments and conflicts of interest

It is the Board's policy for Directors to seek the Board's approval before accepting an additional external appointment. Two of the independent Non-Executive Directors currently maintain external non-executive appointments with listed companies. The Board has considered their commitments and has taken the view that they do not materially affect their ability to fulfil their roles for the Company effectively.

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

Director induction and development

Chris Bowman, commenced employment and his induction on 20 July 2023 and was appointed CFO on 29 August 2023, has now received a formal induction to the Company and the business. This induction entailed:

- specific briefings from the Chair, the Chief Executive Officer, the Chair of the Remuneration Committee, the Chief Operations Officer, the Chief Marketing and Impact Officer, the Group Company Secretary, the Group HR Director and senior management throughout the business;
- 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 Chris' ongoing development, the new CFO visited various operating sites in the UK and Germany and Chris has received presentations from several members of the Senior Management Team.

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

Topical materials are also circulated to the Board as a whole. In 2023, this has included the acquisitions pipeline, financing, the macroeconomic environment and ESG-related topics among other topics (see list on page 86).

Director induction and development continued

A summary of the knowledge and personal effectiveness training received since April 2023 is provided in the table below.

Subject matter	Topic
Finance update	» Governmental policies and new Code 2024 » EY audit practice updates » Financial reporting and regulatory updates » Financing and banking covenants, and capital raise
JSE regulation	» Audit impacts relevant to the real estate industry on property valuations and audit conduct
Remuneration practice updates	» Remuneration and market practice updates by the Company's remuneration advisers
Real estate ESG management	» ESG strategic priorities and decarbonisation programme » General Data Protection Regulation (inc. online training) » Managing business risk » Whistleblowing, Modern Slavery and Acceptable Use of IT

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 2023 evaluation and noted that it had achieved good progress. The Board held strategy sessions in October 2023 to facilitate further strategic-level discussions. Succession of the new Chief Financial Officer was completed and a new induction programme has been prepared and completed. The Board has increased the links with the wider Senior Management Team, most of whom have presented papers to the Board. Board relationships were fostered with a Board dinner in October 2023. A lunch was held for the Chair and Non-Executive Directors only in November 2023.

The last external evaluation of the Board, Committees, Chairs and individual Directors was carried out in January 2022 and reported in that year's Annual Report. In line with the UK Corporate Governance Code, the next external evaluation is planned for January/February 2025.

The Board undertook an internal evaluation in February 2024. The evaluation consisted of a review of the Chair, Board, Board Committees and individuals. The outcomes of the 2024 evaluation are summarised below. These themes will be taken forward in the coming year and we will report our progress in the 2025 Annual Report and Accounts.

Methodology	One-to-one conversations	Summary report	Nomination Committee recommendations
» Board effectiveness interviews held by the Chair with all Board members and the Company Secretary to review the following (aligned with the Code): – Board leadership and Company purpose – Division of responsibilities – Composition, succession and evaluation – Committee effectiveness	» Review of the Board Chair by the Senior Independent Director (in conjunction with the other Independent Non-Executive Directors) » Review of the Senior Independent Director by the Board Chair » Reviews of the Executive Directors and the Non-Executive Directors and record of outcome sent by the Board Chair » Review of the Committee Chairs by the Board Chair » Review of the Company Secretary by the Board	» Next Board strategy set for October 2024, venue in Germany for site visit to be decided, emphasis on aligning visits with strategy » Committee Chairs reminded to draw out key Committee discussion topics when reporting to the Board » Continue to refine management information and streamline housekeeping matters	» Continue to review Board composition in FY2025 for operational experience and knowledge on the Board as well as to meet medium and long-term requirements » Foster the links between the Board and the Senior Management Team, including further management presentations to the Board » Continue to foster Board relationships and cohesion through a programme of Board visits, lunches and dinners

Independence

The Nomination Committee undertook a review of the independence of each Non-Executive Director during the year in accordance with the 2018 Code. Daniel Kitchen was considered to be independent on his appointment as Non-Executive Chair in 2018 and continues to be independent. The Board is satisfied that the Non-Executive Directors continue to be independent in thought and judgement. The Board considered the term of office of James Peggie, who completed his ninth year in office in November 2021, and agreed that James continues to be independent in character and judgement, in light of his personal contribution to Board debates and his regular challenge of the Executive Directors. The Board nevertheless agreed to accept James' resignation which will take effect at the conclusion of the AGM in 2024.

Risk and internal control

Information regarding the Group's principal risks is provided in the Strategic report on pages 66 to 71. A description of the Group's internal control framework and risk management systems is provided in the Audit Committee report on page 93.

Company Secretary

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

Re-election of Directors

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

Approach to greenhouse gas emissions

The Group's approach to the management of greenhouse gas emissions through its governance, processes and internal control is summarised in the Sustainability report on pages 43 to 45 and in the Sustainability and Ethics Committee report on pages 97 and 98.

Engagement with our stakeholders

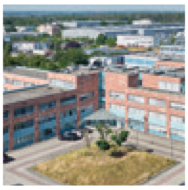
Sirius maintains an active investor relations programme covering the UK, South Africa, continental Europe and North America. During the year, Daniel Kitchen, Andrew Coombs and Chris Bowman had meetings with key shareholders in the United Kingdom and South Africa covering business performance and governance topics. The Company's positive business performance during recent financial years has continued to be well received, which is supported by the Company's diligent and responsive approach to investors' needs and interests. Our engagement with stakeholders is reported upon earlier in this Corporate governance report on page 83.

Engagement with colleagues

The Group has engaged with colleagues through a number of channels during the year; details are set out on pages 41 to 42 and 105. The Board and Committees are regularly informed of employee matters throughout the financial year, including CEO and Group HR Director updates on employee surveys, pay updates, as well as through site visits and meetings with senior management. Our engagement with colleagues is reported upon throughout this Corporate Governance report and in particular in the S172 section.

Engagement with the community

The Group has several initiatives with local communities which are set out on page 42.



Risk management

Caroline Britton
Chair of the Audit Committee

The primary functions of the Audit Committee are to:

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

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

Dear Shareholder

I am pleased to present the Audit Committee report (the "Report") for the financial year ended 31 March 2024.

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

The Committee maintains a busy and wide-ranging agenda which is agreed by the Board for the year ahead. In addition to the usual work carried out by the Committee, the macroeconomic environment created a level of risk in relation to increases in interest rates, inflation and energy costs over the previous 18 months. The Committee is keeping under review risks associated with higher inflation and increasing interest rates and noted measures being taken by management to minimise the impact on the business.

The Committee tasked the new CFO with reviewing the provision of internal audit across the Group. I am pleased to report that he has adopted and commenced work on the three lines of defence model of internal audit in preparation for the recruitment of an internal auditor during FY2025. This is further reported upon later in this Audit Committee report.

The Committee members visited several sites in Germany, in and around the Frankfurt area, and met with local site teams as well as senior management. The Committee members were impressed by the dedication and professionalism of the local teams and thank them for talking through local dynamics and responding to our varied questions.

As Audit Committee Chair, I have regular discussions throughout the year with the CFO, the Group's Finance Directors, the Group Company Secretary and the audit partner at EY, our external auditor.

I would like to thank the members of the Committee for their commitment and input to the work of the Committee during this busy financial year. I would also like to thank the management team together with all the Sirius and BizSpace colleagues who have contributed to our work. It is their combined hard work and commitment that ensured high standards and timely financial reporting were maintained during the financial year. I am pleased to record the Committee's thanks to Chris Bowman, who took up his role as CFO in late summer 2023, and to the finance team.

The Committee will continue to focus on external and internal audit planning, risk management and internal controls, with particular regard to the implementation of the UK Corporate Governance Code 2024. It will continue to monitor macroeconomic developments for any impacts on the Company's business.

Caroline Britton
Chair of the Audit Committee
31 May 2024

How the Committee operated during the year

Membership and attendance

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

The Committee met four times in the year, and comprises three members, all of whom are independent Non-Executive Directors. The Board considers that Caroline Britton, who is a qualified Chartered Accountant and was an audit partner at Deloitte LLP from April 2000 to May 2018 and is a non-executive director of Moneysupermarket.com Group Plc and Revolut Limited, at both of which she chairs the audit committees, possesses the qualifications, together with the necessary recent and relevant financial experience, to satisfy the requirement of the 2018 Code. The qualifications and experience of the other current members of the Committee are set out on pages 76 and 77 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 auditor's annual audit plan to ensure it is consistent with the agreed scope of engagement and it takes responsibility for all aspects of the auditor's appointment, performance and independence.

The Committee gives due consideration to laws and regulations 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 66 to 71.

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

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

Key focus areas

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

Area	Subject
External audit	» Welcomed Peter McIver as lead partner, EY (Group auditor) » Continued the project to review auditor hours with a view to achieving further efficiencies over the following two financial years, while maintaining overall audit quality » Discussed and approved external audit fees for the 2024 financial year » Assessed EY's annual submission of eligibility to act as auditor for the purposes of paragraph 3.84(g)(iii) of the JSE Listings Requirements » Received and challenged EY's audit strategy and planning report for the 2024 audit, including the scope, areas of focus, materiality, team and programme » Received and discussed EY's Final results report on the audit for the 2024 financial year » Reviewed the Directors' representation letter to the auditor in relation to the audit for the 2024 financial year and recommended it to the Board for approval » Reviewed the audit firm's public disciplinary and quality record, and its auditor transparency report » Assessed the auditor's performance, quality and independence and agreed to carry out an internal performance and quality review post year end » Received EY's audit update report in relation to the 2024 audit, including issues relating to audit conduct, revenue recognition and portfolio valuation » Held private sessions with EY without management present
Annual Report and Accounts 2024 and announcement of results	» Discussed and challenged the key assumptions of a presentation from the Group's valuer, Cushman & Wakefield ("C&W"), on the portfolio valuation for the 2024 financial year » Reviewed the Board's going concern and viability statement including consideration of the assumptions underpinning the forecasts » 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 2024 and announcement of results	» Reviewed the CFO's summary of the half year results » Received and discussed EY's Results report on the half year review » Discussed the Directors' representation letter to the auditor in relation to the half year review and recommended it to the Board for approval » Discussed and challenged the key assumptions of a presentation from the Group's valuer, C&W, on the portfolio valuation for the half year 2024 » Reviewed the content and recommended the Half Year Report and announcement to the Board for approval
Dividends	» Considered management's papers on dividends including the cash flow statement » Approved a trading update announcement in relation to the dividend for the six months ended 31 March 2023 » Reviewed a solvency statement as required under The Companies (Guernsey) Law, 2008 and considered the dividend for the second half of the year ended 31 March 2023, recommending it to the Board for approval » Reviewed a solvency statement and considered the dividend for the six months ended 30 September 2023, recommending it to the Board for approval
Internal audit	» Discussed management's report on the three lines of defence model of internal audit to facilitate an internal audit function for FY2025, which commenced in FY2024 » Discussed the status of the BDO recommendations on BizSpace financial controls, noting that management had actioned all of them
Risk, controls and regulation	» Reviewed severe but plausible stress tests on the Group's financial position and prospects » Received periodic risk and control reports, including the Group's risk matrix and updates to risks and mitigations » Received the Whistleblowing Incidents Report and noted update to the Whistleblowing Policy as a result of new German legislation (requirement to report concerns anonymously) » Monitored and reviewed the Group's responses to the JSE in relation to the JSE's Proactive Monitoring Programme » Noted actions taken in relation to data security and IT resilience » Reviewed the Group's Risk Management Policy and undertook a review of the effectiveness of the Group's internal controls
Policy	» Applied the new Non-Audit Fee Policy following the Revised Ethical Standard 2019 published by the FRC in December 2019
Governance	» Worked with new audit partner following auditor rotation and continued taking steps to further improve the efficiency of the audit going forward, while maintaining overall audit quality » Considered the JSE Responsibility Statement and process required and undertook an analysis of JSE requirements in comparison with those of the LSE » Received and discussed updates on the 2024 Code, the International Standard on Quality Management and the new failure to prevent fraud offence » Reviewed process maps as a base for improving internal controls » Reviewed and approved the updated Committee Terms of Reference » Received positive feedback relating to the Committee from the 2024 Board evaluation » Reviewed and was satisfied with the operation of the non-audit services policy » Considered the forward work programme of the Committee

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

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

Paragraph 3.84(g) of the JSE Listings Requirements

The Committee considers that it has executed its responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements.

Significant matters considered in relation to the financial statements

Significant matters considered	Audit Committee response
Valuation of investment properties The carrying value of owned investment properties is material to the Group's balance sheet. The valuation, which is performed half yearly by Cushman & Wakefield LLP ("C&W"), is based upon assumptions including future rental income, anticipated maintenance costs and an appropriate discount and exit cap rate. There is a risk that the carrying value will differ from its fair value.	The fair value of the Group's owned investment properties is determined by an independent valuer. The Committee considered the independent valuer's report and met with the valuer to understand the basis for the valuation, the scope of its work and the level of available transactional evidence to support the carrying value of investment property and the appropriateness of supporting business plans as well as the transactional evidence available on the German and UK markets. EY reported to the Committee at the half year on its review and the year end in relation to the audit on its results and findings of its assessment of C&W's valuation judgements. The Committee considered the Company's management and internal controls relating to the valuation of the property portfolio and was satisfied that the process was well managed based on objective and market driven data. Having considered and challenged EY's reporting, the Committee concluded that, based on the degree of oversight and challenge applied to the valuation process, the valuations are conducted appropriately and objectively. The Committee considered the explanations of C&W and EY as to how the wider economic environment impacted property valuations as at 31 March 2024 and the audit of the Company's reporting on them. Generally, adjustments to yield assumptions related to those properties affected by noticeable changes in lease situation as well as those affected by market movements since the last valuation as at 30 September 2023. All planned physical inspections were carried out by C&W. For the assets located in Germany and for the September 2023 valuation C&W has inspected 19 properties and for March 2024 C&W has inspected 18 properties, equating to approximately 40% of properties. For the assets located in the UK, C&W has inspected all properties during the year to 31 March 2024. The Committee noted the main driver of valuation growth in the year to 31 March 2024 to be related to growth in income offsetting yield expansion in both the UK and German markets. The Committee compared the C&W valuations with the results presented by EY on its 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 potential impact of inflationary pressures and higher interest rates on the Group's property valuations with EY and C&W. Having considered and challenged EY and C&W respectively, the Committee concluded that the valuations as at 31 March 2024 are appropriate.
Revenue recognition, including the timing of revenue recognition and the treatment of rents, service charge income and lease incentives 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 portfolio. EY performed data analytics procedures over the whole population of leases in the Group's portfolio and performed testing over the manual top-side journal entries posted to revenue during the year. EY also performed sample testing of transactions relating to the Group's material revenue streams, including rental income, service charge income 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.
Going concern basis used in the preparation of the financial statements	In considering the going concern assessment, the Committee reviewed management's projections on a base case as well as a severe but plausible downside scenario. The severe assumptions included in the stress case, the available mitigations should they be required and available financial resources are set out in detail on page 127 of the Directors' report. Management carried out a reverse stress test across the Group over the impact of a fall in its property valuations and income reductions during the going concern period, which demonstrated that the Group could withstand a fall in valuations of 24% before breaching any loan to value covenants and a 24% reduction in income before breaching any income-related covenants – both levels which the Company has not experienced before. The Committee also considered and challenged the auditor's review of management forecasts and challenges thereon as the basis for the auditor opinion on management's going concern assessment. The Committee noted that mitigation was available in the form of suspending dividend payments, suspending capital expenditure (within management control), re-financing debt or the sale of assets available to improve its cash balances. The Committee concluded that the Directors' going concern assessment has been prepared on an appropriately prudent basis.

The above description of the significant matters should be read in conjunction with the Independent auditor's report on pages 130 to 138 and the significant accounting policies disclosed in the notes to the financial statements.

Auditor independence and the effectiveness of the external audit process

EY was appointed as the Company's auditor in September 2018 following a competitive audit tender process which included the Big Four audit firms. EY continued as the Company's auditor following a competitive audit tender process in late 2022, as described in last year's report. The audit will be put out to tender again no later than 2032 in relation to the audit period commencing 1 April 2034 to allow time for any transition. The Committee recommends the reappointment of EY as auditor at the Company's Annual General Meeting on 28 June 2024. The lead audit engagement partner is Peter McIver, who was appointed in July 2023 following a change of audit partner after five years.

The Committee met with the auditor four times during the year to discuss its remit. The opportunity is also taken at each scheduled meeting to discuss any issues arising from EY's audit work without management present. The Committee Chair meets with the audit partner outside of Committee meetings at least three times a year. The Audit Committee is independent of the external auditor and there are no other relationships between the Audit Committee and the external auditor.

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

- reviewing the audit firm's public disciplinary and quality record, and its auditor transparency report;
- reviewing the renewal of EY's accreditation as an audit firm by JSE Limited; and
- carrying out an internal review of the auditor and audit conduct for the 2023 financial year (post year end). This review is carried out annually after each year end.

The 2023 internal review of the auditor 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 was scored highly by the Committee and management in most areas. This feedback was shared with the audit partner and EY client service management.

The auditor's fee for the statutory audit decreased for the 2024 financial year to €1,107,000 (2023: €1,163,000). The main reason for the decrease compared to the 2023 fee arises from efficiencies.

While the Committee continues to seek further savings in the total audit fees, inflationary pressure of audit salaries is placing upward pressure on audit fees. While taking every opportunity to promote further efficiencies within the audit process, the overriding objective of the Committee is to ensure that a rigorous and quality audit has been delivered.

Following the Committee's review, which included the consideration of the information set out in paragraph 3.84(g)(ii) of the JSE Listings Requirements, it is satisfied that the auditors remain independent and are suitable for reappointment.

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

Performance evaluation of the Committee

The Committee's performance was considered as part of the internal Board evaluation process, which is described in the Corporate governance report on page 86. The Board considers that the Committee continues to perform well in its role supporting the Board.

Internal audit

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

The Committee reviewed its position on the establishment of a formal internal audit function as a result of the increasing size and complexity of the Company, which has operations in two geographies. The Company made strides in implementing an internal audit function in the business. As the first step in implementing the function, management assessed the framework under which the internal audit function should operate and has chosen to adopt the three lines of defence model which was published by the Institute of Internal Auditors. The work undertaken in the year to establish this framework was as follows: operational controls framework; risk and compliance; and risk assurance – internal audit.

Under the three lines defence model, management has a responsibility over the first and second lines of defence i.e. by designing and implementation of the necessary mitigating controls to reduce risks to an acceptably low level and the compliance function to monitor the controls which have been put in place. At Sirius, the first line of defence revolves around the implementation of controls surrounding the key risks identified in its risk matrix and the monitoring actions surrounding these mitigation measures.

Risk management and compliance form an integral part of the second line of defence. This line of defence aims to identify and name risk owners and assist them in implementing adequate risk management practices. The compliance function ensures that the Company is aligned with applicable laws and regulations. The Company's risk matrix forms the basis of aligning risks of the business with the relevant owners, based on departmental function.

The third line of defence is that of risk assurance, which is the primary objective of the internal audit function. The function is designed to provide assurance over the effectiveness of governance, risk management and internal controls which have been designed and implemented by management in the first and second lines of defence. Senior management is in the process of identifying the right candidate for the risk assurance piece of its three lines of defence model.

Management has interviewed several candidates in both London and Berlin and continues to search for candidates with the right mix of experience and hands-on approach to develop our internal audit function. As a back-up measure, management will seek an appropriate external audit solution in line with previous periods until such time that the right candidate is appointed.

In anticipation of establishing a full-time internal audit function, management conducted a thorough review of certain internal processes to assist in establishing formalised first and second lines of defence, over which third line of defence assurance may be provided. The purpose of mapping out these key processes is to create transparency on business processes through documentation; define ownership and responsibility for management; and reduce risk through internal controls and governance. Processes under review included a consolidation process; financial reporting process – controlling; financial reporting process – operational management company; and staff incentive processes.

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:

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

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

Whistleblowing

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

In line with the 2018 Code, the Board assumed responsibility from the Committee for overseeing the operation and effectiveness of the Whistleblowing Policy. The Committee challenged and was satisfied by management action in making the policy available to all employees and the cultural reasons behind the perceived reluctance of employees to raise concerns formally, despite management encouragement to do so, when compared with other listed companies.

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

The Committee noted that BizSpace had completed implementation of the Whistleblowing Policy and procedures during the year.

The whistleblowing arrangements were updated in 2023 to facilitate confidential online reporting to be made in German and English); calls to be investigated by an independent third party; a wider remit of areas covered by the EU Directive (e.g. data and privacy, environmental protection, security of network and information systems); protected persons now covers not only employees but also third parties (e.g. service providers); the misconduct of any employee (not just senior management) can now be reported; confirmation of reports must be given within seven days of a report being made and feedback must be provided on reports within three months.

Data security

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

The Committee considers that cyber security at Sirius provides data confidentiality and integrity with a resilient cyber infrastructure, which has not experienced an information security breach in the past three years. The latest audit of the Company's information security system was carried out in December 2022 by a CREST accredited company. Compliance with both EU and UK versions of General Data Protection Regulation ("GDPR") is also constantly reviewed by management and reported to the Committee. During the year under review the Group was accredited with the Cyber Security Essentials Plus certification by the UK National Cyber Security Centre.

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

Going concern and viability statement testing

The Board's going concern statement is provided in note 2 to the financial statements on pages 144 to 145, and the viability statement is provided on page 72 of the Strategic report. The Group's ability to continue as a going concern and viability statement are based on current trading and the latest three year forecasts prepared by the Senior Management Team. A model has been created for this which uses a combination of existing contractual agreements and future assumptions of performance of existing assets and expected acquisitions and disposals for which the Group currently has the resources.

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

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

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

Non-Audit Services ("NAS") Policy

The Committee reviews its NAS Policy annually (last updated in 2022) and the application of the NAS Policy in the 2024 financial year is explained in the following paragraph.

The policy requires the Committee's prior approval for all non-audit work to be carried out by the auditor and limits all such fees in any year (excluding specified services required by law or regulation) to a maximum of 70% calculated by reference to the statutory audit fee for that year.

The total non-audit fees paid to the auditor during the year ended 31 March 2024 were £76,000 (representing 7% of the 2024 audit fee and 7% of the average audit fee for the previous three years) (2023: £416,000) paid to EY. Both ratios are well below the 70% fee cap set out in the FRC Ethical Standard and in the Company's policy. The fee for 2024 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 auditor to ensure auditor objectivity and independence are safeguarded.

Stability with change

Daniel Kitchen
Chair 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 2024.

This has been another busy year for the Committee with changes to both the Non-Executive roles and to the Executives on the Board. On the Non-Executive side, I am pleased to report that following a lengthy and extensive search, that Deborah Davis is joining us in December 2024. Deborah brings a wealth of experience in growth, change and digital transformation in some of the largest technology companies in the world and will provide valuable insights as we continue to develop the use of technology in our business parks and our operating platform, as well as with helping us optimise our impact on society.

As reported in 2023, Chris Bowman joined for initial induction on 20 July 2023 and his appointment as CFO became effective on 29 August 2023, at which time he also joined the Sirius Board. Alistair Marks stepped down from the Sirius Board at the AGM in July 2023, remaining employed by the Company as Chief Investment Officer until his departure from the Company on 31 March 2024.

A specific induction programme was prepared in advance of Chris' arrival and Chris has completed this thorough induction which has enabled him to achieve early successes within the Group. The induction included meeting fellow Directors and senior management and employees in Berlin and London. His site visits in Germany and the UK have enabled him to meet colleagues in the field. Chris has met with key advisers and bankers and he has met with major shareholders through meetings and roadshows undertaken during the year.

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

The Board's Diversity Policy, which was adopted in 2017, recognises the benefits of a diverse boardroom, and we have taken measured steps towards broadening boardroom diversity since then. Page 96 of this report addresses the Board's Diversity Policy, and the Corporate governance report on pages 84 and 85 describes our progress on boardroom diversity.

The operating business in Germany prides itself on its diversity and inclusion record, where all forms of diversity and inclusiveness are normalised within the business and are fully integrated into its ways of working. As the designated Non-Executive Director with responsibility for engaging with the workforce, I carried out seven further site visits in 2023 and held conversations with numerous colleagues. I remain impressed by the attitudes to diversity and inclusion which run through the business. I plan to visit more sites in 2024, in both Germany and the UK, to engage with colleagues across a range of topics and will provide summary feedback to the Board.

We carried out an internally facilitated Board evaluation in the year, which covered the Board and the Board Committees and separate evaluations were carried out for each Director. The process and outcomes are described on page 86 of the Corporate governance report. The key takeaway for this Committee is that it continues to work effectively.

Over the new financial year, the Committee's priorities will be to continue to review the succession plans, including those for the Senior Management Team and to plan the induction programme for Deborah Davis.

As James Peggie completed his ninth year as a Non-Executive Director in November 2021, and the succession plan has been executed, James will not stand for re-election at this year's AGM, after which he will step down from the Board. We thank James for his considerable contribution to the Board and the Company over these past eleven years and wish James every success for the future.

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
Chair of the Nomination Committee
31 May 2024

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Daniel Kitchen (Chair)	5/5
Caroline Britton	5/5
Mark Cherry	5/5
Kelly Cleveland	5/5
Joanne Kenrick	5/5
James Peggie	5/5

Key focus areas

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

Area	Subject
Appointments	» Recommended the appointment of Chris Bowman as Chief Financial Officer and of Deborah Davis as an independent Non-Executive Director
Policy	» Implemented procedure for new appointments » Implemented the new Director induction process for Chris Bowman
Governance	» Reviewed the Company's progress on gender and ethnic diversity in the boardroom » Reviewed management succession plan and leadership pipeline » Reviewed the findings of 2024 internal Board evaluation » Reviewed Board development and training » Reviewed Non-Executive Director independence » Reviewed the Nomination Committee Terms of Reference » Reviewed the 2023 Nomination Committee report

Diversity Policy

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

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

The Board's progress on diversity is summarised on pages 84 and 85 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 40% of our managers and 50% of the total workforce being female, over time it is expected that more women will be represented in the higher leadership roles.

Procedure for new appointments

The Committee approved updates to the procedure for new appointments during the year, the main provisions of which are summarised below.

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

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

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

Russell Reynolds was retained as external search consultants to assist with the search for a new CFO in 2023. Russell Reynolds fee was £11,298 and it has no other connection with the Company. While the Company generally use external search consultants to assist with the selection of candidates, the Committee adopted a highly targeted approach to the recruitment of Deborah Davis as a non-executive director. This was conducted by the Group HR Director, who proactively searched for and reached out to potential candidates who may not necessarily have been identified thorough an open search approach.

Succession planning

The Committee reviewed succession planning throughout the year, with Board composition and succession being discussed at each meeting, so that the Board retains the correct blend of experience and skills while meeting its governance requirements. With the departure of James Peggie at the AGM in 2024, the Committee agreed a person specification so that his successor would be able to take up his roles on the Audit Committee and the Remuneration Committee.

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 notable in that two of the six (33%) members of the Executive Committee are female.

The Committee noted that for several years up to 31 March 2024, there had been one Director on the Board from an ethnic minority background. While this pre-dated the recommendations of the Parker Review 2017 to have at least one ethnic minority Director by 2024, we are committed to identifying candidates from diverse backgrounds, including ethnicity, for all appointments so that we continue to meet the recommendations as a minimum, including to have one ethnic minority Director on the Board before the end of 2024 deadline. In this regard, we are pleased to confirm that we meet the Parker requirement.

When making new appointments the Board takes into account other demands on a Director's time and, prior to appointment, seeks disclosure of significant commitments and an indication of the time involved. It is Board policy that additional external appointments should not be undertaken without prior approval of the Board, and approval is contingent upon an indication of the time involved.

Board evaluation

A summary of the internal evaluation carried out in the year, including its design, process and outcomes, and how it has influenced the Board's work programme, is provided on page 86 of the Corporate governance report.

Strong and continual progress

Andrew Coombs
Chair of the Sustainability and Ethics Committee

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

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

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

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

Dear Shareholder

On behalf of the Board, I am pleased to present the Sustainability and Ethics Committee report for the year ended 31 March 2024. 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 there were no instances of material non-compliance to disclose.

The Committee is led by the CEO, assisted by Kremena Wissel, Chief Marketing and Impact Officer, whose role is to lead ESG integration into Sirius' strategic development. The Committee makes recommendations to the Board in relation to the critical dimensions of how the Company does business, specifically its value system surrounding environmental impact, ethical standards and social responsibility. This Committee report should be read in conjunction with the separate Sustainability report, set out on pages 37 to 42.

As a major property owner, we recognise our responsibilities to our stakeholders, being employees, shareholders, business partners, suppliers, tenants, and the wider communities in which we operate. With that as background, we recognise the importance of sustainability to our business and this continues as a key priority for 2024 by embedding it further into our strategy and business model across the Group.

We are pleased with the number and impact of ESG initiatives that are undertaken each year and the highlights for the year are set out below, including action on decarbonisation, improvements to employee and tenant engagement and continuing focus on ethical aspects of our business.

We appreciate that we are progressing our journey and believe that we are making strong and continual progress to see this journey through to an increasingly sustainable future.

A Coombs

Andrew Coombs
Chair of the Sustainability and Ethics Committee
31 May 2024

How the Committee operated during the year

Membership and attendance

	Meeting attendance
Andrew Coombs (Chair)	3/3
Mark Cherry	3/3
Kelly Cleveland	3/3
Joanne Kenrick	3/3

Key focus areas

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

Area	Subject
Purpose, values and competencies framework	» Noted progress to embed purpose statement, values and competencies framework across the business
Sustainability	» Reported on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") including scenario planning aligned with the Paris Agreement – continued to align with TCFD » Advanced carbon emissions reporting through a full submission to CDP » Commenced the update of the ESG materiality assessment » Updated the biodiversity strategy in Germany/actioned biodiversity plans across UK business » Noted the decarbonisation roadmap leading to net zero is based on CRREM and SBTi for the German portfolio, continuing work to determine a Group decarbonisation target » Reviewed UK Government regulations for EPC "C" by 2027 and "B" by 2030 » Promoted a clear waste and water management strategy across the business » Approved Group's sustainability strategy, including a strategic framework, and commenced a second ESG Report. Reviewed evolution of the ESG strategy and programme involving a specialist consultancy, which remains ongoing in 2024
Colleague update	» Received an update from the CEO on employee engagement during the 2024 financial year and planning for 2025 financial year, with focus on being an exceptional employer of choice » Appointed Director of Employee Engagement to focus on initiatives to impact Employee Net Promoter Score (i.e. recommending Sirius as a good place to work) » Launched the local internship and apprenticeship support programme » Appointed a Head of Learning and Development to oversee training, build on the Sirius Training Centre and set training hours targets for Germany and the UK which were met » Built on employee wellbeing and associated diversity, leadership and communication initiatives, through a Group-wide initiative, "People@Work" » Rolled out new communication platform, "Workplace", to promote engagement » Member of Charter of Diversity, Germany, and of LGBTQ Great, UK » Monitored target driven ESG incentives for management and all employees
Ethical policies	» Reviewed drafts of the Modern Slavery Statement 2024 and the updated Whistleblowing Policy – which were approved by the Board and have been implemented across the Group. Other corporate policies were reviewed without further change » Developed a tenant engagement programme » Continued Group-wide charitable and staff volunteering efforts
Governance	» Reported to the Board visit to Frankfurt on local ESG initiatives » Reviewed Committee report in the Annual Report 2023 » Reviewed the Sustainability report in the Annual Report 2023 » Noted satisfactory feedback on the Committee's performance from the 2024 Board evaluation » Reviewed Committee Terms of Reference which, having been updated in 2023, required no further change in 2024

Refining policy to drive growth

Joanne Kenrick
Chair of the Remuneration Committee

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

The primary functions of the Committee are to:

- design and determine the remuneration and associated benefits of the Executive Directors of the Company and the senior management of the Group; and
- review workforce remuneration and related policies for their alignment with the Group's values and culture and take these into account when setting the policy for Executive Director and senior management remuneration.

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

Dear Shareholder

I am pleased to present the Directors' remuneration report for the year ended 31 March 2024, my second report since my appointment as Chair of the Remuneration Committee nearly two years ago.

Our report explains the work of the Committee and how we have implemented our Remuneration Policy, which was strongly supported by shareholders at the 2021 AGM with over 89% of votes cast in favour, and further supported at the 2022 and 2023 AGM with over 91% of votes cast in favour of such non-binding advisory votes.

Following this letter there is a short summary of:

- how the Committee operated during the year;
- our approach to setting pay as well as market reference points and peer groups considered by the Committee;
- how the proposed 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 2024 AGM; and
- the Annual report on remuneration – this provides details of the amounts earned by the Directors in respect of the year ended 31 March 2024.

Review of Directors' Remuneration Policy

Our current Directors' Remuneration Policy (the "2021 Policy") was adopted at the Annual General Meeting held on 30 July 2021 and reapproved on an advisory basis at the 2022 and 2023 AGMs. In line with typical UK practice, following the end of the three year period for which the 2021 Policy applied, the Committee has designed a new Remuneration Policy for which shareholder approval will be sought at the 2024 AGM on an advisory basis. Our approach to determining the new Remuneration Policy is summarised below. In addition to the approval of the new Remuneration Policy, shareholders will also be asked to approve a new all-employee share plan, the 2024 Sirius Employee Incentive Plan, at the 2024 AGM. This will provide the necessary tool to promote widespread share ownership throughout our organisation and align the interests of our employees with our shareholders.

Review of Directors' Remuneration Policy continued

The Committee has had a busy year with the selection and appointment of PwC as new external remuneration advisers who have no other connection with the Committee or with individual directors outside the course of normal business. The Committee has also been busy consulting with shareholders and designing the new Remuneration Policy. As such I would like to thank my colleagues on the Committee for their insight and support.

Our Remuneration Policy is designed to support the creation of long-term sustainable shareholder value and provide a clear, consistent and cohesive approach to reward for a FTSE 250 company operating in the real estate sector. The Committee reviewed the 2021 Policy with its remuneration advisers and other stakeholders, considering various factors including the business strategy; the external operating environment; best practice in corporate governance; data on market practice regarding executive compensation; and the overall need to retain and incentivise an exceptional management team. Since our core business model remains largely unchanged and the KPIs in the incentives support its successful execution, the Committee determined that the general framework and conventional design of the 2021 Policy are still suitable. Therefore, the majority of the elements of the policy are unchanged, with only variable pay quantum and shareholding requirement adjusted as below.

Considering the various factors identified in our review set out above, the Committee developed a principles-based approach aimed at incentivising continued outperformance through higher variable pay and creating fair remuneration opportunities for highly successful incumbents who have consistently outperformed against the market. The key changes include increasing the base LTIP award from 200% of base salary to 250% for delivering strong / upper quartile performance with maximum vesting of 133% such that exceptional performance can be rewarded, as well as a material increase to the in-employment shareholding requirement from 300% to 500% of salary, further aligning the interests of shareholders with our Executive team. The Committee was keen to ensure that we sought to obtain the views of a significant proportion of both the UK and South Africa shareholder base and took this opportunity to consult with over 70% of the register, to understand their overarching views regarding Executive Director remuneration proposals at Sirius. During the consultation, we listened carefully to our major shareholders, and made a number of changes to our proposals to reflect this feedback. The Committee was pleased to note that the majority of our major shareholders who expressed a view were supportive of the resultant remuneration proposals. Further details of the proposed Remuneration Policy are set out on pages 106 to 123.

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

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

Sirius performed very strongly over the year delivering milestone FFO which is up 7.9% to €110.2m ahead of Company budget, marking a year of growth for Sirius which we were able to achieve organically through capturing rent roll growth as well as through acquisitions both in Germany and the UK. The Group also delivered a Net LTV below 35% and a Net Debt to EBITDA ratio of 5.6 times through organic growth, disposals, equity raisings and refinancings or corporate debt issuances, enabling a programme of acquisitions in Germany and the UK in FY2024.

These strategic efforts have enabled the business to remain extremely well positioned going forwards and we remain focused on delivering strong returns for our shareholders through organic growth and acquisitions.

For details of the Company's performance, please read our Strategic report on pages 1 to 72.

For progress relating to the workforce, our community and other stakeholders, please read the Sustainability report set out on pages 37 to 42.

Directorate changes

Alistair Marks

As announced on 27 March 2023, Alistair Marks stepped down from the Board on 10 July 2023, remaining employed by the Company to lead its investment strategy across Germany and the UK. Alistair's remuneration earned in respect of his role as a Director of the Company up to that date is included in the single figure table on page 114. Alistair subsequently left the Group at the end of March 2024.

We have included on page 120 information in relation to payments made to Alistair following his leaving the Group, including his bonus for FY2024. For the purposes of his remuneration, it was determined that Alistair would be treated as a good leaver.

Chris Bowman

Chris Bowman commenced his employment with the Company on 20 July 2023 and, following his initial induction, he took up his appointment as our new CFO on 29 August 2023. A summary of his remuneration arrangements is set out below.

Salary on appointment	£450,000, determined with reference to benchmarks of other comparable businesses within the real estate sector as well as the highly competitive nature of the market for key talent. In recognition of this highly competitive recruitment market the Committee sought to position the pay of the current CFO more competitively than his predecessor (in terms of base salary in particular).
Pension	9.7% of salary in line with the workforce.
Annual bonus	Up to 150% of salary. Chris was entitled to an annual bonus for FY2024 in respect of the period he has been employed by Sirius during the year, i.e. from 10 July 2023. Our usual approach is to award 35% of any bonus earned in deferred shares. However, in Chris' case, until he meets the shareholding of 300% of salary in place at the time of his appointment, we intend to defer 50% of any bonus earned.
LTIP	Up to 200% of salary. Chris received an LTIP award of 200% of salary in respect of FY2024. The award size was reduced to reflect the proportion of the three-year performance period that elapsed prior to him joining the Group.
Notice period	Six months.

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

Executive Directors’ remuneration for the 2024 financial year

Salary, pensions and benefits

As set out in the Directors’ remuneration report for the year ended 31 March 2023, Andrew Coombs’ salary was increased by 4.95% to £526,823 in line with the general workforce increase, while Alistair Marks’ salary was increased by 5.93% to €400,000 in recognition of his flexibility in taking on the role of interim CFO in addition to his role as CIO.

Each of the Executive Directors received an employer pension contribution of 9.7% of salary for the 2024 financial year, in line with the rate available to the majority of the wider workforce.

Annual bonuses earned in respect of the 2024 financial year

The maximum bonus opportunity for Andrew Coombs and Chris Bowman was 150% of base salary for the financial year, with Chris Bowman’s bonus being subject to pro rating as he joined on 20 July 2023. The maximum bonus opportunity for Alistair Marks remained at 125% of base salary payment of which is subject to the performance of certain conditions set out in his settlement agreement.

As a consequence of the Company’s strong financial performance (as highlighted above) and excellent delivery against strategic and personal targets, Andrew Coombs and Chris Bowman each earned 98.3% of their maximum bonus opportunity, details of which are provided on pages 102 and 103. An explanation of how these targets align with the Group’s key performance indicators is provided on pages 26 and 27.

The Committee considers the level of pay-out to be reflective of the overall performance of the Group in the year as well as the experience of our shareholders and employees and therefore no discretion was used in determining the outcome.

The bonus earned will be deferred into shares, on the basis of 35% for Andrew Coombs and 50% for Chris Bowman (this higher 50% level will apply to assist Chris in building up his shareholding to meet the 300% of salary shareholding guideline in force at the time of his appointment). 50% of the deferred bonus will be released to the Executive Directors after one year and 50% after two years, subject to their continued employment.

LTIP awards with performance period ending during the year

Awards granted on 2 August 2021 pursuant to the 2021 LTIP, in the form of nil-cost options, with a three year performance period from 1 April 2021 to 31 March 2024 vested on 24 May 2024 at 80.9% of maximum. The Committee considers the level of pay-out to be 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 118 for further details. In the view of the Committee, taking into account the actual and relative performance of the Company over the performance period, none of the value derived could be said to be delivering a “windfall gain” and therefore no discretion was applied to this formulaic outcome.

2024 LTIP awards

Awards pursuant to the LTIP were granted during the year to the Executive Directors and other members of the Senior Management Team on 9 June 2023, while Chris Bowman received his grant of an LTIP award on 22 September 2023. Details are provided on page 119.

Chair and Non-Executive Director fees

As set out in last year’s Directors’ remuneration report, with effect from 1 April 2023, the Chair and Non-Executive Director basic fees were increased by 4.95%, in line with general workforce increases. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of £1:€1.1586).

	Fees at 1 April 2023
Chair fee	€239,135
Non-Executive Director fee	€69,921
Additional fee for Chair of the Audit Committee	€11,586
Additional fee for Chair of the Remuneration Committee	€11,586
Additional fee for Senior Independent Director	€11,586

Implementation of Remuneration Policy for the 2025 financial year

Information on how the Company intends to implement the Remuneration Policy for the year ending 31 March 2025 is set out below:

Element — **Application of the Remuneration Policy**

Salary

With effect from 1 April 2024, Andrew Coombs and Chris Bowman received salary increases of 5.1% to £553,691 and £472,950 respectively, in line with the general workforce increase.

Pension

Pension provision for Executive Directors is aligned with the rate available to the majority of the wider workforce (currently 9.7% of salary).

Annual bonus

The maximum annual bonus opportunity will remain at 150% of salary for Andrew Coombs and Chris Bowman.

The annual bonus will be subject to stretching performance conditions based on a combination of financial measures, strategic and personal objectives and ESG targets. The Committee considers the performance targets and objectives to be commercially sensitive. Details of the performance targets and objectives, and performance against them, will be disclosed in the Directors' remuneration report for the year ending 31 March 2025, unless they are considered to remain commercially sensitive.

For Andrew Coombs, 65% of the bonus earned will be paid in cash, with the remaining 35% deferred into shares, while for Chris Bowman, 50% of the bonus earned will be paid in cash, with the remaining 50% deferred into shares until such time as he meets the minimum shareholding guideline of 300% of salary which was in force at the time of his appointment. Of the deferred shares, 50% will be released to the Executive Directors after one year and 50% after two years.

The proposed performance measures and weightings for the FY2025 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%	
LTV below 40%			6.67%
Strategic targets, personal objectives and ESG targets			
Delivery on strategic targets	Each Executive Director has specific KPIs linked to short-term value creation indicators	From 0% to 100%	10%
Delivery on individual targets	Each Executive Director has their own specific objectives	From 0% to 100%	6.67%
Delivery on ESG targets	Each Executive Director has their own specific and shared ESG objectives	From 0% to 100%	6.67%

(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 acquisitions that were not already identified at 1 April 2024 that may be made during the year to 31 March 2025. 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 2025.

LTIP award

An award is proposed to be granted at the level of 250% of salary for each of Andrew Coombs and Chris Bowman.

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 Committee has carefully considered the targets for FY2025 grants of awards under the LTIP in the context of the changing macro-economic conditions, and in particular the increase in interest rates, the additional costs of which need to be absorbed by all real estate businesses and which represent a material headwind in the context of delivering sustained TNR growth. The Committee wishes to maintain an incentive which is challenging but also aligned to the shift towards a higher interest rate environment in the medium term. The target range also recognises that, unlike our competitors, the valuation of Sirius has been maintained during a challenging period for the market, and that this higher baseline means that growth targets in percentage terms are relatively harder to deliver than those for others. Therefore, the targets for the TNR performance measure for the FY2025 grants are proposed as set out below. As noted above, the Committee considers that the proposed targets are appropriately stretching taking into account market conditions and Sirius' plans and forecasts, being judged to represent the Committee's views of what constitutes upper quartile performance for 100% vesting and upper decile/market leading for 133% vesting.

The targets for the 2025 LTIP grant are as follows:

Targets for FY2024 awards

Annualised TNR(1) growth over the performance period	Vesting percentage
<6.5% p.a.	0% of maximum
6.5% p.a.	25% of maximum
6.5% p.a.>–<8.5% p.a.	Pro rata vesting between 25% and 62.5% of maximum
8.5% p.a.	62.5% of maximum
8.5% p.a.>–<10.5% p.a.	Pro rata vesting between 62.5% and 100% of maximum
10.5% p.a.	100% of maximum

Element	Application of the Remuneration Policy

LTIP award continued

Targets for FY2025 awards

Annualised TNR[1] growth over the performance period	Vesting percentage
<5.0% p.a.	0% of maximum
5.0% p.a.	25% of maximum
5.0% p.a. >–<7.6% p.a.	Pro rata vesting between 25% and 100% of maximum
7.6% p.a.	100% of maximum
7.6% p.a.>–<10.0% p.a.	Pro rata vesting between 100% and 133% of maximum
>10.0% p.a.	133% 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.

The relative TSR targets will be as set out below:

Relative TSR against the peer group[1] over the performance period	Vesting percentage
Below median	0% of maximum
Median	25% of maximum
Between median and upper quartile	Pro rata vesting between 25% and 100% of maximum
Upper quartile	100% of maximum
Between upper quartile and upper decile	Pro rata vesting between 100% and 133% of maximum
Upper decile	133% of maximum

(1) TSR peer group: Workspace Group Plc, SEGRO Plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian Property Income REIT Plc, Warehouse REIT Plc, Demire Deutsche Mittelstand Real Estate AG, Regional REIT Ltd, Hamborner REIT AG, Branicks Group AG, Alstria Office REIT AG, Urban Logistics REIT Plc, CLS Holdings Plc, LondonMetric Property Plc, VIB Vermögen AG and Shurgard Self Storage SA.

In line with the Policy and the LTIP rules, the Committee retains discretion to adjust vesting outturns in appropriate circumstances.

Chair and Non-Executive Director fees The Chair and Non-Executive Director base fees will be increased by c. 5.1% to €253,694 and €74,175 respectively in line with the general workforce increases. No increases will be made to the supplementary fees for chairing the Audit or Remuneration Committee or for holding the office of Senior Independent Director.

Additional disclosures

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

All Employee Share Incentive Plan ("ESIP")

The Committee approved the introduction of an all employee ESIP to provide more employees with an opportunity to build up a shareholding in the company and align with the interests of shareholders. A resolution, an explanation and a summary of the rules will be set out in the Notice of Annual General Meeting 2024.

Committee evaluation and conclusion

The Committee's performance was considered as part of the Board evaluation process, which is described in the Corporate governance report on page 86. I am pleased to report that the Board considers that the Committee continues to perform well in its role supporting the Board.

We remain committed to a responsible approach to executive pay and believe the Remuneration Policy operated as intended during the year. The decisions made as a Committee in regard to remuneration earned in respect of the year ended 31 March 2024 demonstrate our commitment to ensuring that Executive Directors' reward is aligned with performance and the outcomes for all our stakeholders.

We hope that shareholders will continue to support the Remuneration Policy and the Annual report on remuneration at the AGM on 28 June 2024.

Joanne Kenrick
Chair of the Remuneration Committee
31 May 2024

How the Committee operated during the year

Membership and attendance

Committee members as at 31 March 2024	Meeting attendance
Joanne Kenrick (Chair)	6/6
James Peggie	6/6
Daniel Kitchen	6/6

Key focus areas

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

Area	Subject
Decisions relating to the Executive Directors and Chair	» Taking into account our strong performance, approved salary increases effective from 1 April 2023 » Approved the increase to the Chair's fee with effect from 1 April 2023 » Approved bonus outturns for FY2023 and retention of 35% (50% for Chris Bowman) by deferral in shares through the Deferred Bonus Plan » Released the remaining 50% of FY2021 Deferred Bonus Plan awards and the first 50% of FY2022 Deferred Bonus Plan awards » Approved awards under 2021 LTIP and performance conditions » Approved accommodation allowance policy » Set financial objectives and targets for FY2024 bonuses
Decisions relating to other members of the Senior Management Team	» Approved outturns for FY2023 bonuses and the percentage of cash retention for one year » Released retained bonuses from FY2022 » Set financial objectives for FY2024 bonuses » Approved awards under 2021 LTIP and performance conditions
Decisions relating to managers below Senior Management Team	» Inclusion of new members of the Senior Managers' Share Incentive Plan » Reviewed senior management pay proposals for FY2025
Remuneration Policy	» Reviewed the Directors' Remuneration Policy and recommend the revised and updated Policy to shareholders for approval at the AGM to be held in 2024
Governance	» Reviewed 2022/23 Directors' remuneration report » Liaised with shareholders and proxy agents regarding queries following publication of the FY2023 report » Reviewed workforce pay across the Group » Approved proposal to adopt an Employee Share Incentive Plan

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

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

The 2018 Code applied to the Company from the start of the 2020 financial year and we have reported compliance with the 2018 Code within our Corporate governance report on page 75.

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

Principle	Commentary
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Details of our remuneration arrangements are disclosed clearly and concisely.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	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.

Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Committee to have appropriate regard to risk considerations. Annual bonus deferral is in place for all Executive Directors. Furthermore, the operation of in-employment and post-employment shareholding guidelines further aligns the interests of our Executive Directors to serve the long-term interests of the Company and shareholders, in addition to the large shareholding of Andrew Coombs. 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 111.
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 Chair, Daniel Kitchen, engages directly with employees on a range of topics of interest to them, including pay. This year the Chair accompanied the CEO, Andrew Coombs, on a roadshow of seven different sites in Germany and the UK, where there was attendance by 90% 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 updated focus of survey questions mapped to key intrinsic employee motivation areas (autonomy, Mastery & Purpose) to help management to measure employee engagement, an indicator of progress from being a great to an exceptional employer of choice. The Roadshow also demonstrated progress made in 2023 in areas identified in 2022 for improvement, such as staff development and training, career and promotion opportunities, more focus to be a modern employer, improved communications, ESG and other matters.

The employees were reminded of how the Board had listened and responded to previous survey results by further:

» improving development and training opportunities (Sirius Training Academy added new courses and increased training days by 20% over the prior year, focused on recruitment training for hiring managers, launched online training and rolled out mentoring for women programme);

» increasing career and promotion opportunities (job shadowing and focused on internal promotions so that there were 67 across the Group);

» further focus on Modern Employer (a cohort of team members from our German and UK businesses spending time in each other's workplaces to leverage the unique and multicultural dynamics of our business, activities arranged by the Diversity and Inclusion focus group, offered 3 internships to refugees and the BizSpace Central Sales Team visited Sirius SGS on a Knowledge exchange to share best practice);

» improving communications (established team that arranged 6 lunches with directors, department talks, encourage new hires to meet team members); and

» ESG (created an ESG department, BizSpace newsletter launched, undertook biodiversity initiatives, launched social impact programme and undertook a variety of community initiatives).

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 focusing on manager development, learning, job satisfaction and recognition, leadership confidence, benefits, remote working and pay and adaptability to change. Progress on these topics will be reported in the Annual Report 2025.

As described in the Sustainability report on page 41, 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. 19% of Sirius' staff are currently shareholders.

Directors' Remuneration Policy

This part of the Directors' remuneration report sets out Sirius Real Estate's Directors' Remuneration Policy which is being proposed to shareholders for approval at the 2024 AGM. The Remuneration Policy has been determined independently by the Remuneration Committee.

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

In line with UK best practice, following the end of the three year period for which the Remuneration Policy originally approved in 2021 applied, the Remuneration Committee has reviewed the Policy to ensure it remains fit for purpose.

Context for review

The Remuneration Committee has reviewed the current Remuneration Policy with its remuneration advisers and other stakeholders, considering various factors including the business strategy; the external operating environment; best practices in corporate governance; market practices regarding executive compensation; and the overall need to retain and incentivise an exceptional management team. The following were the review's main findings:

- Since our core business model remains largely unchanged and the KPIs in the incentives support its successful execution, the general framework and conventional design of the current Policy are still suitable.
- There is insufficient correlation between pay and performance and the generation of shareholder value.

In relation to the business strategy and alignment between pay and performance the following should be noted:

- Sirius has developed a high-return, value-add business model to investments in industrial, warehouse and office properties across the UK and Germany. It has driven and continues to drive 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 transforms vacant and sub-optimal space into high-quality conventional and flexible workspace. With a strong and stable tenant profile this provides a robust income yield, which is further boosted through innovative products. When assets mature they are often then sold, with the proceeds recycled into buying new properties with greater value-add opportunity.
- This disciplined strategic approach and the depth of knowledge and expertise developed by the Sirius management team have been reflected in the shareholder experience through stellar ten year TSR growth of 478% to December 2023. This places Sirius significantly above the upper quartile of the FTSE 350 real estate companies at the 94th percentile. Sirius is also the top performing company amongst the FTSE 350 real estate companies when considering TSR growth over five years.
- Substantial growth in market capitalisation over the same period to December 2023 (increasing from £124m to £1.27bn).

As illustrated above, the performance of our management team has remained market leading, having protected and increased shareholder value across the cycle. This demonstrates that the unique Sirius approach developed by our management team is a key differentiator in consistently outperforming including through some highly challenging times. However, the CEO's pay over the last decade has not kept pace with the performance achieved. This significant misalignment is evidenced by the CEO's ten year average total remuneration placing him at around the median of the FTSE 350 real estate companies whilst the Company's TSR was at the 94th percentile.

The Remuneration Committee therefore developed a principles-based approach aimed at incentivising continued outperformance through higher variable pay and creating fair remuneration opportunities for highly successful incumbents who have consistently outperformed against the market. The key change was to propose increasing the quantum of the incentive opportunity, with the remainder of the Remuneration Policy largely unchanged.

Consultation with shareholders

The Remuneration Committee believes that ongoing dialogue with major shareholders in relation to Executive Director remuneration is of key importance, and consulted with major shareholders and investor agencies in advance of the finalisation of the Remuneration Policy proposed to shareholders at the 2024 AGM. The Committee was keen to ensure that we sought to obtain the views of a significant proportion of both the UK and South Africa shareholder base and took the opportunity to consult with over 70% of the register.

Our initial Policy proposals were to:

- increase the variable pay opportunity (both the bonus and LTIP) to ensure a simple and clear linkage between pay and performance and position pay at a more competitive level (against an appropriate benchmark) while retaining salaries at a conservative level despite the increased scale and complexity of the business. This was to be achieved through an increase to the maximum bonus opportunity from 150% to 175% of salary to create additional headroom to be used if and when it is appropriate to do so. This was combined with an increase in the base award quantum of the LTIP to 300% of salary (from 200%) for delivering strong/upper quartile performance with maximum vesting of 133% such that exceptional performance can be rewarded for outperforming the base award targets (maximum opportunity is 400% of salary for market-leading/upper decile performance);
- increase the shareholding requirement to 500% of salary to better align the interests of shareholders and management; and
- continue to maintain best practice governance throughout.

The key themes heard from shareholders were as follows:

- There was strong support for the Committee's pay for exceptional performance philosophy and rewarding a highly valued management team. Notwithstanding this, the overall quantum of the initial proposals and the positioning against the benchmarking group (and the make-up of this group) was perceived to be too high for a company of Sirius' size, noting that this was mainly driven by the initial proposed LTIP opportunity of up to 400% of salary.
- Some shareholders sought clarity about when the proposed annual bonus increase might be implemented and whether it was appropriate alongside the proposed LTIP increase. Some shareholders questioned the balance between fixed and variable pay, noting that the CEO's fixed pay was relatively low in comparison to the market.

Proposed changes to the Directors' Remuneration Policy and associated rationale

Having carefully considered the feedback received, the Remuneration Committee adjusted the proposals accordingly as follows:

- Reduced the variable pay opportunity taking into account both shareholder feedback and a more appropriate benchmark group (which includes a broader group of UK REITS set out below). The base LTIP Award will be increased from 200% to 250% of salary (from the original proposal of 300% of salary). There will be no increase to the maximum bonus opportunity (150% of salary).

  The Remuneration Committee believes that such an approach ensures that the executive team are paid fairly for the complexity of their roles, the markets they operate in and the different listing environments, and therefore this is addressed by the increase to the LTIP base award to 250% of salary with no changes to fixed pay or the annual bonus opportunity.

- Retained the multiplier of 1.33 of the lower base award to support the exceptional pay for performance philosophy which was well received by shareholders.

  The Remuneration Committee strongly believes that for exceptional performance there should be an ability to earn additional reward and as such believes that a multiplier of 1.33x the base award, which vests for market-leading TNR and upper decile TSR performance, is an appropriate tool to incentivise a strong and highly marketable management team.

- Retained the proposed market leading shareholding requirement of 500% of salary, with executives retaining 75% shares vesting (net of tax) from the LTIP until they meet this guideline.

  These amended proposals deliver a median total remuneration opportunity for upper quartile performance, which provides a fair, market-aligned package for performance up to the upper quartile. The multiplier delivers an upper quartile total remuneration package but only where performance is at the upper decile (TSR element) and market leading (TNR element).

Approach to determining benchmarking peer group

- Recognising some of the shareholder feedback received, we revised our initial benchmarking group (FTSE 350 real estate peers) to incorporate some smaller REITs (Empiric Student, Picton, NewRiver, Capital & Regional and Helical) and excluded some of those significantly larger and less comparable companies (Savills, Rightmove and Segro).
- The revised benchmarking group places Sirius at the median (rather than the lower quartile) in terms of market capitalisation.
- The Committee therefore consequently reviewed the proposals in the context of the revised benchmarking.

The revised benchmarking for the CEO is set out below (Source: Annual Reports):

CEO (£000)	**Base salary**	**Total remuneration (maximum)**	**Market capitalisation £m***
Upper Quartile	686	3,111	2,459
Median	576	2,698	1,304
Lower Quartile	499	2,067	510
Current	**527**	**2,422**	**1,268**

* Based on the one month average market capitalisation up to and including 11 April 2024.

Looking at the benchmarking, we would draw shareholders' attention to the fact that, whilst Sirius is at the median of this group in terms of market cap, the CEO's base salary and total remuneration are between the lower quartile and the median.

Market positioning of proposals

£000	
CEO proposed total remuneration (for upper quartile performance)	2,687
Market median CEO total remuneration	2,698
% of market median	**100%**
CEO proposed total remuneration (for upper decile/market-leading performance)	3,121
Market upper quartile CEO total remuneration	3,111
% of market upper quartile	**100%**

Conclusion

The Remuneration Committee believes that this proposal will provide a clear and transparent link between pay and performance, while avoiding increases to fixed costs and enabling us to retain and motivate key individuals within the business who are and have been critical to the Company's success. We believe that the complexity of Sirius' approach and its record of delivering exceptional shareholder value support this proposal.

Directors' Remuneration Policy continued

Executive Directors' Remuneration Policy

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

Fixed remuneration

Element, purpose and strategic link	Operation	Maximum opportunity and performance measures
Basic salary To provide a competitive base salary for the market in which the Company and its subsidiaries (the "Group") operate to attract and retain Executive Directors of a suitable calibre.	Usually reviewed annually taking account of a number of factors which may include, but are not limited to: » Group performance; » role, experience and individual performance; » competitive salary levels and market forces; and » pay and conditions elsewhere in the Group.	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: » promotion; » change in scope or increase in responsibilities; » an individual's development or performance in role; » a change in the size or complexity of the business; and » significant market movement.
Benefits To provide market appropriate benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, income insurance, death in service benefits and a company car or car allowance. Other benefits may be provided based on individual circumstances, for example accommodation allowance, relocation or travel expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement. Executive Directors may also participate in all employee share plans.	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. Potential participation in all employee share plans will be on the same basis as the wider workforce and subject to HMRC plan limits.
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).	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, half of which are usually deferred for one year and half for two years. A greater proportion of the bonus may be deferred with the agreement of the Executive Director. Additional shares may be delivered in respect of deferred bonus award shares to reflect dividends over the deferral period. The number of additional shares may be calculated assuming the reinvestment of dividends on such basis as the Remuneration Committee determines. Recovery provisions apply as referred to below.	The annual bonus opportunity is up to a maximum of 150% of base salary. For the year ending 31 March 2025, both Andrew Coombs' and Chris Bowman's maximum award level will be 150% of salary. Targets are set annually and aligned with key financial, strategic and/or individual personal targets (including ESG targets) with the weightings between these measures determined by the Remuneration Committee each year considering the Group's priorities at the time. At least 75% of the bonus will be based on one or more financial measures. For the year ending 31 March 2025, 76.7% of the bonus will be based on financial measures. Normally 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 2025 are described on page 103. 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.
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 2025 and any future year, the maximum base award level will be 250% of an Executive Director's salary. For these purposes, the "market value" of a share will be the daily average closing share price between the end of the financial year preceding the grant of the award and the day prior to announcement by the Company of its results for that year, 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 and targets chosen for the year ending 31 March 2025 are described on page 103. Subject to the Remuneration Committee's discretion to override formulaic outturns, awards will vest as to 25% for threshold performance, increasing to 100% for strong/upper quartile performance. Vesting may also increase up to 133% of the base award (i.e., 332.5% of salary) subject to very stretching targets, representing market-leading/upper decile performance. For awards granted in excess of the relevant limit that applies to the Executive Directors under the 2021 LTIP plan rules, any awards vesting in excess of the limit will ordinarily be settled via non-dilutive market purchase shares.

Directors' Remuneration Policy continued

Information supporting the Remuneration Policy table

Summary of the changes proposed to the current Directors' Remuneration Policy

The following changes are proposed to the Directors' Remuneration Policy:

Benefits: Addition of potential participation in an all employee share plan aligns with standard practice.

Annual Bonus: Increase the minimum weighting on financial measures from 60% to 75%. This reflects the Committee's desire to ensure that financial performance continues to be the key determinant of annual bonus awards.

LTIP: Increase in base award from 200% to 250% of salary and introduction of vesting of up to 133% of the base award (i.e., 332.5% of salary) subject to very stretching targets. Please see pages 106 to 107 for the rationale for this change.

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 LTIP will be based on two-thirds of each award, a mixture of total NAV return (directly linked to our KPIs) and, with regard to one-third of each award, relative total shareholder return (which measures our performance against peer companies). The performance measures and targets chosen for the year ending 31 March 2025 are described on page 103.

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 75% of any shares acquired under the deferred bonus and LTIP (in each case after sales to cover tax) until such a time as they hold shares with a value equal to 500% of salary. As noted above, we intend to increase Chris Bowman's bonus deferral until he meets the shareholding guideline in force at the time of his appointment.

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

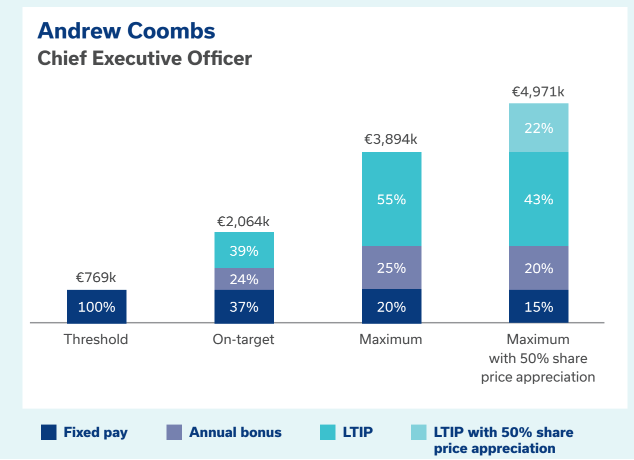
Shareholding guidelines after employment

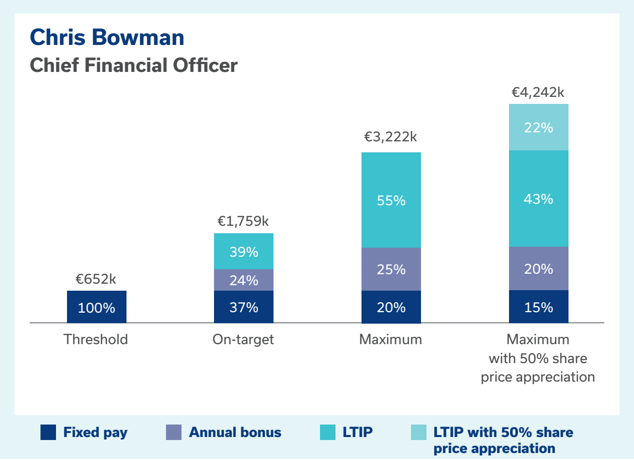
The Remuneration Committee has adopted a post-employment shareholding guideline. Shares are subject to this guideline only if they are acquired from share plan awards. Shares purchased by an Executive Director are not subject to this guideline.

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

Illustrations of application of Remuneration Policy

The following charts provide an illustration, for Andrew Coombs and Chris Bowman, of the application of the Remuneration Policy for the year ending 31 March 2025. 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 assumptions in the table below have been made.

	Fixed pay	**Annual bonus**	**LTIP**
Minimum performance		No bonus.	No LTIP vesting.
Performance in line with expectations	Base salary (being the latest known salary as at 1 April 2024, converted into € at an exchange rate of 1.17). 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 114 for 2023/24.	Bonus equal to 75% of salary is earned (50% of maximum).	LTIP base award granted equal to 250% of salary, with 50% of the shares assumed to vest.
Maximum performance		Bonus equal to 150% of salary is earned (maximum bonus earned).	LTIP base award granted equal to 250% of salary, with 133% of the shares assumed to vest.
Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)			LTIP base award granted equal to 250% of salary, with 133% of the shares assumed to vest. 50% share price increase applied.

Non-Executive Directors' Remuneration Policy

The Remuneration Policy for the Chair 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 Chair 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 Chair. » 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 chairship 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 Chair nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements.

Directors' Remuneration Policy continued

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 Chair or a Non-Executive Director takes on an executive function on a short-term basis;
    - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
    - if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Remuneration Committee.
- The Remuneration Committee may also alter the performance measures, performance period, vesting period, holding period and deferral period of the annual bonus or LTIP, subject to the rules of the 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 482.5% 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 Chair 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
Chris Bowman*	20 July 2023	6 months
James Peggie	27 November 2012	3 months
Caroline Britton	1 June 2020	3 months
Kelly Cleveland	1 June 2020	3 months
Mark Cherry	14 June 2019	3 months
Joanne Kenrick	1 September 2021	3 months

* Chris Bowman joined the Board on 29 August 2023.

Payments for loss of office

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

Payment in lieu of notice

The Company retains the right to terminate each Executive Director's service contract by making a payment in lieu of some or all of the notice period. Any such payment would consist of base salary but not benefits in respect of the unexpired notice period. Post-termination restrictive covenants are in place for six months after notice of termination has been given. Under his service contract, Andrew Coombs is entitled to a payment of 100% of salary for observing these restrictions. The provisions for Andrew Coombs reflect legacy arrangements in his service contracts.

Annual bonus

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

Ordinarily, any bonus will be paid at the usual time (although the Remuneration Committee retains discretion to pay the bonus earlier in appropriate circumstances).

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

LTIP

Leaving before an award has vested

If an Executive Director ceases employment with the Group before an award under the 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 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 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; and
- deferred bonus awards will be released in full.

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.

Consultation with shareholders

Details of the Remuneration Committee's engagement with shareholders in relation to the proposed Remuneration Policy is set out on page 106 of this report.

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

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 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.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee did not specifically consult with employees when drawing up the Directors' Remuneration Policy. However, the Committee considers the pay and employment conditions of Group employees generally and takes these into account when determining the remuneration of the Executive Directors. The level of salary increases of employees within the wider Group is considered when setting base salary for Executive Directors. The Remuneration Committee is also kept informed of general decisions made in relation to employee pay and related issues.

External appointments

None of the Executive Directors currently has an external appointment other than personal service companies. The Directors recognise that external appointments can broaden an individual's skills and experience. If an Executive Director wishes to take up an external appointment, they must first seek approval from the Chair.

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 2024 (converted, where relevant, to euros based on an exchange rate of 1.1586 unless stated otherwise).

31 March 2024	Salary/fees	Benefits[2]	Pension[3]	Bonus	LTIP[4]	**Total**	**Total fixed pay**	**Total variable pay**
Executive Directors								
Andrew Coombs	€610,377	€58,002	€59,207	€900,306	€871,842	**€2,499,734**	**€727,586**	**€1,772,148**
Chris Bowman[5]	€359,994	€45,020	€34,919	€537,260	—	**€977,194**	**€439,954**	**€537,261**
Alistair Marks[1]	€104,550	€3,823	€10,141	€250,000	€532,777	**€901,291**	**€118,514**	**€782,777**
Non-Executive Directors								
Daniel Kitchen	€239,135	—	—	—	—	**€239,135**	**€239,135**	**—**
Joanne Kenrick	€81,507	—	—	—	—	**€81,507**	**€81,507**	**—**
Mark Cherry	€69,921	—	—	—	—	**€69,921**	**€69,921**	**—**
James Peggie	€69,921	—	—	—	—	**€69,921**	**€69,921**	**—**
Caroline Britton	€93,093	—	—	—	—	**€93,093**	**€93,093**	**—**
Kelly Cleveland	€69,921	—	—	—	—	**€69,921**	**€69,921**	**—**

(1) Alistair Marks stepped down from the Board on 10 July 2023 and remained an employee of Sirius Facilities GmbH until 31 March 2024. The 2024 figures reflect his remuneration earned in respect of his role as a Director of the Company up to the date he stepped down from the Board.

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

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

(4) The LTIP figures relate to the 2021 LTIP granted in August 2021 which vested after a three year performance period and are calculated using a share price of 96.7p, being the share price at the date of vesting (24 May 2024), converted to euros based on an exchange rate of 1.1742 that date.

(5) Chris Bowman received €38,620 buy out award which is included as part of the benefits figure in the above table.

The following table sets out total taxable remuneration for each Director in respect of the year ended 31 March 2023 (converted, where relevant, to euros based on an exchange rate of 1.14 unless stated otherwise).

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

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

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

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

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

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

Additional disclosures in respect of the single figure table

Base salary

The salaries applicable at 1 April 2023 are shown below (converted to euros based on an exchange rate of 1.1586, where relevant).

Executive Director	Base salary at 1 April 2023(1)
Andrew Coombs	€610,377
Chris Bowman	€521,370
Alistair Marks(2)	€400,000

(1) Note, Andrew Coombs and Chris Bowman are paid in sterling.

(2) Alistair Marks was appointed as interim CFO in addition to his existing duties as CIO on 16 August 2022. In recognition of his flexibility in taking on these additional responsibilities and the workload involved, the Committee agreed to increase Alistair Marks' salary slightly above the level for the workforce as a whole, by 5.95% for the 2024 financial year.

Non-Executive Director fees

From 1 April 2023, the Chair and Non-Executive Director basic fees were increased by 4.95%. No increases were made to the supplementary fees for chairing the Audit or Remuneration Committees or for holding the office of Senior Independent Director.

Non-Executive Director fees are shown below (converted to euros based on the exchange rate of 1.1586).

Executive Director	Fees at 1 April 2023
Chair fee	€239,135
Non-Executive Director fee	€69,921
Additional fee for Chair of the Audit Committee	€11,586
Additional fee for Chair of the Remuneration Committee	€11,586
Additional fee for Senior Independent Director	€11,586

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 2024, Andrew Coombs and Chris Bowman were awarded a bonus opportunity equal to a maximum of 150% of base salary (time pro rated for Chris Bowman) and Alistair Marks was awarded a bonus opportunity of 125% of base salary.

The following table sets out the bonus earned by Andrew Coombs and Chris Bowman and how this reflects performance for the year. The annual bonus is based 70% on adjusted funds from operations ("Adjusted FFO"), 10% on other strategic objectives, 10% on ESG objectives and 10% on personal objectives.

Adjusted FFO is used by the Board as a primary measure of the performance of the business, as it best reflects the changes in cash flow the Group is generating from its operations. It is the measure the Company uses to determine the level of dividend payable to its shareholders and cash flow from operations is a key factor in improving the value of the Group's properties, as valuers and potential buyers normally use a discounted cash flow model in determining values and offer prices. Adjusted FFO is defined for the purposes of the bonus objectives as being recurring profit before tax, adjusted for depreciation, amortisation of financing fees, senior management bonus costs and accruals and current tax receivable/incurred. In the calculation of Adjusted FFO for the purpose of the bonuses, the Committee has excluded acquisitions made during the year, to enable a like-for-like comparison with the previous year. Further information on its relationship with the Company's KPIs and its relevance as a short-term bonus performance measure is provided in the KPI section on pages 26 and 27 (adjusted profit before tax and dividend per share) and in the Dividend section of the Financial review on page 65.

2023/24 financial year	Weighting (% of maximum)	Target range	Actual performance	Pay-out (% of maximum)
Adjusted FFO	70%	€99.90m–€111.47m	€113.7m	70%
ESG objectives	10%	See below	100%	10%
Strategic objectives	10%	See below	2 of 3 achieved in full and one part achieved	8.3%
Personal objectives	10%	See below	100%	10%
Total	**100%**			**98.3%**

Annual report on remuneration continued

Annual bonus continued

ESG objectives, personal objectives and strategic objectives 2023/24 financial year – outturn

For the 2023/24 financial year, Andrew Coombs' and Chris Bowman's ESG, strategic and personal objectives were as follows:

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
ESG objectives			
Both	Identify and model the decarbonisation pathway for the UK portfolio (and link this to the decarbonisation plan for the German portfolio) by the end of March 2024.	An initial model of the Group's decarbonisation pathway (Sirius Facilities' ESG department plan and BizSpace programme to achieve EPC B by 2030) has been set against the CRREM/SBTi analysis. This will be reviewed to determine short-term decarbonisation targets for the Group to 2030.	10% out of 10% maximum
	Identify and model the decarbonisation pathway for the German portfolio by the end of March 2024.	The ESG department has developed a detailed potential operational and financial decarbonisation model pathway for Germany to 2030. This decarbonisation model was reviewed by the senior management in November 2023 and has been set against the updated CRREM assumptions. The updated pathway based against CRREM/SBTi will enable short-term decarbonisation targets for Germany to 2030 to be reviewed and agreed. It will consider the positive impact of the roll out of LEDs; the potential for on-site renewable energy; and the exclusion of carbon emissions from tenant production processes, which sit outside of the CRREM assumptions.	
	Achieve a minimum 50% positive score in the 2023 UK employee survey (as a percentage of participating employees) to the question "Would you recommend the company to others as a great place to work?"	86.7% of UK employees stated they would recommend Sirius to others as a great place to work (employee participation rate in the annual employee survey).	
	Achieve a minimum 50% positive score in the 2023 German employee survey (as a percentage of participating employees) to the question "Would you recommend the company to others as a great place to work?"	75.2% of German employees stated they would recommend Sirius to others as a great place to work (85.2% employee participation rate in the annual employee survey).	
	Identify, set, and measure a target for training and development across Germany and the UK to be expressed as delegate trained hours totalling 1,200 and 125 days by the end of March 2024.	1,280 and 436 training days completed across Germany and the UK respectively as at year end.	
Strategic objectives			
Both	Growing the gross asset value of the AXA-Real IM joint venture ("JV") to a minimum of €450m of assets by the end of FY2024.	Due to continuing uncertainty in market conditions during FY2024, no further acquisitions were made during the year. Gross asset value of the Titanium venture as at year end was €360m. The committee noted the growth in rent roll by 9.5%, the lengthening of WALT to 3.5 years which further enhanced the income of the JV, the payment of a dividend as well as self-funding its capital expenditure requirements. Given this strong performance, the Committee exercised its judgement to award half of the 10% of maximum.	10% out of 10% maximum
	Delivering (i) a net LTV at or below 40%; and (ii) a net debt to EBITDA ratio of lower than 8x and EBITDA to interest ratio of over 8x by the end of FY2024 through organic growth, disposals, equity raisings and refinancings or corporate debt issuances, enabling a programme of acquisitions in Germany and the UK in FY2024.	Net LTV was below 35% by year end and Net debt/EBITDA of 5.6 and EBITDA/interest cover of 8.3 for FY2024.	
	Completing 80,000 sqm of refurbishment of lettable space during FY2024 pursuant to the capex investment programme.	Refurbishment of over 100,000 sqm of lettable space achieved.	

Executive Director	Objectives	Actual performance	Bonus earned (% of maximum)
Personal objectives			
Andrew Coombs	Delivery of a comprehensive investor and analyst engagement programme, including results roadshows, investor visits, site tours and conferences where permitted, in the UK, South Africa and Germany.	Carried out full year and half year results roadshows, plus ad-hoc roadshows during the year, including specific meetings with US investors. There were two roadshows specific to the November 2023 fundraising effort, firstly to test the water and later to identify specific demand. South Africa was visited three times in the year for investor meetings. There were multiple site tours and investor visits hosting investors from the UK, Europe and South Africa.	10% out of 10% maximum
	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 site tours in Germany or the UK.	Arranged Board meeting attendance by senior management at each Board meeting, who discussed investments, employee matters, finance and GDPR. The Board visited six sites in the Frankfurt area, followed by a Board dinner with senior management and the Chair attended CEO forum and site visits across Germany and the UK, and consulted with shareholders in South Africa and observed a German Board of Directors meeting.	
	Identification and realisation of incremental revenue streams.	Achieved through UK parking initiative and start of tactical effort in Germany to increase revenue from recharges of repairs and maintenance generating over €1m of additional revenue.	
Chris Bowman	Successful completion of the CFO handover process and taking responsibility for the finance function without any material issues arising.	Achieved through proactively taking charge of all major finance functions without any issues arising.	10% out of 10% maximum
	Making material improvements to the presentation of financial and management information to the executive team and the Board developing a working relationship with the research analyst community in line with a medium-term target to expand the research coverage of Sirius.	Achieved – on arrival, focus on ensuring finance team appropriately staffed and structured; refreshed board pack is already in circulation; the Research analyst community relationships were re-built from a weak point and met with several non-covering analysts to begin to broaden exposure. Good relationship with Sirius bond investors established via roadshow, as well as ongoing dialogue with Fitch regarding our rating (which has been maintained at BBB).	
	Ongoing development of the risk management framework within Sirius in line with objectives agreed with the Audit Committee Chair. Assumption of additional reporting line responsibilities outside of the finance function.	Refreshed risk management framework and began to implement three lines of defence model (see Audit Committee report on page 92). Additional reporting lines were established for legal, acquisitions, service charge, yield management and Management Information Systems, Company Secretary in addition to the core finance team.	

By reference to the achievement of each Executive Director against their ESG/Strategic and Personal objectives detailed in the table above and the achievement of the Adjusted FFO target, the total bonus earned is 98.3% of maximum for both Andrew Coombs and Chris Bowman (being 147.5 % of salary for Andrew Coombs and 147.5% subject to time prorating of salary for Chris Bowman).

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 (50% paid in cash and 50% deferred for Chris Bowman until he attains the shareholding guideline of 300% of salary which was in force on his appointment) 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)	€900,306	€585,199	€157,554	€157,553
Chris Bowman(1)	€537,260	€268,630	€134,315	€134,315

(1) Converted to euros based on the exchange rate of 1.1586.

Annual report on remuneration continued

LTIP awards vesting in respect of the year ended 31 March 2024

Awards granted under the 2021 LTIP to each of Andrew Coombs and Alistair Marks on 2 August 2021, in the form of nil-cost options, with a three year performance period which ended on 31 March 2024 vested on 24 May 2024.

As shown in the tables below for Andrew Coombs and Alistair Marks the 2021 LTIP award granted in FY2022 vested at 80.9% of the maximum number of shares.

Performance measure	Weighting % of award	Threshold	Target	Maximum	Actual	Number of shares vesting
Annualised TNR(1) growth	Two-thirds	7.5%: shares vest for each award	10%: shares vest for each award	13.5%: shares vest for each award	10.8%	
Andrew Coombs		158,186	395,466	632,746		451,464
Alistair Marks		96,667	241,667	386,667		275,887
Relative TSR(2) against the peer group	One-third	Median: shares vest for each award	n/a	Upper quartile: shares vest for each award	Ranked 1, upper quartile	
Andrew Coombs		79,093	n/a	316,373		316,373
Alistair Marks		48,333	n/a	193,333		193,333

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

(2) TSR peer group: SEGRO Plc, Workspace Group plc, Big Yellow Group Plc, Safestore Holdings Plc, Custodian Property Income REIT Plc, Warehouse REIT Plc, LondonMetric Property Plc, Urban Logistics REIT, Demire Real Estate, Regional REIT Limited, VIB Vermögen AG, Alstria office REIT-AG, TLG Immobilien, Hamborner REIT AG, Branicks Group AG (formerly DIC Asset AG), CLS Holdings Plc and Shurgard Self Storage SA.

The vesting of the 2021 LTIP award granted in FY2022 to Andrew Coombs was subject to a requirement that the Company's LTV ratio policy over the applicable performance period in the opinion of the Committee had not been materially exceeded. In addition to this, the Committee considered the underlying performance of the Group during the performance period, taking into account overall business performance and whether there had been a significant negative event (such as an ESG event) which would warrant an adjustment and the risk of any "windfall gain" as set out on page 101. The Committee concluded that the LTV policy had been exceeded during FY2024 and had finished the year within policy 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 2021 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	949,119	80.9%	767,837	€871,842
Alistair Marks	580,000	80.9%	469,220	€532,777

The value of the vesting awards is based on the share price at the date of vesting of 96.7p, converted to euros based on the exchange rate (1.1742) on 24 May 2024. The value of the vesting awards has been included within the "single figure" total remuneration table on page 114.

The LTIP awards were granted on 2 August 2021 when the share price was €1.39. Therefore, the amount of the vested award attributable to share price appreciation was nil per share (not taking into account fluctuations in exchange rates).

LTIP awards granted during the year ended 31 March 2024

Awards were granted to Andrew Coombs and other members of the Senior Management Team on 9 June 2023 and to Chris Bowman on 22 September 2023 under the 2021 LTIP, as set out in the table below. Each award was granted in the form of a nil-cost option. The performance measures will be assessed over three years and a two year holding period will then apply to any shares which vest. In line with the plan rules and the Policy, the share price used to determine the number of shares under award was the closing price on 5 June 2023, being the day on which the results for the year ended 31 March 2023 were announced (£0.883).

Executive Director	Maximum number of shares	Face value at grant[1]	% of award vesting at threshold	% of salary	Performance period
Andrew Coombs	1,193,257	€1,229,054	25%	200%	1 April 2023–31 March 2026
Chris Bowman[2]	906,002	€933,182	25%	200%	1 April 2023–31 March 2026

(1) For these purposes, the face value of the award is calculated by multiplying the number of shares by €1.03 (being the share price of £0.883 as referred to above, converted to euros based on the exchange rate of 1.1695).

(2) (Chris Bowman's grant was reduced to reflect the proportion of the three-year performance period that elapsed prior to him joining the Group.

The targets for the LTIP grants made on 9 June 2023 and 22 September 2023 are as follows, with the TNR measure accounting for two-thirds of an award and the TSR measure for one-third:

Annualised TNR[1] growth over the performance period	Vesting percentage
<6.5% p.a.	0% of maximum
6.5% p.a.	25% of maximum
6.5% p.a.>–<8.5% p.a.	Pro rata vesting between 25% and 62.5% of maximum
8.5% p.a.	62.5% of maximum
8.5% p.a.>–<10.5% p.a.	Pro rata vesting between 62.5% and 100% of maximum
10.5% p.a.	100% of maximum

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

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

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

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

Deferred Bonus Plan awards granted in the year

The following nil-cost options were granted on 14 June 2023 under the Deferred Bonus Plan in respect of bonuses earned for the period ended 31 March 2023.

	Type of award	Number of shares awarded	Face value at grant[1]
Andrew Coombs	Nil-cost option	283,533	€292,038
Alistair Marks	Nil-cost option	145,570	€149,937

(1) For these purposes the face value of the award is calculated by multiplying the number of shares by €1.03 (£0.883 being the share price of £0.883, converted to euros based on the exchange rate of 1.1695).

On 14 June 2024, 50% of the shares will vest (rounded down to the nearest whole share where necessary) with the remaining balance vesting on 14 June 2025, subject to the terms of the plan. Dividend equivalents will be settled in shares in respect of dividends paid over the deferral period.

Annual report on remuneration continued

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

Alistair Marks stepped down from the Board as interim CFO and CIO on 10 July 2023 and remained an employee of Sirius Facilities GmbH until 31 March 2024. His remuneration earned in respect of his role as a Director of the Company up to 10 July 2023 is included in the single figure table on page 114. Following his departure from the Group, Alistair Marks bonus of €250,000 for the financial year 2024, will be paid, subject to the performance by him of certain conditions set out in his settlement agreement.

Alistair Marks has been treated as a "good leaver" for the purposes of his existing DBP award granted in respect of the bonus earned for the year ended 31 March 2023, which will continue subject to its original deferral period. Alistair has retained his LTIP awards granted in June 2019 and June 2020 for which the performance period had ended when he left the Group which will remain subject to their original holding periods. His other LTIP awards (granted in 2021 and 2022 and a SIP award granted in 2023) will vest to a maximum of 100%, 67% and 33% respectively post pro rating for time and subject in each case to the extent to which the performance conditions are satisfied.

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

Shareholding guidelines and statement of Directors' shareholdings and share interests

In respect of the financial year ended 31 March 2024, the Company's shareholding guidelines required Executive Directors to have acquired and retained a holding with a value equal to 300% of salary. Unvested share-based incentives do not count towards the guidelines. Shares which are vested but have not been released (that is, which are in a holding period), or which have been released but have not been exercised, count towards the guidelines on a net of assumed tax basis.

The interests of the Directors and their connected persons in the Company's ordinary shares as at 31 March 2024 (or, if earlier, the date of stepping down from the Board) were as set out below. The shareholdings of Andrew Coombs, Chris Bowman and Alistair Marks as a multiple of salary were as at 31 March 2024 (or, if earlier, the date of stepping down from the Board) 2,072%, 50.29% and 1,154% respectively (calculated using the share price at the relevant date of £0.9795 and £0.8355 respectively and an exchange rate of 1.1695). The shareholding guidelines have been met by Andrew Coombs. Chris Bowman joined the Board on 29 August 2023 and is not yet complying with the shareholding guidelines and the expectation is that he will build up his shareholding from his appointment date. There have been no changes to those interests between 31 March 2024 and the date of signing of these audited financial statements.

Share ownership

	Shares owned as at 31 March 2023	**Shares owned as at 31 March 2024 (or, if earlier, date of resignation)**
Executive Directors		
Andrew Coombs(1)	10,644,888	**11,143,889**
Chris Bowman	—	**158,139**
Alistair Marks	6,587,669	**6,405,046**
Non-Executive Directors		
Daniel Kitchen	218,850	**218,850**
Joanne Kenrick	—	**—**
James Peggie	1,374,536	**1,374,536**
Mark Cherry	—	**—**
Caroline Britton	—	**—**
Kelly Cleveland	—	**22,982**

(1) Andrew Coombs has encumbered 3.00m shares. The encumbrances were for rolling credit facilities of up to £1.00m for private purposes and for an indefinite period.

Share plan interests

Director	Award	Date of grant	Number of shares subject to award as at 1 April 2023	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 2024**	Status
Andrew Coombs	LTIP	15 June 2020	1,000,000	—	—	1,000,000	**—**	Vested
	LTIP	2 August 2021	949,119	—	—	—	**949,119**	Unvested subject to performance conditions(1)
	DBP	21 June 2021	74,054	—	—	74,054	**—**	Vested(2)
	LTIP	18 July 2022	940,028	—	—	—	**940,028**	Unvested subject to performance conditions(3)
	DBP	7 July 2022	192,055	—	—	96,028	**96,027**	Unvested, not subject to performance conditions(4)
	LTIP	9 June 2023	—	1,193,257	—	—	**1,193,257**	Unvested, not subject to performance conditions(5)
	DBP	14 June 2023	—	283,533	—	—	**283,533**	Unvested, not subject to performance conditions(6)
Chris Bowman	LTIP	22 September 2023	—	906,002	—	—	**906,002**	Unvested, not subject to performance conditions(5)
Alistair Marks	LTIP	15 June 2020	1,000,000	—	—	1,000,000	**—**	Vested
	LTIP	2 August 2021	580,000	—	—	—	**580,000**	Unvested subject to performance conditions(1)
	DBP	21 June 2021	54,129	—	—	54,129	**—**	Unvested, not subject to performance conditions(2)
	LTIP	18 July 2022	410,000	—	136,667	—	**273,333**	Unvested subject to performance conditions(3)
	DBP	7 July 2022	120,958	—	—	60,479	**60,479**	Unvested, not subject to performance conditions(4)
	SIP	9 June 2023	—	500,000	333,334	—	**166,666**	Unvested, not subject to performance conditions(5)
	DBP	14 June 2023	—	145,570	—	—	**145,570**	Unvested, not subject to performance conditions(6)

(1) These awards are subject to performance conditions as set out on page 103. The awards vested on 24 May 2024 at 80.9%.

(2) The shares vested on 14 June 2023.

(3) These awards are subject to performance conditions as set out on page 113 of the Annual Report and Accounts for the year ended 31 March 2023.

(4) 50% of the shares vested on 14 June 2023; the remaining 50% will vest 14 June 2024.

(5) These awards are subject to performance conditions as set out on page 103.

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

Annual report on remuneration continued

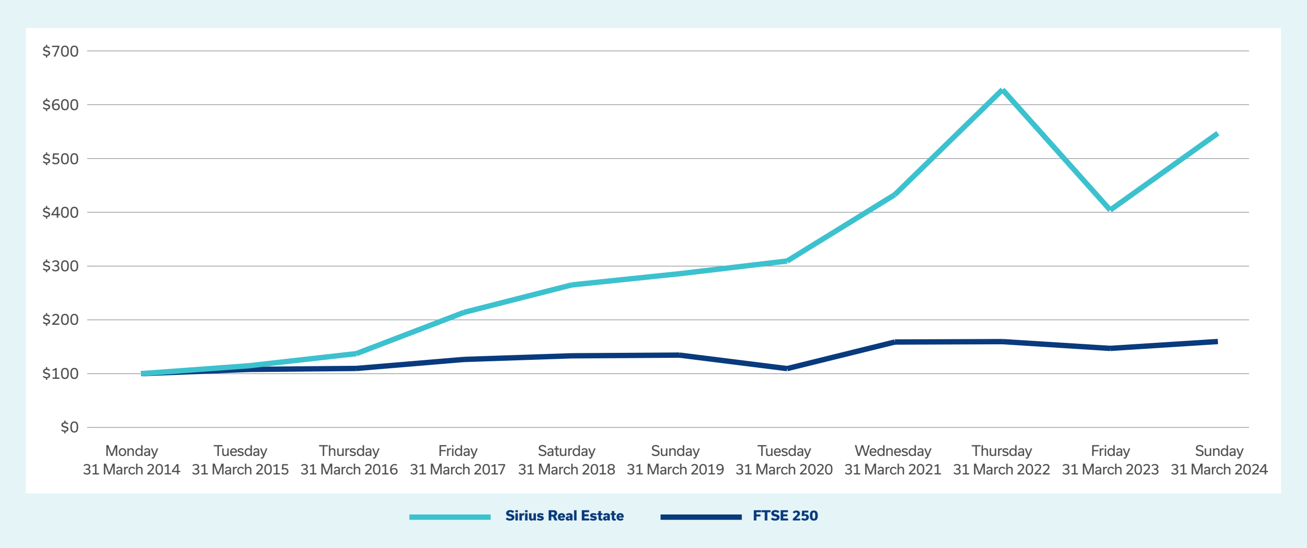
Implementation of Directors' Remuneration Policy for the 2025 financial year

Information on how the Company intends to implement the new Remuneration Policy for the financial year ending 31 March 2025 is set out in the Committee Chair's letter on pages 99 and 100.

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 2014 to 31 March 2024. 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 2024 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 eight(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)
2024	**2,499,734**	**98.3%**	**80.9%**
2023	2,459,352	95%	100%
2022	3,372,125	97%	100%
2021	2,795,766	100%	100%
2020	968,598	95%	—
2019	6,631,533	95%	96%(2)
2018	989,175	100%	—
2017	906,143	83%	—

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

(2) The 2015 LTIP vested in full in this year, having only had one single award grant in 2015 when the Company was listed on the Alternative Investment Market of the London Stock Exchange. As announced on 28 June 2018, the Executive Directors voluntarily surrendered 4% of their awards, to enable the awards to be reallocated to 79 employees who did not participate in the 2015 LTIP. The percentage in the table is post surrender of those shares.

Relative importance of spend on pay

The table below demonstrates the relative importance of the Group's expenditure on total employee pay compared to dividend payments to shareholders. There were no share buybacks during either financial year.

	2024 €m	2023 €m	% change
Dividend payments	**75.3**	59.2	27%
Total employee pay	**40.2**	36.4	10.7%

Advice to the Committee

Andrew Coombs and Chris Bowman occasionally attended meetings of the Committee and provided information and support as requested. No Executive Director was involved in determining their own remuneration.

The Committee received objective and independent advice from Deloitte LLP and from PricewaterhouseCoopers LLP ("PwC") during the year ended 31 March 2024. PwC 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 and PwC's fees for providing remuneration advice to the Committee were £23,450 and £66,250 respectively for the year ended 31 March 2024. PwC have succeeded Deloitte as Committee appointees and both advisers have provided share scheme advice and general remuneration advice to the Company.

Statement of voting at the previous Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out the actual voting in respect of the non-binding shareholder votes on the Directors' Remuneration Policy and the Directors' remuneration implementation report at the Company's Annual General Meeting on 10 July 2023.

Resolution	Votes for	% of votes	Votes against	% of votes	Votes withheld
Remuneration Policy	768,779,276	91.72%	69,390,409	8.28%	3,004,395
Remuneration implementation report	733,895,164	87.65%	103,449,721	12.35%	3,829,195

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

Voting at upcoming Annual General Meeting

Both Sirius' Remuneration Policy and its implementation report thereon will again be presented to shareholders at the Company's upcoming AGM to be held on 28 June 2024.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the implementation report, or both, at the AGM, Sirius will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always with due regard to meeting Sirius' stated business objectives while being fair and responsible toward both the employees and shareholders.

The Committee accordingly requests shareholders to consider the Company's Remuneration report in detail and in context, and to support the non-binding advisory votes on its Remuneration Policy and implementation report thereon at Sirius' upcoming AGM, to the extent that they are eligible to attend and vote thereon. The Committee remains committed to ongoing consultation on an individual shareholder level and welcomes any constructive input from shareholders throughout the year.

Shareholder engagement

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

Approved by the Board on 31 May 2024.

Joanne Kenrick
Chair of the Remuneration Committee
31 May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, they have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and applicable law.

Under The Companies (Guernsey) Law, 2008 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state that the Group has complied with IFRS as issued by the IASB, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of IFRS as issued by the IASB is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and performance; and
- prepare the Group's financial statements on a going concern basis, unless it is inappropriate to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Annual Report and Accounts 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 Accounts

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 Accounts, 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
Chair
31 May 2024

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

for the year ended 31 March 2024 (additional declaration as required by the rules of the JSE Limited)

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

(a) the annual financial statements set out on pages 139 to 188, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

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

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and

(f) we are not aware of any fraud involving Directors.

Andrew Coombs
CEO
31 May 2024

Chris Bowman
CFO
31 May 2024

The Directors submit their report with the audited financial statements for the year ended 31 March 2024. A review of the Group's business and results for the year is contained in the Chair's statement, the Asset management review and the Financial review which should be read in conjunction with this report.

The Directors have complied with the provisions of The Companies (Guernsey) Law, 2008 (the "Companies Law") in preparing the financial statements. The Directors confirm to the best of their knowledge and belief that the Company has complied with the Companies Law and the Company's Articles of Incorporation throughout the financial year ended 31 March 2024.

The Directors submit their report together with the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes for the financial year ended 31 March 2024 set out on pages 139 to 188, 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.

Principal activities of the Group

Sirius Real Estate Limited is the Group's holding company. The principal activity of its operating subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and the United Kingdom.

Results and dividends

These results are set out in the consolidated income statement on pages 182 to 183.

The Group's profit after tax for the year was €107.9m (2023: €79.7m).

The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2024 of 3.05c per share representing 68% of FFO, an increase of 2.3% on the equivalent dividend last year, which represented 65% of FFO. The total dividend for the year is 6.05c, an increase of 6.5% on the 5.68c total dividend for the year ended 31 March 2023, based also on 65% of FFO.

It is expected that, for the dividend authorised in respect of the six month period ended 31 March 2024, the ex-dividend date will be 26 June 2024 for shareholders on the South African register and 27 June 2024 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 28 June 2024 and the dividend will be paid on 25 July 2024. A detailed dividend announcement is expected to be made on 3 June 2024. There will be a Dividend Reinvestment Plan ("DRIP") but no scrip dividend alternative ("Scrip") offered on the dividend payment in respect of the six months ended 31 March 2024.

The Group dividend policy is stated in the Financial review on page 65. Dividends are expected to continue being paid in cash on a semi-annual basis and shareholders may also be offered a DRIP and/or a Scrip. 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 79 to 87.

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 (other than those described below), which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. Restrictions, in the form of changes to the Articles of Incorporation, were adopted by shareholders at the 2022 AGM, which were necessary consequential to the Company's conversion to a UK REIT to ensure that the Company can be seen to be taking reasonable steps to avoid losing UK REIT status, and desirable in relation to certain US transfers to ensure the Company doesn't violate certain onerous US requirements. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Employee share plans

Details of employee share plans are set out in note 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 2024 by the Employee Benefit Trust as described above was €396,345.14 (2023: €327,448). 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 2023 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 2024 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 2023 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 2024 AGM.

An authority for a scrip dividend alternative was approved at the 2023 AGM and the Directors are seeking this authority again at the 2024 AGM, although no scrip dividend alternative will be offered in relation to the dividend being in respect of the six months ended 31 March 2024. The Directors seek the flexibility to offer a scrip dividend alternative in the future. For those shareholders who wish to receive their dividend in respect of the six months ended 31 March 2024 in the form of shares, the DRIP will again be available.

Directors

Details of the Directors who served during the financial year and their meeting attendance are set out on page 81 of the Corporate governance report. The Corporate governance report also describes the effects the principal decisions taken by the Directors have had on the Company's key business relationships with colleagues, tenants, suppliers and others.

In accordance with the 2018 Code, all the Directors, apart from James Peggie, will stand for re-election at the AGM on 28 June 2024. The Chair 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 2024 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 2024 are set out in the Directors' remuneration report on page 120. 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 2024, 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	137,169,058	10.17%
abrdn Plc	114,659,544	8.50%
Public Investment Corporation Soc Ltd (SA)	82,791,166	6.14%

(1) As at date of notification and as at 31 March 2024.

As at 31 March 2024, 88 non-public owners held 1.41% of shares (there are no Treasury Shares), which includes those shares held by Executive and Non-Executive Directors, and there were 7,727 public shareholders holding 98.59%.

Going concern

Details of the Group's going concern assessment are set out in note 2 to the financial statements.

Valuation and net assets

(i) Valuation

Cushman & Wakefield LLP valued the Group's owned properties, including assets held for sale, at €2,186.7m as at 31 March 2024 (2023: €2,111.9m). After adjusting investment properties for lease incentive accounting, the book value of investment properties excluding assets held for sale is shown as €2,210.6m (2023: €2,098.5m) 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 2024 and the net assets of the Group at that date amounted to €1,407.9m (2023: €1,197.1m).

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 10.00am (UK time) on Friday 28 June 2024 at 33 St James' Square, London SW1Y 4JS. Further information can be found in the Shareholder Circular and Notice of Meeting which accompany this Annual Report and Accounts.

Company website

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

Disclosures required under UK Listing Rule 9.8.4

There are no disclosures required to be made under LR 9.8.4R which have not already been disclosed elsewhere in this Directors' report or cross referenced in the Annual Report 2024.

Auditor and disclosure of information to auditor

On the recommendation of the Audit Committee, the Board of Directors proposes to the Annual General Meeting to be held on 28 June 2024 that Ernst & Young LLP ("EY") be reappointed as auditor of the Company.

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

- there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company auditor is aware of that information.

By order of the Board

Anthony Gallagher

Anthony Gallagher
Company Secretary
31 May 2024

Financial statements

INDEPENDENT AUDITOR'S REPORT
to the members of Sirius Real Estate Limited

Opinion

We have audited the financial statements of Sirius Real Estate Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 34, including a summary of material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"); and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

Conclusions relating to going concern

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

- We obtained an understanding of the process followed by management in preparing the Group's going concern assessment over the going concern period to 31 October 2025, including: obtaining the base case scenario and the severe but plausible downside scenario covering the going concern period, which was prepared by management and provided to the Board. We challenged management on whether the scenarios considered were sufficient to allow them to form their view on going concern and we applied further sensitivities, including to rental income and cost inflation, to stress test the impact on forecast available cash and covenant compliance.
- We tested the mathematical accuracy of the models and verified the opening available cash balance in management's cash flow forecast by comparing it to the year-end cash balance which was subject to our audit procedures.
- We challenged the completeness of risks identified in management's assessment and the appropriateness of the key assumptions which may adversely affect future occupancy and income levels and the impact of a fall in property valuations on compliance with loan covenants. We challenged management's assumptions through agreeing them to supporting evidence and searching for contradictory evidence, using our understanding of the Group's business, evidence gained during the audit and our industry knowledge. We assessed the historical forecasting accuracy as an input into determining the ability of management to forecast for the going concern period.
- We challenged the reasonableness of mitigating actions identified by management (such as suspension of dividend, reductions in capital expenditure, refinancing or selling unencumbered assets) through evaluating whether these are within management's ability to control, and assess this through our understanding of the business and the presence of any contrary evidence. We confirmed that no mitigating actions are forecast to be required by management in their severe but plausible downside scenario.
- We performed testing to evaluate whether the covenant requirements of the debt facilities would be breached under the severe but plausible downside scenario prepared by management and applied additional stress tests to observe their impact on liquidity. We performed additional reverse stress testing to understand the likelihood of a fall in valuations and/or occupancy needed to use remaining liquidity or breach loan covenants. In assessing the likelihood of these scenarios, we considered the perspective of EY Chartered Surveyors, assessed the impact of the timing of these events and understood the availability of mitigating actions to be taken.

Conclusions relating to going concern continued

- We assessed whether there were events beyond the going concern period that could result in liquidity or covenant issues for the Group. We identified the €400m corporate bond maturing in June 2026 and obtained the views from EY's Debt Advisory team to assess the likelihood of the Group being able to refinance the facility.
- We reviewed the disclosures in the Annual Report and Accounts in relation to going concern with a view to assessing whether they appropriately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken.

Our key observations on going concern include:

- In the base case and severe but plausible downside scenarios the Group is expected to have sufficient liquidity and to comply with its loan covenants with no default events occurring.
- Management's assessment of going concern is based on the current portfolio, on the assumption that any significant new acquisitions will be appropriately financed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period to 31 October 2025.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	» The Group operates in both Germany and the United Kingdom. We performed an audit of the complete financial information of both the German and United Kingdom locations, which were both designated as full scope locations. » The locations where we performed full scope audit procedures accounted for 100% of adjusted profit before tax, 100% of revenue and 100% of total assets.
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.
Materiality	» Overall materiality of €23.3m (2023: €21.3m) which represents 0.9% of 2024 total assets (2023: 0.9% of total assets) was applied to balances related to investment properties, loans, derivatives and the related Income Statement balances. » Specific materiality of €5.1m (2023: €4.5m) which represents 5% of adjusted profit before tax (2023: 5% of adjusted profit before tax) was applied to account balances not related to investment properties, loans, derivatives and the related Income Statement balances. » We have allocated the performance materiality to the two locations of the Group (Germany and the UK).

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the Group financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change when assessing the level of work to be performed. All audit work was performed directly by a single integrated audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected both locations covering entities within Germany and United Kingdom, which represent the principal business units within the Group.

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

	Germany	United Kingdom
Revenue	78% of Group	22% of Group
Adjusted profit before tax	99% of Group	1% of Group
Total assets	81% of Group	19% of Group

For the current year, the full scope locations contributed 100% (2023: 100%) of the Group's adjusted profit before tax, 100% (2023: 100%) of the Group's revenue and 100% (2023: 100%) of the Group's total assets.

Climate change

Stakeholders are increasingly interested in how climate change will impact Sirius Real Estate Limited. The Group has determined that the most significant future impacts from climate change on its operations will be from failure to meet stakeholder expectations in adapting to ongoing trends and changes in regulatory environment as regulation evolves over time. These are explained on pages 46 to 59 in the Task Force on Climate-Related Financial Disclosures and on page 71 in the principal risks and uncertainties. They have also explained their climate commitments on pages 40 to 42. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

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

The Group has explained in Note 3 to the financial statements ('Sustainability') its articulation of how climate change has been reflected in the financial statements. The impact of climate change on significant judgements and estimates is included in Note 3.

Our audit effort in considering the impact of climate change on the Group's financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 54 and 55 and the significant judgements and estimates disclosed in Note 3 and whether these have been appropriately reflected in the investment property portfolio valuation and associated disclosures and in the models of future cash flows which are used to assess the Group's ability to continue to operate as a going concern. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

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

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: the valuation of the investment property portfolio. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

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 2024: €2,210.6m (2023: €2,123.0m) in investment properties, and €362.5m (2023: €354.7m) included in investments in associates Refer to the Audit Committee Report (pages 88 to 93); Accounting policies (pages 143 to 150); and Note 13 of the Consolidated Financial Statements (pages 166 to 169) The valuation of investment property portfolio requires significant judgement and use of estimates by management and their external specialists. Any input inaccuracies or unreasonable bases used in these judgements (such as in respect of market rental income, cap rate and yield profile applied) could result in a material misstatement of the income statement and balance sheet balances. There is also a risk that management may unduly influence the significant judgements and estimates in respect of investment property valuations in order to achieve investment property valuation increases and other performance targets to meet market expectations or bonus target.	We performed the following audit procedures in respect of the valuation of investment property portfolio: » 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 in Germany and the UK, which included consideration of their qualifications, expertise and objectivity. » We reconciled the external valuations to the financial statements and reviewed the valuation reports for any caveats or limitations in scope. We read the external valuer engagement letter to identify any unusual terms or conditions. » We tested the key inputs to the valuations, including agreeing the total contracted rent roll provided by management to the underlying tenancy schedules and agreeing contracted rent, lease term, lease incentives to underlying lease data. » We selected a sample based on factors including size, risk, type of property and location, which in total comprised 44% (2023: 46%) of the market value of investment properties (including investment properties within assets held for sale and total value of investments in associates). We included Chartered Surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for our sample. Our Chartered Surveyors assessed the yield of each property against available market evidence and/or asset specific considerations. They also assessed whether the other assumptions applied by the external valuer, such as the market rental income and voids were supported by available market data. Furthermore, they reperformed valuation calculations to determine a reasonable range of values for each investment property in the sample. » We challenged the external valuer on whether climate factors had been considered as part of the valuations. The external valuer confirmed that this had been considered but did not lead to any specific adjustments to values. » We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio by reference to movements in yields and rents during the year and their impact on the valuation, along with asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We challenged management and their external valuer with our audit findings, including contradictory evidence to obtain further understanding of the movements in values. » We obtained a confirmation from the external valuer that they had not been subject to undue influence from management. » We performed site visits accompanied by our Chartered Surveyors for a sample of properties, to confirm existence and state of repair of the properties. » We assessed the adequacy of the disclosures of estimates and valuation assumptions in note 3 and note 13 that were made in accordance with IFRS 13 – Fair Value Measurement. **Scope of our procedures** We performed full scope audit procedures over the valuation of the investment property portfolio (including investment properties held in investments in associates) in respect of both locations, representing 100% of the total portfolio.	We concluded that the methodology applied by the external valuer was appropriate and that the external valuations were a reasonable assessment of the market value of investment properties and those included in investments in associates at 31 March 2024. We concluded that the sample of valuations they reviewed were within a reasonable range. We concluded that the investment property and those included in investments in associates valuations are reasonable and did not identify evidence of undue Management influence.

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 **Revenue** 2024: €288.8m (2023: €270.1m) **Rental and other income from investment properties** 2024: €169.8m (2023: €160.1m) **Service charge income** 2024: €114.4m (2023: €100.4m) **Other income** 2024: €4.6m (2023: €5.3m) Refer to the Audit Committee report (pages 88 to 93); Accounting policies (pages 143 to 150); and Note 5 of the Financial Statements (page 153) 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. The investor focus on profit based targets has led us to identify a fraud risk for revenue recognition. We consider that the risk lies within the revenue being overstated through manipulation of journal entries via top-side adjustments and incorrect cut-off. There is a further risk of revenues being deferred into subsequent periods where profit-based targets are exceeded for the period under audit.	Our audit procedures over revenue recognition included: » We evaluated the Group's controls over revenue recognition which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. » We challenged the appropriateness of a sample of manual top-side journals posted to revenue outside the general ledger through obtaining evidence to support the journal posting. The manual journals testing is specifically designed to address the risk of management override of controls and incorrect cut off. **Rental income** » We tested 100% of the rental income recognised in the year using data analytics, recalculating the lease contract revenue from the lease terms by tenant in the property management system and comparing it to the revenue recognised in the year. » We tested the integrity of the tenancy schedule downloaded from the property management system by agreeing a sample of lease information to the original lease documents or subsequent lease amendments and traced our sample through to cash collections. Using this data, we recalculated the expected rental income and service charge prepayment balances, comparing this to the reported figures in the general ledger. » We agreed a sample of lease agreements to the revenue recognised, after considering the straight-lining of lease incentives over the lease period in accordance with IFRS 16 – Leases. **Service charge income** » 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 agreed a sample of service charge income recognised in the year to the supporting invoices raised through to cash receipts. » Specifically for Germany, we challenged the reasonableness of management's estimate of the true-up of service charge through comparison against historic service charge reconciliations and comparison against the service charge costs incurred. **Other income** » We confirmed a sample of other income recognised in the year is in line with the underlying terms of the relevant agreements and compared this to the revenue recognised by management. » We agreed a sample of other income recognised to the supporting invoices raised through to cash collections. **Scope of our procedures** We performed full scope audit procedures over revenue recognition, in respect of both locations, representing 100% of total 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

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.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality	Performance materiality	Audit differences
Overall materiality	0.9% of Total assets (2023: 0.9% of Total assets)	€23.3m (2023: €21.3m)	€17.4m (2023: €16.0m)	€1.2m (2023: €1.1m)
Specific materiality	5% of Adjusted profit before tax (2023: 5% of Adjusted profit before tax)	€5.1m (2023: €4.5m)	€3.9m (2023: €3.4m)	€0.2m (2023: €0.2m)

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We believe that an asset-based measure is the most appropriate basis for determining overall materiality, given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined materiality for the Group to be €23.3m (2023: €21.3m), which is 0.9% (2023: 0.9%) of Total assets.

We determined that for other account balances not related to investment properties (either wholly owned or held within associates), loans, derivatives and the related Income Statement balances, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements.

We determined that materiality for these areas should be based upon 5% of adjusted profit before tax. Adjusted profit before tax is considered an important performance metric and aligned with industry earnings measures.

During the course of our audit, we reassessed initial materiality to reflect year end balances and this did not result in any significant change.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely overall performance materiality of €17.4m (2023: €16.0m) and specific performance materiality of €3.9m(2023: €3.4m). We have set performance materiality at this percentage based on our expectations of identifying material misstatements and the control environment supporting the prevention of material misstatement.

Audit work at locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each location is based on the relative scale and risk of the location to the Group as a whole and our assessment of the risk of misstatement at that location. The table below sets out the performance materiality applied to each location on our audit:

	Performance materiality – Germany	Performance materiality – UK
Overall materiality	€15.7m	€8.7m
Specific materiality	€3.5m	€1.9m

An overview of the scope of our audit continued

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €1.2m (2023: €1.1m), as well as uncorrected audit differences in excess of €0.2m (2023: €0.2m) that relate to our testing of account balances not related to investment property, loans, derivatives and the related Income Statement balances, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 128, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 127;
- 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 72;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 127;
- Directors' statement on fair, balanced and understandable set out on pages 124 to 125;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 66 to 71;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 92 and 93; and;
- The section describing the work of the audit committee set out on pages 90 and 91.

An overview of the scope of our audit continued

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 124, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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

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) and the relevant tax regulations in the jurisdictions the Group operates in. There are no significant industry specific laws or regulations that we considered in determining our approach;
- We understood how Sirius Real Estate Limited is complying with those frameworks, to the extent necessary to mitigate the risk of a material misstatement in the financial statements;
- 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 and including EY Forensics on the audit team to input into our risk assessment. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those programmes and controls;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and 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 and debt providers to verify the completion, valuation and existence of cash, loan and derivative balances;
  - 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 journals which we identified as being at higher risk of manipulation from management.

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.

An overview of the scope of our audit continued

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company on 21 September 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 six years, covering the years ending 31 March 2019 to 31 March 2024.
- 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.

Peter McIver
for and on behalf of Ernst & Young LLP
London
31 May 2024

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024 €m**	Year ended 31 March 2023 €m
Revenue	5	**288.8**	270.1
Direct costs	6	**(123.0)**	(116.7)
Net operating income		**165.8**	153.4
Gain/(loss) on revaluation of investment properties	13	**12.2**	(9.8)
Gain on disposal of properties		**0.9**	4.7
Movement in expected credit loss provision	6	**0.9**	(1.0)
Administrative expenses	6	**(49.7)**	(48.3)
Share of profit of associates	19	**0.6**	2.6
Operating profit		**130.7**	101.6
Finance income	9	**6.6**	2.8
Finance expense	9	**(20.8)**	(18.3)
Change in fair value of derivative financial instruments	9	**(1.3)**	0.9
Net finance costs		**(15.5)**	(14.6)
Profit before tax		**115.2**	87.0
Taxation	10	**(7.3)**	(7.3)
Profit for the year after tax		**107.9**	79.7
Profit attributable to:			
Owners of the Company		**107.8**	79.6
Non-controlling interest		**0.1**	0.1
		107.9	79.7
Earnings per share			
Basic earnings per share	11	**8.75c**	6.82c
Diluted earnings per share	11	**8.63c**	6.73c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024 €m**	Year ended 31 March 2023 €m
Profit for the year after tax		**107.9**	79.7
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods			
Foreign currency translation	27	**12.9**	(17.2)
Other comprehensive income/(loss) after tax that may be reclassified to profit or loss in subsequent periods		**12.9**	(17.2)
Other comprehensive income/(loss) for the year after tax		**12.9**	(17.2)
Total comprehensive income for the year after tax		**120.8**	62.5
Total comprehensive income attributable to:			
Owners of the Company		**120.7**	62.4
Non-controlling interest		**0.1**	0.1
		120.8	62.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

	Notes	31 March 2024 €m	31 March 2023 €m
Non-current assets			
Investment properties	13	**2,210.6**	2,123.0
Plant and equipment	15	**7.8**	7.2
Intangible assets	16	**3.3**	4.1
Right of use assets	17	**12.6**	14.4
Other non-current financial assets	18	**49.1**	48.4
Investment in associates	19	**25.2**	26.7
Total non-current assets		**2,308.6**	2,223.8
Current assets			
Trade and other receivables	20	**42.4**	30.5
Derivative financial instruments		**—**	1.3
Cash and cash equivalents	21	**244.2**	124.3
Total current assets		**286.6**	156.1
Assets held for sale	14	**—**	8.8
Total assets		**2,595.2**	2,388.7
Current liabilities			
Trade and other payables	22	**(114.7)**	(101.5)
Interest-bearing loans and borrowings	23	**(29.6)**	(243.7)
Lease liabilities	17	**(2.3)**	(2.2)
Current tax liabilities	10	**(7.0)**	(5.4)
Total current liabilities		**(153.6)**	(352.8)
Non-current liabilities			
Interest-bearing loans and borrowings	23	**(915.5)**	(720.7)
Lease liabilities	17	**(35.5)**	(37.4)
Deferred tax liabilities	10	**(82.7)**	(80.2)
Total non-current liabilities		**(1,033.7)**	(838.3)
Total liabilities		**(1,187.3)**	(1,191.1)
Net assets		**1,407.9**	1,197.6
Equity			
Issued share capital	26	**—**	—
Other distributable reserve	27	**605.7**	516.4
Own shares held		**(8.1)**	(8.3)
Foreign currency translation reserve	27	**(6.0)**	(18.9)
Retained earnings		**815.7**	707.9
Total equity attributable to the owners of the Company		**1,407.3**	1,197.1
Non-controlling interest		**0.6**	0.5
Total equity		**1,407.9**	1,197.6

The financial statements on pages 139 to 188 were approved by the Board of Directors on 31 May 2024 and were signed on its behalf by:

Daniel Kitchen
Chair

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2024

	Notes	Issued share capital €m	Other distributable reserve €m	Own shares held €m	Foreign currency translation reserve €m	Retained earnings €m	Total equity attributable to the owners of the Company €m	Non-controlling interest €m	Total equity €m
As at 31 March 2022		—	570.4	(6.3)	(1.7)	628.3	1,190.7	0.4	1,191.1
Profit for the year		—	—	—	—	79.6	79.6	0.1	79.7
Other comprehensive loss for the year		—	—	—	(17.2)	—	(17.2)	—	(17.2)
Total comprehensive income for the year		—	—	—	(17.2)	79.6	62.4	0.1	62.5
Dividends paid	28	1.4	(59.2)	—	—	—	(57.8)	—	(57.8)
Transfer of share capital	26	(1.4)	1.4	—	—	—	—	—	—
Share-based payment transactions	8	—	5.5	—	—	—	5.5	—	5.5
Value of shares withheld to settle employee tax obligations	8	—	(1.7)	—	—	—	(1.7)	—	(1.7)
Own shares purchased	26	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Own shares allocated	26	—	—	0.3	.—	—	0.3	—	0.3
As at 31 March 2023		**—**	**516.4**	**(8.3)**	**(18.9)**	**707.9**	**1,197.1**	**0.5**	**1,197.6**
Profit for the year		—	—	—	—	107.8	107.8	0.1	107.9
Other comprehensive income for the year		—	—	—	12.9	—	12.9	—	12.9
Total comprehensive income for the year		—	—	—	12.9	107.8	120.7	0.1	120.8
Shares issued	26	167.4	(2.1)	—	—	—	165.3	—	165.3
Transaction costs relating to share issues	26	(3.3)	—	—	—	—	(3.3)	—	(3.3)
Dividends paid	28	—	(75.3)	—	—	—	(75.3)	—	(75.3)
Transfer of share capital	26	(164.1)	164.1	—	—	—	—	—	—
Share-based payment transactions	8	—	5.0	—	—	—	5.0	—	5.0
Value of shares withheld to settle employee tax obligations	8	—	(2.2)	—	—	—	(2.2)	—	(2.2)
Own shares purchased	26	—	—	—	—	—	—	—	—
Own shares allocated	26	—	(0.2)	0.2	—	—	—	—	—
As at 31 March 2024		**—**	**605.7**	**(8.1)**	**(6.0)**	**815.7**	**1,407.3**	**0.6**	**1,407.9**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024 €m**	Year ended 31 March 2023 €m
Operating activities			
Profit for the year before tax		**115.2**	87.0
Gain on disposal of properties		**(0.9)**	(4.7)
Net exchange differences in working capital		**3.4**	(0.2)
Share-based payments	8	**5.0**	5.5
(Gain)/loss on revaluation of investment properties	13	**(12.2)**	9.8
Change in fair value of derivative financial instruments	9	**1.3**	(0.9)
Depreciation of property, plant and equipment	6	**1.8**	2.1
Amortisation of intangible assets	6	**1.5**	1.3
Depreciation of right of use assets	6	**1.8**	2.1
Share of profit of associates	19	**(0.6)**	(2.6)
Finance income	9	**(6.6)**	(2.8)
Finance expense	9	**20.8**	18.3
Changes in working capital			
Increase in trade and other receivables		**(0.3)**	(5.9)
Increase in trade and other payables		**19.0**	12.4
Taxation paid		**(3.1)**	(8.0)
Cash flows from operating activities		**146.1**	113.4
Investing activities			
Purchase of investment properties		**(71.0)**	(42.8)
Prepayments relating to investment property acquisitions		**(7.1)**	–
Capital expenditure on investment properties		**(39.5)**	(28.4)
Purchase of plant and equipment and intangible assets		**(3.1)**	(5.3)
Proceeds on disposal of properties (including assets held for sale)		**46.4**	32.0
Dividends received from investment in associates		**2.1**	–
Increase in loans receivable due from associates		**(0.7)**	(0.1)
Interest received		**6.6**	2.8
Cash flows used in investing activities		**(66.3)**	(41.8)
Financing activities			
Proceeds from issue of share capital	26	**165.3**	–
Transaction costs on issue of shares	26	**(3.3)**	–
Shares purchased		**–**	(2.3)
Payment relating to exercise of share options	8	**(2.2)**	(1.7)
Dividends paid to owners of the Company	28	**(75.3)**	(57.8)
Proceeds from loans		**228.3**	–
Repayment of loans	23	**(248.0)**	(20.4)
Payment of principal portion of lease liabilities		**(2.2)**	(1.2)
Finance charges paid		**(20.0)**	(15.2)
Cash flows from/(used in) financing activities		**42.6**	(98.6)
Increase/(decrease) in cash and cash equivalents		**122.4**	(27.0)
Net exchange difference		**(2.5)**	0.3
Cash and cash equivalents as at the beginning of the year		**124.3**	151.0
Cash and cash equivalents as at the year end	21	**244.2**	124.3

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group" or "Sirius") for the year ended 31 March 2024.

The principal activity of the Group is the investment in, and development of, commercial and industrial property to provide conventional and flexible workspace in Germany and the United Kingdom ("UK").

2. Accounting policies

(a) Basis of preparation and statement of compliance

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 hundred thousand shown in millions (€m), except where otherwise indicated.

The Company has prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as a result of the primary listing on the JSE, the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of JSE Limited and The Companies (Guernsey) Law, 2008. The consolidated financial statements have been prepared on the same basis as the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2023, except for the changes in accounting policies as shown in note 2(b). All forward-looking information is the responsibility of the Board of Directors and has not been reviewed or reported on by the Group's auditor.

(b) Changes in accounting policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated).

IFRS 17 Insurance Contracts ("IFRS 17")

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2: Making Materiality Judgements ("IFRS Practice Statement 2")

The amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group adopted the amendments to IAS 1 and IFRS Practice Statement 2 in the current year in relation to the Group's disclosures of accounting policies.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 Income Taxes ("IAS 12")

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than €750m per year.

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

2. Accounting policies continued

(c) Going concern

The Group has prepared its going concern assessment for the period to 31 October 2025 (the "going concern period"), a period greater than twelve months from the approval of the Group financial statements, to align with the expected timing of the approval of the Company's subsidiary entities financial statements where a letter of support is expected to be required from the Company.

The Group's going concern assessment is based on a forecast of the Group's future cash flows. Management prepares a base case scenario and a severe but plausible downside scenario where sensitivities are applied to model the outcome on the occurrence of downside assumptions explained below. It considers the Group's principal risks and uncertainties and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 23) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants. Within the going concern period, three of the Group's debt facilities mature, with a €5.0m tranche of the Schuldschein loan falling due in January 2025 and a €10.0m tranche falling due in March 2025 and the €12.8m Saarbrücken Sparkasse facility falling due in February 2025. No further debt of the Group matures until June 2026.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as geopolitical instability, future energy shortages, further cost increases due to inflation, pressures from increasing interest rates and outward yield movements on the Group's financial position and future prospects. The cash flow projections incorporate assumptions on future trading performance and potential valuation movements in order to estimate the level of headroom on the Group's debt facilities and covenants for loan to value, debt service cover, EPRA net asset value, unencumbered assets ratios, fixed charge ratios and occupancy ratios set out within the relevant finance agreements.

The impact of the macro-factors above has placed further pressure on the costs of the business, however this did not result in any deterioration in the Group's income streams in the year ended 31 March 2023 or in the year ended 31 March 2024 and asset values remained relatively stable throughout. However, the Directors continue to be mindful of the challenging macro-factors present in the market and have assessed the potential severity of the falls in valuations in the severe but plausible downside scenario in the going concern period.

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

Base case:

- 5.5% growth per annum in rent roll at 31 March 2024, principally from contractual increases in rents and organic growth through lease renewals;
- increasing cost levels in line with forecast inflation of 3% per annum throughout the going concern period;
- continuation of forecast capex investment;
- continuation of forecast dividend payments in line with historic dividend payouts;
- payment of contractual loan interest and loan amortisation amounts refinancing of €27.8m of debt facilities as they fall due; and
- only acquisitions and disposals which are contractually committed are made, which includes three post balance sheet acquisitions amounting to £50.1m (€58.6m) in Gloucestershire, UK and the €21.4m acquisition in Klipphausen and the €21.5m acquisition in Cologne, Germany. These acquisitions completed in April 2024.

Severe but plausible downside scenario:

- reduction in occupancy and rental income of 10% per annum from the base case assumptions;
- reduction in service charge recovery of 10% per annum from the base case assumptions;
- reduction in property valuations of 10% per annum;
- continuation of forecast capex investment;
- continuation of forecast dividend payments in line with historic dividend payouts;
- payment of contractual loan interest and loan amortisation amounts, repayment of €27.8m of debt facilities as they fall due; and
- only acquisitions and disposals which are contractually committed are made, which includes three post balance sheet acquisitions amounting to £50.1m (€58.6m) in Gloucestershire, UK, the €21.4m acquisition in Klipphausen and the €21.5m acquisition in Cologne, both in Germany. These acquisitions completed in April 2024.

The Directors are of the view that there is a remote possibility of a more severe scenario arising than the above severe but plausible downside scenario based upon the Group's track record of performance in challenging scenarios, most recently through the high inflationary environment in both Germany and the UK, the Covid-19 pandemic and post-pandemic period. In addition, the Group tapped its €300.0m corporate bond in May 2024 raising an additional €51.3m in corporate debt which is included in both base case and severe but plausible downside scenarios, raised €165.3m in capital in November 2023 and had secured the refinancing of the €58.3m Deutsche Pfandbriefbank AG and €170.0m Berlin Hyp AG facilities in advance of their maturity dates.

The severe but plausible downside results in cash trap events occurring on the Group's occupancy covenant. The cash trap event does not have a material impact to the Group's cash flows. The Group is not forecasting any further cash trap or defaulting events in the severe but plausible downside scenario.

In the severe but plausible downside scenario, the Group assumes full repayment of the maturing loan obligations as they fall due, amounting to €27.8m in the going concern period. The Group forecasts indicate sufficient free cash would be available to repay these funds in full and maintain sufficient liquidity to not require the additional mitigating actions as outlined below available to it, should the severe but plausible downside scenario come to pass.

The Group also performed a reverse stress test over the impact of a fall in its property valuations and income reductions during the going concern period. This showed that the Group could withstand a fall in valuations of 24%, before there was a loan to value covenant breach and a reduction of 24% of net operating income before any income related covenants would breach, levels which the Group has not seen before. These events are considered to be remote due to the Company's strong performance throughout the most recent economic headwinds, with the macroeconomic environment pointing towards stability. The reductions required for the reverse stress test have never been seen by the Group.

2. Accounting policies continued

(c) Going concern continued

In each of the scenarios considered for going concern, the Group forecasts having sufficient free cash available and if required, could utilise available mitigating actions which would be available to the Group in the going concern review period, which include restricting non-REIT relating dividends, reducing capital expenditure or the disposal of assets. The restriction of dividends or reducing capital expenditure are within the control of the Directors and there is sufficient time to implement these restrictions, if required. The use of such mitigating factors are not anticipated to be required.

The Directors have not identified any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern for the duration of the going concern period.

The Directors also evaluated potential events and conditions beyond the going concern period that may cast significant doubt on the Group's ability to continue as a going concern, with no significant transactions or events of material uncertainty identified.

After due consideration of the going concern assessment for the period to 31 October 2025, the Board believes it is appropriate to adopt the going concern basis in preparing its financial statements.

(d) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2024. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

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

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

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

(e) Acquisitions

Where a property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property (see policy in note 2(z)). 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* ("IFRS 3") 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.

(f) Foreign currency translation

The consolidated financial information is presented in euros, which is the functional and presentational currency of the Parent Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling at the statement of financial position date. All differences are taken to the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the exchange rates at the dates of the transactions, or where appropriate, the average exchange rates for the period. The foreign exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(g) Revenue recognition

Rental income

Rental income from operating leases and licence agreements containing leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Fixed or determinable rental increases, which can take the form of actual amounts or agreed percentages, are recognised on a straight-line basis over the term of material leases. If the increases are related to a price index to cover inflationary cost increases, then the policy is to apply the price index from the date it is effective on a straight-line basis.

The value of all lease incentives (including rent free periods, stepped rents, indexation clauses and other types of incentive) are spread on a straight-line basis over the lease term. 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. The above applies to both revenues generated from investment properties and managed properties.

2. Accounting policies continued

(g) Revenue recognition continued

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.

(i) Service charge income

The Group mainly generates revenue from contracts with customers for services rendered to tenants including management charges and other expenses recoverable from tenants based on the Group's right to recharge tenants for costs incurred (with or without markup) on a day-to-day basis ("service charge income"). These services are specified in the lease agreements and separately invoiced. Service charge income is recognised as revenue when the performance obligations of the services specified in the lease agreements are met.

The individual activities vary significantly throughout the day and from day to day; however, the nature of the overall promise of providing property management service remains the same each day. Accordingly, the service performed each day is distinct and substantially the same. These services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Transaction prices are regularly updated and are estimated at the beginning of each year based on previous costs and estimated spend. Service charge budgets are prepared carefully to make sure that they are realistic and reasonable. Variable consideration is only included in the transaction price to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance obligations related to service charge revenue is discharged by the Company continuously and on a daily basis, through the provision of utilities and other services to tenants. Changes in service charge revenue are linked to changes in the cost of fulfilling the obligation or the value to a tenant at a given period of time. Accordingly, the variable consideration is allocated to each distinct period of service (i.e. each day) as it meets the variable consideration allocation exception criteria.

Service charge expenses are based on actual costs incurred and invoiced together with an estimate of costs to be invoiced in future periods as receipt of final invoices from suppliers can take up to twelve months after the end of the financial period. The estimates are based on expected consumption rates and historical trends and take into account market conditions at the time of recording.

Service charge income is based on service charge expense and takes into account recovery rates which are largely derived from estimated occupancy levels. Service charge costs related to vacant space are irrecoverable.

The Group acts as a principal in relation to these services, and records revenue on a gross basis, as it controls the specified goods or services before transferring them to tenants.

Where amounts invoiced to tenants are greater than the revenue recognised at the period end date, the difference is recognised as unearned revenue when the Group has unconditional right to consideration, even if the payments are non-refundable. Where amounts invoiced are less than the revenue recognised at the period end date, the difference is recognised as contract assets or, when the Group has a present right to payment, as receivables albeit unbilled.

In addition to the above, the Group has entered into leases and licensing arrangements (which meet the definition of a lease under IFRS 16 *Leases* ("IFRS 16")) where the revenue due from the tenant is an all-inclusive price, representing lease income (recognised in accordance with IFRS 16) and service charge income (recognised in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")). Management has estimated the allocation of the revenues using the relevant service charge costs incurred and the occupancy of the properties where all-inclusive lease and licence arrangements are in place. The allocation resulted in €25.9m (2023: €24.0m) being recorded as service charge income.

(ii) Other income

(ii) (a) Fee income

The Group has contractual agreements with its investment in associate for the management of its properties. This generates fee income which is recognised when the services are provided to the investment in associate at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Income relating to managed properties is accounted for according to revenue recognition accounting policies set out above. The Group identifies itself as a principal in this arrangement as it controls and manages the services provided to its customers.

(ii) (b) Conferencing and catering

The Group lets vacant spaces to existing tenants for conferencing and catering activities under separate agreements to the lease arrangements. This Income 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.

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).

(h) Leases

Group as lessor

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

Group as lessee

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

For all contracts that meet the definition of leases according to IFRS 16, the Group, at the commencement date of the lease (i.e. the date the underlying asset is available for use), recognises lease liabilities equal to the present value of the future lease payments, discounted to reflect the term-specific incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Lease liabilities are subsequently increased by the periodic interest expenses and reduced by the lease payments made during the financial year.

Correspondingly, right of use assets are initially recognised at cost under IFRS 16 which is the amount of the lease liabilities (plus any advance payments that have already been made or any initial direct costs). Subsequently, the right of use assets are generally measured at cost, taking depreciation (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.

2. Accounting policies continued

(h) Leases continued

Group as lessee continued

The Group utilises the recognition exemptions provided by IFRS 16 and does not apply IFRS 16 to leases with a contractual term of twelve months or less or to leases in which the underlying asset is of low value (on a case-by-case basis).

Lease payments associated with short-term leases and with leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Right of use assets relating to office spaces are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(i) Income tax

Certain subsidiaries may be subject to foreign taxes in respect of foreign sources of income. Sirius Real Estate Limited is a UK resident for tax purposes. The Group's UK property business is a UK Real Estate Investment Trust ("REIT"). As a result, the Group's UK property business does not pay UK corporation tax on its profits and gains from the qualifying rental business in the UK. Non-qualifying UK profits and gains continue to be subject to corporation tax as normal.

Current income tax

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

Deferred income tax

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

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

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to set off, they are levied by the same taxation authority and the realisation period is the same. In accordance with IAS 12, deferred tax assets and liabilities are not discounted, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The Group has applied the exception in IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

For accounting periods beginning on or after 1 January 2023 IASB ED/2019/5 amended the application of the initial recognition exemption for transactions giving rise to offsetting deferred tax assets and deferred tax liabilities. In respect of IFRS 16, the Group adopted the amendments to the initial recognition exemption under IAS 12 already in the year ended 31 March 2022 and recognises a deferred tax asset in respect of the IFRS 16 lease liabilities and a deferred tax liability in respect of IFRS 16 right of use, resulting in a net deferred tax asset for the year ended 31 March 2023.

The Group has applied the exception in IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(j) Sales tax

Revenues, expenses, assets and liabilities 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.

(k) Investment properties

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

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

The German properties are valued on the basis of a ten to fourteen year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten to fourteen year period. After ten to fourteen years, a determining residual value (exit scenario) is calculated, discounted to present value.

The UK properties are valued in accordance with the RICS Traditional Red Book valuation methodology, where the income being generated is capitalised by an appropriate yield. Yields are based on comparable evidence of similar quality assets which have traded in the open market. The yield applied reflects the age, location, ownership, customer base and agreement type.

Investment properties relating to leased assets are recognised in accordance with IFRS 16 (see policy in note 2(h)). Subsequent to initial recognition, investment properties relating to leased assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

The fair value of investment properties relating to leased assets as at 31 March 2024 and 31 March 2023 have been arrived at on the basis of a valuation carried out at that date by management. The valuation is based upon assumptions including future rental income and expenditure in accordance with the conditions of the related lease agreements.
The properties are valued on the basis of a discounted cash flow model with the measurement period equal to the term of the lease agreements.

2. Accounting policies continued

(l) 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.

(m) 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.

(n) Plant and equipment

Recognition and measurement

Items of plant and equipment are stated at historical cost less accumulated depreciation and any impairment loss.

Depreciation

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

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

Plant and equipment	three to ten years
Fixtures and fittings	three to fifteen years

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

(o) Intangible assets

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

The Group recognises both internally developed and acquired intangible assets. These intangibles are valued at cost.

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

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

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

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

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

(p) 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(x)). The Group applies the simplified impairment model of IFRS 9 *Financial Instruments* 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.

2. Accounting policies continued

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

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

(r) 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.

(s) Cash and cash equivalents

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

(t) 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.

(u) Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(w) Dividends

Interim dividend distributions to shareholders are recognised in the financial statements when paid. Final dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial information in the period in which the dividends are approved by the shareholders. The final dividend relating to the year ended 31 March 2024 will be approved and recognised in the financial year ending 31 March 2025.

(x) Impairment excluding investment properties

(i) Financial assets

A financial asset (excluding financial assets at fair value through profit and loss) is assessed at each reporting date to determine whether there is any impairment. The Group recognises an allowance for expected credit losses ("ECLs") for all receivables and contract assets held by the Group. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms and that are not recognised separately by the Group.

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

Impairment losses are recognised in the income statement. For more information refer to note 6. Trade and other receivables are written off once all avenues to recover the balances are exhausted and there is no expectation of recovery.

(ii) Non-financial assets

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

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

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

2. Accounting policies continued

(y) 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.

(z) Business combinations

(i) Subsidiary undertakings

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

(ii) Associates

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

(aa) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings, EPRA net asset value metrics and EPRA loan to value, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Note 11 to the financial statements includes a reconciliation of basic and diluted earnings to EPRA earnings. Note 12 to the financial statements includes a reconciliation of net assets to EPRA net asset value metrics. Note 23 to the financial statements includes a calculation of EPRA loan to value ratio.

The Directors are required, as part of the JSE Limited Listing Requirements, to disclose headline earnings; accordingly, headline earnings are calculated using basic earnings adjusted for revaluation gain/loss and related tax, gain/loss on disposal of properties and related tax, non-controlling interest ("NCI") relating to revaluation (net of related tax), NCI relating to gain/loss on disposal properties (net of related tax) and revaluation gain/loss on investment property relating to associates and 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 as disclosed in note 11 of the financial statements.

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 in note 11 of the financial statements gross of related tax.

Further details on non-IFRS measures can be found in the Business analysis section of this document.

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

Judgements

In the process of applying the Group's accounting policies, which are described in note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial information:

Acquisition and disposal of properties

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management considers whether the Group assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

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

Estimates and assumptions

Key estimates

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

Valuation of owned and leased investment properties (including those recognised within assets held for sale or a disposal group)

The fair value of the Group's owned investment properties was determined by Cushman & Wakefield LLP (2023: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting, the book value of investment properties excluding assets held for sale is shown as €2,186.7m (2023: €2,098.5m) as disclosed in note 13.

The Cushman & Wakefield LLP valuation approach is explained in note 2(k).

The fair value of the Group's leased investment properties was determined by management. The book value of leased investment properties is shown as €23.9m (2023: €24.5m) as disclosed in note 13.

As a result of the level of estimation used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown on the statement of financial position. Refer to note 13 for further information, including sensitivity analysis.

Cash flow and covenant compliance forecasts

Cash flow forecasts and covenant compliance forecasts are prepared by management to assess the going concern assumption and viability of the Group. Estimations of future revenue and expenditure are made to determine the expected cash inflows and outflows, considering expectations for occupancy levels, forecast expenditure and the current market climate. The impact of the forecasted cash flows and underlying property valuations are considered when assessing forecast covenant compliance and anticipated levels of headroom on the Group's debt facilities.

Refer to note 2(c) for further details, which includes the assessment of forecasted cash flows and covenant compliance in management's going concern assessment.

Other sources of estimation uncertainty

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

Sustainability

In preparing the financial statements, Management considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures. The Group also considered the work performed to date in preparing its potential net zero pathway for the German portfolio to 2045 based on the CRREM ("Carbon Risk Real Estate Monitor") methodology, the leading global standard for operational decarbonisation of real estate assets, and in line with the Science Based Target initiative ("SBTi") and the Energy Performance Certificate ("EPC") regulatory requirements for the UK. At the time of preparing the financial statements, the Group expects a limited exposure in relation to the investment properties, based on the current climate-related requirements. On this basis, the Directors concluded that climate change did not have a material impact on the financial reporting judgements and estimates for the period, consistent with this assessment this is not expected to have a significant impact on the Group's going concern of viability assessment.

4. Operating segments

Information on each operating segment based on the geographical location in which the Group operates is provided to the chief operating decision maker, namely the Group's Senior Management Team, on an aggregated basis and represented as operating profit and expenses.

The investment properties that the Group owns are aggregated into segments with similar economic characteristics such as the nature of the property, the products and services it provides, the customer type for the product served, and the method in which the services are provided. The Group's Senior Management Team considers that this is best achieved through the operating segments of the German assets and the UK assets. The Group's investment properties are considered to be their own segment. The properties at each location (Germany and the UK) have similar economic characteristics. These have been aggregated into two operating segments based on location in accordance with the requirements of IFRS 8 *Operating Segments*.
The Group's Senior Management Team considers the two locations to be separate segments. Further disaggregation of the investment properties is disclosed in note 13 owing to the range in values of key inputs and assumptions underpinning the property valuation. Consequently, the Group is considered to have two reportable operating segments, as follows:

- Germany; and
- the UK.

Consolidated information by segment is provided on a net operating income basis, which includes revenues made up of gross rents from third parties and direct expenses. All of the gains/losses on property valuations, gains/losses on property disposals, movement in expected credit loss provision, administrative expenses (with depreciation and amortisation shown separately) and the Group's share of profit of associates, are separately disclosed as part of operating profit. Group finance income and expenses (with amortisation of capitalised finance costs shown separately) and change in fair value of derivative financial instruments are also disclosed separately.

Income taxes and depreciation are not reported to the Senior Management Team on a segmented basis. There are no sales between segments.

4. Operating segments continued

There is no single tenant that makes up more than 10% of each segment's revenue or Group revenue.

	Year ended 31 March 2024			Year ended 31 March 2023		
	Germany €m	**UK €m**	**Total €m**	Germany €m	UK €m	Total €m
Rental income from investment properties	**127.6**	**37.4**	**165.0**	121.9	32.6	154.5
Rental income from managed properties	**–**	**–**	**–**	5.6	–	5.6
Other income from investment properties	**3.9**	**0.9**	**4.8**	3.6	0.7	4.3
Service charge income from investment properties	**73.4**	**25.9**	**99.3**	66.6	24.0	90.6
Other income from managed properties	**4.6**	**–**	**4.6**	5.3	–	5.3
Service charge income from managed properties	**15.1**	**–**	**15.1**	9.8	–	9.8
Revenue	**224.6**	**64.2**	**288.8**	212.8	57.3	270.1
Direct costs	**(99.3)**	**(23.7)**	**(123.0)**	(96.7)	(20.0)	(116.7)
Net operating income	**125.3**	**40.5**	**165.8**	116.1	37.3	153.4
Gain/(loss) on revaluation of investment properties	**40.8**	**(28.6)**	**12.2**	(3.9)	(5.9)	(9.8)
Gain on disposal of properties	**0.9**	**(0.0)**	**0.9**	–	4.7	4.7
Depreciation and amortisation	**(4.1)**	**(1.0)**	**(5.1)**	(4.2)	(1.3)	(5.5)
Movement in expected credit loss provision	**0.9**	**(0.0)**	**0.9**	(1.0)	–	(1.0)
Other administrative expenses	**(34.9)**	**(9.7)**	**(44.6)**	(36.1)	(6.7)	(42.8)
Share of profit of associates	**0.6**	**–**	**0.6**	2.6	–	2.6
Operating profit	**129.5**	**1.2**	**130.7**	73.5	28.1	101.6
Finance income	**5.5**	**1.1**	**6.6**	2.5	0.3	2.8
Amortisation of capitalised finance costs	**(3.5)**	**–**	**(3.5)**	(3.3)	–	(3.3)
Other finance expense	**(13.0)**	**(4.3)**	**(17.3)**	(10.8)	(4.2)	(15.0)
Change in fair value of derivative financial instruments	**(1.3)**	**–**	**(1.3)**	0.9	–	0.9
Net finance costs	**(12.3)**	**(3.2)**	**(15.5)**	(10.7)	(3.9)	(14.6)
Segment profit/(loss) for the year before tax	**117.2**	**(2.0)**	**115.2**	62.8	24.2	87.0

	31 March 2024			31 March 2023		
	Germany €m	**UK €m**	**Total €m**	Germany €m	UK €m	Total €m
Segment assets						
Investment properties	**1,735.0**	**475.6**	**2,210.6**	1,691.6	431.4	2,123.0
Investment in associates	**25.2**	**–**	**25.2**	26.7	–	26.7
Other non-current assets(1)	**20.8**	**2.9**	**23.7**	21.9	3.8	25.7
Total segment non-current assets	**1,781.0**	**478.5**	**2,259.5**	1,740.2	435.2	2,175.4

(1) Consists of plant and equipment, intangible assets and right of use assets.

5. Revenue

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Rental income from investment properties	**165.0**	154.5
Rental income from managed properties	**—**	5.6
Other income from investment properties	**4.8**	4.3
Service charge income from investment properties	**99.3**	90.6
Other income from managed properties	**4.6**	5.3
Service charge income from managed properties	**15.1**	9.8
Total revenue	**288.8**	270.1

The Group manages properties for the investment in associate. As part of this, service charge income from managed properties is generated which relates to costs the Group incur to provide the investment with associate with necessary services.

A reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (see note 4) is as follows:

	Year ended 31 March 2024			Year ended 31 March 2023		
	Germany €m	**UK €m**	**Total €m**	Germany €m	UK €m	Total €m
Rental income from investment properties	**127.6**	**37.4**	**165.0**	121.9	32.6	154.5
Rental income from managed properties	**—**	**—**	**—**	5.6	—	5.6
Total rental income	**127.6**	**37.4**	**165.0**	127.5	32.6	160.1
Other income from investment properties	**3.9**	**0.9**	**4.8**	3.6	0.7	4.3
Service charge income from investment properties	**73.4**	**25.9**	**99.3**	66.6	24.0	90.6
Other income from managed properties	**4.6**	**—**	**4.6**	5.3	—	5.3
Service charge income from managed properties	**15.1**	**—**	**15.1**	9.8	—	9.8
Total revenue from contracts with customers	**97.0**	**26.8**	**123.8**	85.3	24.7	110.0
Total revenue	**224.6**	**64.2**	**288.8**	212.8	57.3	270.1

6. Operating profit

The following items have been charged in arriving at operating profit:

Direct costs

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Service charge costs relating to investment properties	**99.6**	92.8
Costs relating to managed properties	**16.3**	17.4
Non-recoverable maintenance costs	**7.1**	6.5
Direct costs	**123.0**	116.7

6. Operating profit continued

Movement in expected credit loss provision

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Expected credit loss recognised	**7.8**	8.7
Expected credit loss reversed	**(8.7)**	(7.7)
Movement in expected credit loss provision (see note 24)	**(0.9)**	1.0

The expected credit loss provision has decreased during the year mainly due to the decrease of gross trade receivables.

Administrative expenses

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Audit and non-audit fees to audit firm	**1.4**	1.7
Legal and professional fees	**5.5**	6.0
Other administration costs(1)	**4.1**	5.7
Share-based payments	**5.0**	5.5
Employee costs	**23.8**	19.4
Director fees and expenses	**0.7**	0.7
Depreciation of plant and equipment (see note 15)	**1.8**	2.1
Amortisation of intangible assets (see note 16)	**1.5**	1.3
Depreciation of right of use assets (see note 17)	**1.8**	2.1
Marketing	**3.2**	3.1
Other expenses not included in FFO	**0.9**	0.7
Administrative expenses	**49.7**	48.3

(1) In Other administration costs the Group recognised €0.2m related to losses from disposal of PPE (see note 15).

Other administration costs include net foreign exchange gains of €3.4m as a result of increasing British pound sterling ("GBP") rates throughout the year (2023: €0.2m loss as a result of declining GBP rates throughout the year).

Employee costs as stated above relate to costs which are not recovered through service charge.

Other expenses not included in FFO relate to the following:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Other fees for projects(1)	**–**	2.4
Legal case costs(2)	**0.9**	0.4
Lease agreement termination fees(3)	**–**	0.9
Decrease in tax liabilities recognised on acquisition of the BizSpace Group(4)	**–**	(3.0)
Total	**0.9**	0.7

Other expenses not included in FFO are items outside the normal course of business and therefore have been identified as expenses not included in the FFO calculation.

(1) The other fees for projects amounting to €2.4m for the year ended 31 March 2023 were related to capital management measures undertaken by the Group.

(2) The legal case costs amounting to €0.9m relate to the legal case mentioned in note 22 (2023: €0.4m).

(3) The lease agreement termination fee amounting to €0.9m for the twelve month period ended 31 March 2023 relate to what was paid in compensation for early termination of a rental contract at the end of July 2022 within the UK segment of the Group.

(4) In the prior year, the Group identified an error in the accrual of tax liabilities arising in the BizSpace Group as at 31 March 2022, resulting in an overstatement of the tax liability of €5.0m, of which €3.0m arose on acquisition. These were assessed as not being material to the 31 March 2022 financial statements and the reduction in the liability was recorded in the 31 March 2023 financial statements. The amounts were recorded within other expenses not included in FFO and the taxation (see note 10) lines of the income statement.

6. Operating profit continued

Audit fees

The following services have been provided by the Group's auditor:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Audit fees to audit firm:		
Audit of consolidated financial statements	**1.0**	1.0
Audit of subsidiary undertakings	**0.3**	0.2
Total audit fees	**1.3**	1.2
Audit related assurance services	**0.1**	0.1
Other assurance services	**—**	0.4
Total assurance services	**0.1**	0.5
Total fees for non-audit services	**0.1**	0.5
Total fees	**1.4**	1.7

7. Employee costs and numbers

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Wages and salaries	**33.9**	30.7
Social security costs	**5.0**	4.3
Defined contribution pension scheme	**0.4**	0.5
Other employment costs	**0.9**	0.9
Total	**40.2**	36.4

Included in the costs related to wages and salaries for the year are expenses of €5.0m (2023: €5.5m) relating to the granting or award of shares (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 (Cyprus) Limited, BizSpace Limited, BizSpace II Limited, M25 Business Centres Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 428 (2023: 421), expressed in full-time equivalents. In addition, as at 31 March 2024, the Board of Directors consists of six Non-Executive Directors (2023: six) and two Executive Directors (2023: two).

8. Employee schemes

Equity-settled share-based payments

2018 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2018. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further holding period of two years. Awards are split between ordinary and outperformance awards. Ordinary awards carry both adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions and outperformance awards carry a sole TNR performance condition. Awards are equity settled. The employees' tax obligation will be determined upon the vesting date of the share issue.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted:

	June 2019 grant		June 2020 grant	
	TNR	TSR	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award/ outperformance award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award
Total charge for the award – €m	2.1		2.3	
Expected lapse rate	0%	0%	0%	0%
Share price at grant date – €	0.73	0.73	0.84	0.84
Exercise price – €	nil	nil	nil	nil
Expected volatility – %(1)	23.8	23.8	38.5	38.5
Performance projection period – years	2.80	2.67	2.79	2.67
Expected dividend yield – %	4.56	4.56	4.28	4.28
Risk-free rate based on European	(0.695) p.a.	(0.695) p.a.	(0.68) p.a.	(0.68) p.a.
Expected outcome of performance conditions – %	100/25	100	88.8	n/a
Fair value per share – €	0.643	0.340	0.745	0.564
Weighted average fair value of share – €(2)	0.54		0.68	
Number of shares granted	2,506,667/690,000	1,253,333(3)	2,400,000	1,200,000
Forfeited during the performance period	—		500,000	

(1) 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.

(2) 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 Group in respect of the awards.

(3) Another 93,039 share awards have been granted throughout the performance period as part of dividend equivalents.

The June 2019 grant vested on 18 July 2022. Vesting was at partial level for all participants resulting in the exercise of 1,620,093 shares with a weighted average share price of €1.02 at the date of exercise. 1,391,585 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1.7m was paid for the participants' tax liabilities.

The remaining 1,531,361 shares vested on 23 November 2022. Final vesting resulted in the exercise of 811,621 shares with a weighted average share price of €1.02 at the date of exercise. 719,740 shares have been surrendered in relation to the settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €0.8m was paid for the participants' tax liabilities in the year ended 31 March 2024.

The June 2020 grant vested on 22 May 2023. Vesting resulted in the exercise of 1,859,000 shares with a weighted average share price of €1.02 at the date of exercise. 1,241,000 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1.3m was paid for the participants' tax liabilities.

8. Employee schemes continued

Equity-settled share-based payments continued

2021 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2021. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further restricted period of two years when shares acquired on exercise cannot be sold. Awards are subject to TNR (two-thirds of award) and relative TSR (one-third of award) performance conditions. Awards are equity settled. The employees' tax obligation will be determined upon the vesting date of the share issue.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted:

	August 2021 grant		July 2022 grant		June 2023 grant		September 2023 grant	
	TNR	TSR	TNR	TSR	TNR	TSR	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award
Total charge for the award – €m	4.7		2.6		2.9		0.8	
Expected lapse rate	0%	0%	0%	0%	0%	0%	0%	0%
Share price at grant date – €	1.39	1.39	1.05	1.05	1.04	1.04	1.03	1.03
Exercise price – €	nil	nil	nil	nil	nil	nil	nil	nil
Expected volatility – %(1)	40.5	40.5	41.2	41.2	32.7	32.7	31.4	31.4
Expected life – years	2.91	2.91	2.95	2.95	2.97	2.97	2.68	2.68
Performance projection period – years	2.66	2.66	2.70	2.70	2.81	2.81	2.52	2.52
Expected dividend yield – %	2.79	2.79	4.21	4.21	5.52	5.52	5.47	5.47
Risk-free rate based on European treasury bonds rate of return – %	(0.817) p.a.	(0.817) p.a.	0.609 p.a.	0.609 p.a.	2.65 p.a.	2.65 p.a.	3.05 p.a.	3.05 p.a.
Fair value per share – €	1.28(2)	0.84(3)	0.93(2)	0.40(3)	0.88(2)	0.59(3)	0.89(2)	0.71(3)
Weighted average fair value of share – €(4)	1.13		0.75		0.77		0.83	
Number of shares granted	2,769,413	1,384,706	2,320,019	1,160,009	2,462,171	1,231,086	604,001	302,001
Forfeited during the performance period	725,000		635,000		–		–	

(1) Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

(2) In accordance with IFRS 2 *Share-based Payment* ("IFRS 2"), TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

(3) In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies, the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant.

(4) 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 Group in respect of the awards.

2021 SIP

A SIP for the benefit of senior employees was approved in 2021. Awards granted under the SIP are made in the form of a conditional right to receive a specified number of shares for nil cost which vest after the three year performance period with vested awards being subject to a further restricted period of one year when shares cannot be sold. Awards are subject to TNR (two-thirds of award) and relative TSR (one-third of award) performance conditions. Awards are equity settled. The employees' tax obligation will be determined upon the vesting date of the share issue.

8. Employee schemes continued

Equity-settled share-based payments continued

2021 SIP continued

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the awards that were granted:

	September 2021 grant		April 2022 grant		August 2022 grant	
	TNR	TSR	TNR	TSR	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award
Total charge for the award – €m	3.7		0.03		1.5	
Expected lapse rate	0%	0%	0%	0%	0%	0%
Share price at grant date – €	1.49	1.49	1.51	1.51	1.13	1.13
Exercise price – €	n/a	n/a	n/a	n/a	n/a	n/a
Expected volatility – %(1)	40.7	40.7	32.5	32.5	29.7	29.7
Expected life – years	3.48	3.48	2.92	2.92	2.58	2.58
Performance projection period – years	2.56	2.56	2.00	2.00	1.66	1.66
Expected dividend yield – %	2.60	2.60	2.93	2.93	3.96	3.96
Risk-free rate based on European treasury bonds rate of return – %	(0.737) p.a.	(0.737) p.a.	(0.074) p.a.	(0.074) p.a.	0.184 p.a.	0.184 p.a.
Fair value per share – €	1.36(2)	0.92(3)	1.39(2)	0.89(3)	1.02(2)	0.46(3)
Weighted average fair value of share – €(4)	1.21		1.22		0.83	
Number of shares granted	2,049,667	1,024,833	20,000	10,000	1,166,667	583,333
Forfeited during the performance period	558,500		30,000		380,000	

	June 2023 (UK) grant		June 2023 grant		September 2023 grant	
	TNR	TSR	TNR	TSR	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award	2/3 ordinary award	1/3 ordinary award
Total charge for the award – €m	1.5		0.4		0.4	
Expected lapse rate	0%	0%	0%	0%	0%	0%
Share price at grant date – €	1.04	1.04	1.04	1.04	1.03	1.03
Exercise price – €	n/a	n/a	n/a	n/a	n/a	n/a
Expected volatility – %(1)	32.7	32.7	32.7	32.7	31.3	31.3
Expected life – years	3.73	3.73	2.97	2.97	3.49	3.49
Performance projection period – years	2.81	2.81	2.81	2.81	2.57	2.57
Expected dividend yield – %	5.52	5.52	5.52	5.52	5.60	5.60
Risk-free rate based on European treasury bonds rate of return – %	2.65 p.a.	2.65 p.a.	2.65 p.a.	2.65 p.a.	2.82 p.a.	2.82 p.a.
Fair value per share – €	0.85(2)	0.56(3)	0.88(2)	0.60(3)	0.85(2)	0.65(3)
Weighted average fair value of share – €(4)	0.77		0.77		0.78	
Number of shares granted	1,333,333	666,667	333,333	166,667	426,667	213,333
Forfeited during the performance period	—		—		—	

(1) Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

(2) In accordance with IFRS 2, TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

(3) In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies, the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant.

(4) 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 Group in respect of the awards.

8. Employee schemes continued

Equity-settled share-based payments continued

Deferred Bonus Plan

The Deferred Bonus Plan ("DBP") is subject to rules approved by the Board and to the Directors' Remuneration Policy (approved by shareholders triennially) for Executive Directors of Sirius Real Estate Limited and two members of the Senior Management Team within the Group.

The participants are subject to annual performance bonus conditions and objectives to be agreed by the Remuneration Committee. At the end of the applicable financial year, and on receipt of an annual performance bonus, as determined by the Remuneration Committee, 50% or 65% depending on the participants are awarded as cash with the remainder transferred into shares in the Company. Of the remaining 50% or 35% for certain participants to be transferred in shares, half is deferred for one year and the remaining half is deferred for two years.

On 6 June 2023 an amount of 194,194 shares vested with a weighted average share price of €1.02 at the date of exercise. 109,477 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €0.1m was paid for the participants' tax liabilities.

On 7 July 2023 an amount of 6,347 shares vested with a weighted average share price of €1.02 at the date of exercise. No shares have been surrendered in relation to the settlement of tax liabilities arising in respect of the vesting.

Number of share awards

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2024		Year ended 31 March 2023	
	Number of share awards	**Weighted average exercise price €m**	Number of share awards	Weighted average exercise price €m
Balance outstanding as at the beginning of the year (nil exercisable)	**14,478,647**	**—**	15,278,619	—
Maximum granted during the year	**9,410,131**	**—**	5,353,067	—
Forfeited during the year	**(1,218,500)**	**—**	(1,610,000)	—
Exercised during the year	**(2,059,541)**	**—**	(2,431,714)	—
Shares surrendered to cover employee tax obligations	**(1,350,477)**	**—**	(2,111,325)	—
Balance outstanding as at year end (nil exercisable)	**19,260,260**	**—**	14,478,647	—

The weighted average remaining contractual life for the share awards outstanding as at 31 March 2024 was 1.42 years (2023: 1.91 years).

Employee benefit schemes

A reconciliation of share-based payments and employee benefit schemes and their impact on the consolidated income statement is as follows:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Charge relating to 2018 LTIP – June 2020 grant	**—**	0.8
Charge relating to 2021 LTIP – August 2021 grant	**1.0**	1.6
Charge relating to 2021 LTIP – July 2022 grant	**0.6**	0.6
Charge relating to 2021 LTIP – June 2023 grant	**0.8**	—
Charge relating to 2021 LTIP – September 2023 grant	**0.1**	—
Charge relating to 2021 SIP – September 2021 grant	**0.6**	1.1
Charge relating to 2021 SIP – April 2022 grant	**0.0**	0.0
Charge relating to 2021 SIP – August 2022 grant	**0.4**	0.4
Charge relating to 2021 SIP – June 2023 grant	**0.4**	—
Charge relating to 2021 SIP – September 2023 grant	**0.1**	—
DBP	**1.0**	1.0
Total consolidated income statement charge relating to share-based payments	**5.0**	5.5

An amount of €5.0m (2023: €5.5m) is recognised in other distributable reserves as per the consolidated statement of changes in equity. In addition, an amount of €2.2m (2023: €1.7m) has been paid for participants' tax liabilities in relation to share-based payment schemes.

9. Finance income, finance expense and change in fair value of derivative financial instruments

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Bank interest income	**4.4**	0.6
Finance income from associates	**2.2**	2.2
Finance income	**6.6**	2.8
Bank loan interest expense	**(15.9)**	(13.6)
Interest expense related to lease liabilities (see note 17)	**(1.1)**	(1.1)
Amortisation of capitalised finance costs	**(3.5)**	(3.3)
Total interest expense	**(20.5)**	(18.0)
Bank charges	**(0.3)**	(0.3)
Other finance costs	**(0.3)**	(0.3)
Finance expense	**(20.8)**	(18.3)
Change in fair value of derivative financial instruments	**(1.3)**	0.9
Net finance expense	**(15.5)**	(14.6)

The change in fair value of derivative financial instruments of €1.3m (2023: €0.9m) reflects the change in the market valuation of these financial instruments.

10. Taxation

Consolidated income statement

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Current income tax		
Current income tax charge	**(3.7)**	(4.8)
Current income tax charge relating to disposals of investment properties	**(1.0)**	—
Adjustments in respect of prior periods(1)	**(0.1)**	1.8
Total current income tax	**(4.8)**	(3.0)
Deferred tax		
Relating to origination and reversal of temporary differences	**(2.5)**	(4.3)
Total deferred tax	**(2.5)**	(4.3)
Income tax charge reported in the income statement	**(7.3)**	(7.3)

(1) In the prior year, the Group identified an error in the accrual of tax liabilities arising in the BizSpace Group as at 31 March 2022, resulting in an overstatement of the tax liability of €5.0m of which €3.0m arose on acquisition. These were assessed as not being material to the 31 March 2022 financial statements and the reduction in the liability was recorded in the 31 March 2023 financial statements. The amounts were recorded within other expenses not included in FFO (see note 6) and the taxation lines of the income statement.

The German corporation tax rate of 15.825% is used in the tax reconciliation for the Group. Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

10. Taxation continued

Consolidated income statement continued

The reconciliation of the effective tax rate is explained below:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Profit before tax	**115.2**	87.0
Current tax using the German corporation tax rate of 15.825% (2023: 15.825%)	**18.2**	13.8
Effects of:		
Deductible interest on internal financing(1)	**(5.3)**	(4.4)
Tax exempt loss/(gain) from selling of investments and dividends(2)	**0.2**	(0.4)
Non-deductible expenses	**0.5**	(0.3)
Change in unrecognised deferred tax – tax effect of utilisation of tax losses not previously recognised(3)	**(8.5)**	2.8
Adjustments in respect of prior periods(4)	**0.1**	(1.8)
German trade tax	**0.2**	0.4
Tax exempt income under REIT regime(5)	**1.8**	(3.7)
Difference in foreign tax rates(6)	**0.1**	0.9
Total income tax charge in the income statement	**7.3**	7.3

(1) The item refers to intra-group financing and also includes the difference in foreign tax rates within the jurisdiction of the recipient of the interest income and the German corporation tax rate.

(2) The tax exempt gain from selling of investments and dividends in the prior year relates to the profits of associates only. Within the current year, there will be a tax payable on a gain realised within a restructuring within the Group.

(3) Due to merging companies within the current year, the Group could utilise €5.3m available tax losses to offset profits. On 27 March 2024 the Growth Opportunities Act was enacted which improves the deduction of tax losses. Accordingly, the Group could utilise additional amounts of unrecognised tax losses.

(4) To align with tax returns filed for previous years, an adjustment (primarily arising on tax gains on disposal of investment properties) has been made within the prior financial year.

(5) The BizSpace Group has entered into the UK REIT regime effective from 1 April 2022 which exempts income from property rental business and profits from disposal of assets from UK tax charge. On the other hand, losses from revaluation are not tax deductible which resulted in an increase of the current year tax charge.

(6) As the UK corporation tax rate at 31 March 2024 was 25% (2023: 19%), this item shows the difference between this rate and the German corporation tax rate of 15.825% used in the above reconciliation.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Consolidated statement of financial position		Consolidated income statement	
	31 March 2024 €m	31 March 2023 €m	**Year ended 31 March 2024 €m**	Year ended 31 March 2023 €m
Revaluation of investment property	**(107.3)**	(99.5)	**(7.8)**	(4.1)
Lease incentives	**(0.7)**	(0.7)	**0.0**	(0.1)
Fixed asset temporary differences	**(0.0)**	(0.1)	**0.1**	(0.2)
Financial instruments	**—**	(0.2)	**0.2**	(0.2)
Fair value adjustment on leased investment properties (assets)	**3.6**	3.9	**(0.3)**	(0.2)
Fair value adjustment on leased investment properties (liabilities)	**(3.4)**	(3.8)	**0.4**	0.5
Recognised tax losses set-off against temporary differences	**25.1**	20.2	**4.9**	(0.1)
Deferred tax income/(expense)			**(2.5)**	(4.3)
Deferred tax liabilities	**(82.7)**	(80.2)		

10. Taxation continued

Deferred tax assets and liabilities continued

The Group has not recognised a deferred tax asset on €191.2m (2023: €240.2m) of tax losses carried forward and future share scheme deductions as it is not considered probable that future profits will be available to offset the deferred tax asset against. There is no expiration date on the losses and future share scheme tax deductions will convert to tax losses on realisation.

A change in ownership of the Group may result in restriction on the Group's ability to use tax losses in certain tax jurisdictions.

A deferred tax liability is recognised on temporary differences of €nil (2023: €nil) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The following is the analysis of the deferred tax balances (after offset) by jurisdiction:

	Assets		Liabilities		Net	
	31 March 2024 €m	31 March 2023 €m	**31 March 2024 €m**	31 March 2023 €m	**31 March 2024 €m**	31 March 2023 €m
UK	**—**	—	**—**	—	**—**	—
Germany	**28.7**	24.1	**(111.4)**	(104.4)	**(82.7)**	(80.2)
Cyprus	**—**	—	**—**	—	**—**	—
Deferred tax assets/(liabilities)	**28.7**	24.1	**(111.4)**	(104.4)	**(82.7)**	(80.2)

Current tax assets and liabilities

The following is the analysis of the current tax balances (after offset) by jurisdiction:

	Assets		Liabilities		Net	
	31 March 2024 €m	31 March 2023 €m	**31 March 2024 €m**	31 March 2023 €m	**31 March 2024 €m**	31 March 2023 €m
UK	**—**	—	**—**	(0.4)	**—**	(0.4)
Germany	**—**	—	**(6.5)**	(4.6)	**(6.5)**	(4.6)
Cyprus	**—**	—	**(0.5)**	(0.4)	**(0.5)**	(0.4)
Current tax liabilities	**—**	—	**(7.0)**	(5.4)	**(7.0)**	(5.4)

11. Earnings per share

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

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Earnings attributable to the owners of the Company		
Basic earnings	107.8	79.6
Diluted earnings	107.8	79.6
EPRA earnings	101.1	88.2
Diluted EPRA earnings	101.1	88.2
Headline earnings	100.0	89.0
Diluted headline earnings	100.0	89.0
Adjusted		
Basic earnings	107.8	79.6
(Deduct gain)/add loss on revaluation of investment properties	(12.2)	9.8
Deduct gain on disposal of properties	(0.9)	(4.7)
Tax in relation to the revaluation gains/losses of investment properties and gains/losses on disposal of properties above less REIT related tax effects	3.7	4.2
NCI relating to revaluation (net of related tax)	0.0	—
NCI relating to gain on disposal of properties (net of related tax)	0.0	—
Add loss on revaluation of investment property relating to associates	1.6	0.5
Tax in relation to the revaluation gains/losses on investment property relating to associates above	(0.0)	(0.4)
Headline earnings after tax	100.0	89.0
Add/(deduct) change in fair value of derivative financial instruments (net of related tax and NCI)	1.1	(0.8)
Deduct revaluation loss relating to leased investment properties (net of related tax)	(0.8)	(1.5)
Add adjusting items (net of related tax and NCI)	5.9	6.2
Adjusted earnings after tax	106.2	92.9
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	1,231,991,541	1,167,757,975
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	1,249,500,420	1,183,626,763
Basic earnings per share	8.75c	6.82c
Diluted earnings per share	8.63c	6.73c
Basic EPRA earnings per share	8.21c	7.55c
Diluted EPRA earnings per share	8.10c	7.45c
Headline earnings per share	8.12c	7.62c
Diluted headline earnings per share	8.01c	7.52c
Adjusted earnings per share	8.62c	7.96c
Adjusted diluted earnings per share	8.50c	7.85c

Adjusting items in the above table are made up from the following (as stated within administrative expenses):

	Notes	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Other expenses not included in FFO	6	0.9	0.7
Share-based payments	6	5.0	5.5
Adjusting items		5.9	6.2

11. Earnings per share continued

The following table shows the reconciliation of basic to headline earnings, separately disclosing the impact before tax (gross column) and after tax (net column):

	Year ended 31 March 2024		Year ended 31 March 2023	
	Gross €m	Net €m	Gross €m	Net €m
Basic earnings		**107.8**		79.6
(Deduct gain)/add loss on revaluation of investment properties	**(12.2)**	**(9.5)**	9.8	14.0
(Deduct gain)/add loss on disposal of properties	**(0.9)**	**0.1**	(4.7)	(4.7)
NCI relating to revaluation	**0.0**	**0.0**	0.1	—
NCI relating to gain on disposal of properties	**0.0**	**0.0**	—	—
Add loss on revaluation of investment property relating to associates	**1.6**	**1.6**	0.5	0.1
Headline earnings		**100.0**		89.0

EPRA earnings

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Basic and diluted earnings attributable to owners of the Company	**107.8**	79.6
(Deduct gain)/add loss on revaluation of investment properties	**(12.2)**	9.8
Add loss/(deduct gain) on disposal of properties (net of related tax)	**0.1**	(4.7)
Change in fair value of derivative financial instruments	**1.3**	(0.9)
Deferred tax in respect of EPRA earnings adjustments	**2.5**	4.3
NCI relating to revaluation (net of related tax)	**0.0**	—
NCI relating to gain on disposal of properties (net of related tax)	**0.0**	—
Add loss on revaluation of investment property relating to associates	**1.6**	0.5
Tax in relation to the revaluation gains/losses on investment property relating to associates	**(0.0)**	(0.4)
EPRA earnings	**101.1**	88.2

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted, EPRA and diluted earnings per share the number of shares does not include 7,292,222 own shares held (2023: 7,492,763 shares), which are held by an Employee Benefit Trust on behalf of the Group.

The weighted average number of shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share is calculated as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,231,991,541**	1,167,757,975
Weighted average effect of grant of share awards	**17,508,879**	15,868,789
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,249,500,420**	1,183,626,764

12. Net asset value per share

	31 March 2024 €m	31 March 2023 €m
Net asset value		
Net asset value for the purpose of assets per share (total equity attributable to the owners of the Company)	**1,407.3**	1,197.1
Deferred tax liabilities (see note 10)	**82.7**	80.2
Derivative financial instruments at fair value	**—**	(1.3)
Adjusted net asset value attributable to the owners of the Company	**1,490.0**	1,276.0
Number of shares		
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,340,848,147**	1,168,371,222
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	**1,360,108,407**	1,182,849,869
Net asset value per share	**104.96c**	102.46c
Adjusted net asset value per share	**111.12c**	109.21c

31 March 2024	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic)	**1,407.3**	**1,407.3**	**1,407.3**
Diluted EPRA net asset value at fair value	**1,407.3**	**1,407.3**	**1,407.3**
Group			
Derivative financial instruments at fair value	**—**	**—**	**n/a**
Deferred tax in respect of EPRA fair value movements on investment properties	**82.7**	**82.7**(1)	**n/a**
Intangibles as per note 16	**n/a**	**(3.3)**	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**114.7**
Real estate transfer tax	**170.3**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties	**7.0**	**7.0**(1)	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**6.7**
Real estate transfer tax	**9.4**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV	**1,676.7**	**1,493.7**	**1,528.7**
EPRA NRV, NTA and NDV per share	**123.28c**	**109.82c**	**112.40c**

31 March 2023	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic)	1,197.1	1,197.1	1,197.1
Diluted EPRA net asset value at fair value	1,197.1	1,197.1	1,197.1
Group			
Derivative financial instruments at fair value	(1.3)	(1.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties	80.2	80.1(1)	n/a
Intangibles as per note 16	n/a	(4.1)	n/a
Fair value of fixed interest rate debt	n/a	n/a	99.2
Real estate transfer tax	164.4	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties	7.0	7.0(1)	n/a
Fair value of fixed interest rate debt	n/a	n/a	9.9
Real estate transfer tax	9.3	n/a	n/a
Total EPRA NRV, NTA and NDV	1,456.7	1,278.8	1,306.2
EPRA NRV, NTA and NDV per share	123.15c	108.11c	110.43c

(1) The Group intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end.

For more information on adjusted net asset value and EPRA NRV, NTA and NDV, refer to Annex 1.

12. Net asset value per share continued

The number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share is calculated as follows:

	31 March 2024	31 March 2023
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,340,848,147**	1,168,371,222
Effect of grant of share awards	**19,260,260**	14,478,647
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	**1,360,108,407**	1,182,849,869

The number of shares does not include 7,292,222 own shares held (2023: 7,492,763 shares), which are held by an Employee Benefit Trust on behalf of the Group.

13. Investment properties

The movement in the book value of investment properties is as follows:

	31 March 2024 €m	3 March 2023 €m
Total investment properties at book value as at the beginning of the year	**2,123.0**	2,100.0
Additions – owned investment properties	**74.1**	44.7
Additions – leased investment properties	**—**	1.4
Capital expenditure and broker fees	**37.7**	29.9
Disposals	**(48.9)**	(17.1)
Reclassified as investment properties held for sale (see note 14)	**—**	(8.8)
Gain on revaluation above capex and broker fees	**12.4**	(7.7)
Adjustment in respect of lease incentives	**0.7**	(0.6)
Loss on revaluation relating to leased investment properties	**(0.9)**	(1.5)
Foreign exchange differences	**12.5**	(17.3)
Total investment properties at book value as at year end(1)	**2,210.6**	2,123.0

(1) Excluding assets held for sale.

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

	31 March 2024 €m	31 March 2023 €m
Owned investment properties at market value per valuer's report(1)	**2,190.6**	2,103.1
Adjustment in respect of lease incentives	**(3.9)**	(4.6)
Leased investment property market value	**23.9**	24.5
Total investment properties at book value as at year end(1)	**2,210.6**	2,123.0

(1) Excluding assets held for sale.

The fair value (market value) of the Group's owned investment properties as at year end has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2023: Cushman & Wakefield LLP), an independent valuer accredited by the Royal Institute of Chartered Surveyors ("RICS"). The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. The methodology and assumptions used to determine the fair values of the properties are consistent with the previous year.

The weighted average lease expiry remaining across the owned portfolio in Germany as at year end was 2.7 years (2023: 2.8 years). The weighted average lease expiry remaining across the owned portfolio in the UK as at year end was 1.17 years (2023: 1.01 years). Licence agreements in the UK are rolling and are included in the valuation.

The fair value (market value) of the Group's leased investment properties as at year end has been arrived at on the basis of a valuation carried out by management using discounted cash flows similar to the approach of Cushman & Wakefield LLP. A sensitivity analysis is not provided on the lease investment properties as the balance is not considered material to the financial statements.

13. Investment properties continued

The reconciliation of loss or gain on revaluation above capex as per the consolidated income statement is as follows:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Gain/(loss) on revaluation above capex and broker fees	12.4	(7.7)
Adjustment in respect of lease incentives	0.7	(0.6)
Loss on revaluation relating to leased investment properties	(0.9)	(1.5)
Gain/(loss) on revaluation of investment properties reported in the income statement	12.2	(9.8)

Included in the loss or gain on revaluation of investment properties reported in the income statement are gross gains of €76.4m and gross losses of €64.2m (2023: gross gains of €39.2m and gross losses of €49.0m).

Other than the capital commitments disclosed in note 31, the Group is under no contractual obligation to purchase, construct or develop any investment property. The Group is responsible for routine maintenance of the investment properties.

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between levels during the year. Investment properties have been classed according to their asset type. Information on these significant unobservable inputs per class of investment property is disclosed below (excluding leased investment properties).

The valuation for owned investment properties (including assets classified as held for sale) is performed on a lease-by-lease basis due to the mixed-use nature of the sites using the discounted cash flow technique for the German portfolio and on a capitalised income basis (where income is capitalised by an appropriate yield which reflects the age, location, ownership, customer base and agreement type) for the UK portfolio. This gives rise to large ranges in the inputs.

	Market value	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Gross initial yield %		Net initial yield %		Discount factor %		Void period months	
31 March 2024	€m	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks															
Mature	392.4	2.88	9.09	2.75	7.99	89.5	100.0	4.9	9.9	4.1	7.6	4.4	7.1	6	15
Value add	572.0	3.81	8.56	3.85	7.82	57.1	98.4	4.5	9.2	1.7	6.3	4.5	7.3	9	18
Total traditional business parks	964.4	2.88	9.09	2.75	7.99	57.1	100.0	4.5	9.9	1.7	7.6	4.4	7.3	6	18
Modern business parks															
Mature	230.6	5.67	11.20	4.30	10.35	94.4	100.0	5.5	9.7	4.6	8.8	4.3	5.4	6	12
Value add	258.5	4.69	10.84	4.22	8.65	58.0	87.3	5.3	8.6	4.0	6.9	5.3	6.8	9	18
Total modern business parks	489.1	4.69	11.20	4.22	10.35	58.0	100.0	5.3	9.7	4.0	8.8	4.3	6.8	6	18
Office															
Mature	46.9	12.27	15.52	9.66	11.14	90.9	93.5	7.4	8.7	6.2	7.3	4.9	4.9	9	9
Value add	228.6	7.47	12.46	6.60	12.20	54.4	89.2	4.0	9.4	2.3	6.9	5.3	7.1	9	15
Total office	275.5	7.47	15.52	6.60	12.20	54.4	93.5	4.0	9.4	2.3	7.3	4.9	7.1	9	15
Total Germany	1,729.0	2.88	15.52	2.75	12.20	54.4	100.0	4.0	9.9	1.7	8.8	4.3	7.3	6	18

	Market value	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Net initial yield %		Void period months	
31 March 2024	€m	Low	High	Low	High	Low	High	Low	High	Low	High
Total mixed-use schemes	153.2	0.56	28.74	5.69	47.89	46.6	96.6	1.4	13.3	4	12
Total office	136.5	1.28	45.29	8.16	26.23	46.7	100.0	1.3	16.0	4	12
Total industrial	171.9	2.12	12.70	3.40	14.14	56.2	99.9	4.4	11.9	4	12
Total UK	461.6	0.56	45.29	3.40	47.89	46.6	100.0	1.3	16.0	4	12

13. Investment properties continued

31 March 2023	Market value €m	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Gross initial yield %		Net initial yield %		Discount factor %		Void period months	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Traditional business parks															
Mature	362.0	2.88	8.58	2.67	7.80	64.7	100.0	4.7	9.9	3.7	7.6	4.1	5.8	6	15
Value add	607.6	2.25	6.64	3.58	8.46	26.9	97.4	2.9	9.8	0.8	7.5	4.5	7.1	9	18
Total traditional business parks	969.6	2.25	8.58	2.67	8.46	26.9	100.0	2.9	9.9	0.8	7.6	4.1	7.1	6	18
Modern business parks															
Mature	200.4	5.38	8.64	3.93	8.15	94.3	100.0	3.6	10.5	2.4	9.3	4.1	5.4	6	15
Value add	250.1	2.92	9.76	3.91	10.35	54.5	92.8	5.5	9.4	3.8	7.4	4.8	7.3	9	24
Total modern business parks	450.5	2.92	9.76	3.91	10.35	54.5	100.0	3.6	10.5	2.4	9.3	4.1	7.3	6	24
Office															
Mature	37.5	14.34	14.34	10.78	10.78	92.6	92.6	8.7	8.7	7.3	7.3	4.9	4.9	9	9
Value add	236.4	4.05	10.27	6.42	12.19	49.7	87.5	4.4	9.3	2.4	6.8	5.0	6.9	9	18
Total office	273.9	4.05	14.34	6.42	12.19	49.7	92.6	4.4	9.3	2.4	7.3	4.9	6.9	9	18
Total Germany	1,694.0	2.25	14.34	2.67	12.19	26.9	100.0	2.9	10.5	0.8	9.3	4.1	7.3	6	24

31 March 2023	Market value €m	Current rental rate per sqm €		Market rental rate per sqm €		Occupancy %		Net initial yield %		Void period months	
		Low	High	Low	High	Low	High	Low	High	Low	High
Total mixed-use schemes	102.4	2.09	20.25	5.46	23.58	42.0	93.3	4.0	10.8	4	12
Total office	143.7	5.42	33.89	7.94	24.68	50.5	100.0	4.9	23.2	4	12
Total industrial	171.6	2.23	8.19	2.55	12.99	64.1	100.0	3.8	12.4	4	12
Total UK	417.7	2.09	33.89	2.55	24.68	42.0	100.0	3.8	23.2	4	12

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 2024	**Market value €m**	**Change of 5% in market rental rates €m**		**Change of 0.25% in discount rates €m**		**Change of 0.5% in gross initial yield €m**		**Change of 0.5% in net initial yield €m**	
		Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Total traditional business parks	**964.4**	**48.0**	**(47.7)**	**(18.8)**	**19.1**	**(72.0)**	**85.1**	**(91.9)**	**115.5**
Total modern business parks	**489.1**	**23.2**	**(23.3)**	**(9.7)**	**9.8**	**(33.7)**	**39.3**	**(41.0)**	**49.4**
Total office	**275.5**	**13.7**	**(14.1)**	**(5.3)**	**5.6**	**(19.4)**	**22.9**	**(25.5)**	**32.2**
Market value Germany	**1,729.0**	**84.9**	**(85.1)**	**(33.8)**	**34.5**	**(125.1)**	**147.3**	**(158.4)**	**197.1**

31 March 2024	**Market value €m**	**Change of 5% in market rental rates €m**		**Change of 0.5% in net initial yield €m**	
		Increase	**Decrease**	**Increase**	**Decrease**
Total mixed-use schemes	**153.2**	**5.7**	**(5.8)**	**(8.8)**	**9.8**
Total office	**136.5**	**3.9**	**(4.3)**	**(5.8)**	**6.1**
Total industrial	**171.9**	**6.8**	**(6.9)**	**(10.6)**	**12.0**
Market value UK	**461.6**	**16.4**	**(17.0)**	**(25.2)**	**27.9**

13. Investment properties continued

31 March 2023	Market value €m	Change of 5% in market rental rates €m		Change of 0.25% in discount rates €m		Change of 0.5% in gross initial yield €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	969.6	48.9	(49.2)	(19.3)	19.1	(73.1)	86.8	(106.6)	109.0
Total modern business parks	450.5	22.0	(21.7)	(8.5)	9.3	(32.2)	37.9	(41.5)	47.4
Total office	273.9	14.0	(14.1)	(5.6)	5.6	(20.8)	24.8	(28.3)	36.8
Market value Germany	1,694.0	84.9	(85.0)	(33.4)	34.0	(126.1)	149.5	(176.4)	193.2

31 March 2023	Market value €m	Change of 5% in market rental rates €m		Change of 0.5% in net initial yield €m	
		Increase	Decrease	Increase	Decrease
Total mixed-use schemes	102.4	(6.2)	7.5	3.8	(3.6)
Total office	143.7	(6.8)	7.8	4.7	(4.5)
Total industrial	171.6	(10.8)	12.7	7.0	(6.6)
Market value UK	417.7	(23.8)	28.0	15.5	(14.7)

14. Assets held for sale

Investment properties held for sale

	31 March 2024 €m	31 March 2023 €m
Wuppertal	**–**	8.8
Balance as at year end	**–**	8.8

The disclosures regarding valuation in note 13 are also applicable to assets held for sale.

As at 31 March 2023, an amount of €8.8m relating to the sale of the Wuppertal asset was received prior to the completion date of 1 April 2023 and was included in the cash at bank per note 21. As a result, an equal and opposite position within other payables was recognised. See note 22 for further details.

15. Plant and equipment

	Plant and equipment €m	Fixtures and fittings €m	Total €m
Cost			
As at 31 March 2023	2.7	10.1	12.8
Additions in year	1.3	1.0	2.3
Disposals in year	(0.2)	(0.2)	(0.4)
Foreign exchange differences	0.1	0.1	0.2
As at 31 March 2024	**3.9**	**11.0**	**14.9**
Depreciation			
As at 31 March 2023	(1.0)	(4.6)	(5.6)
Charge for year	(0.7)	(1.1)	(1.8)
Disposals in year	0.1	0.1	0.2
Foreign exchange differences	0.2	(0.1)	0.1
As at 31 March 2024	**(1.4)**	**(5.7)**	**(7.1)**
Net book value as at 31 March 2024	**2.5**	**5.3**	**7.8**
Cost			

15. Plant and equipment continued

	Plant and equipment €m	Fixtures and fittings €m	Total €m
As at 31 March 2022	2.7	8.4	11.1
Additions in year	0.8	3.3	4.1
Disposals in year	(0.8)	(1.4)	(2.2)
Foreign exchange differences	—	(0.2)	(0.2)
As at 31 March 2023	2.7	10.1	12.8
Depreciation			
As at 31 March 2022	(1.1)	(4.5)	(5.6)
Charge for year	(0.6)	(1.5)	(2.1)
Disposals in year	0.8	1.3	2.1
Foreign exchange differences	(0.1)	0.1	—
As at 31 March 2023	(1.0)	(4.6)	(5.6)
Net book value as at 31 March 2023	1.7	5.5	7.2

16. Intangible assets

	Software and licences with definite useful life €m	Total €m
Cost		
As at 31 March 2023	11.6	11.6
Additions in year	0.8	0.8
Disposals in year	—	—
Foreign exchange differences	(0.1)	(0.1)
As at 31 March 2024	**12.3**	**12.3**
Amortisation		
As at 31 March 2023	(7.5)	(7.5)
Charge for year	(1.5)	(1.5)
Disposals in year	—	—
Foreign exchange differences	0.0	0.0
As at 31 March 2024	**(9.0)**	**(9.0)**
Net book value as at 31 March 2024(1)	**3.3**	**3.3**
Cost		
As at 31 March 2022	10.5	10.5
Additions in year	1.1	1.1
Disposals in year	—	—
Foreign exchange differences	—	—
As at 31 March 2023	11.6	11.6
Amortisation		
As at 31 March 2022	(6.2)	(6.2)
Charge for year	(1.3)	(1.3)
Disposals in year	—	—
Foreign exchange differences	—	—
As at 31 March 2023	(7.5)	(7.5)
Net book value as at 31 March 2023(1)	4.1	4.1

(1) Included in the net book value is an amount of €1.3m relating to intangible assets under development not yet amortised (2023: €1.1m). This position primarily consists of €0.9m in relation to the upgrade of the IT system which will be finalised in the first quarter of 2025. All other development projects are expected to finalise in the next financial year.

17. Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets (excluding those disclosed under investment properties) recognised and the movements during the year:

	Office €m	Total €m
As at 31 March 2022	15.0	15.0
Additions	1.5	1.5
Depreciation expense	(2.1)	(2.1)
As at 31 March 2023	14.4	14.4
Depreciation expense	(1.8)	(1.8)
Foreign exchange differences	0.0	0.0
As at 31 March 2024	**12.6**	**12.6**

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 €23.9m (2023: €24.5m) are classified as investment properties, of which €2.1m (2023: €2.8m) relate to commercial property.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 March 2024 €m	31 March 2023 €m
Balance as at the beginning of the year	**(39.6)**	(38.7)
Accretion of interest	**(1.1)**	(1.1)
Additions	**—**	(2.8)
Payments	**3.3**	2.3
Foreign exchange differences	**(0.4)**	0.7
Balance as at year end	**(37.8)**	(39.6)
Current lease liabilities as at year end	**(2.3)**	(2.2)
Non-current lease liabilities as at year end	**(35.5)**	(37.4)

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities:

31 March 2024	**Within 1 year €m**	**1–5 years €m**	**5+ years €m**	**Total €m**
Commercial property(1)	**(0.2)**	**(1.0)**	**—**	**(1.2)**
Long-term leasehold(1)	**(0.2)**	**(1.1)**	**(20.5)**	**(21.8)**
Office space	**(1.9)**	**(7.5)**	**(5.4)**	**(14.8)**
Total	**(2.3)**	**(9.6)**	**(25.9)**	**(37.8)**

31 March 2023	Within 1 year €m	1–5 years €m	5+ years €m	Total €m
Commercial property(1)	(0.2)	(1.0)	(0.3)	(1.5)
Long-term leasehold(1)	(0.2)	(1.0)	(20.4)	(21.6)
Office space	(1.8)	(7.5)	(7.2)	(16.5)
Total	(2.2)	(9.5)	(27.9)	(39.6)

(1) These lease liabilities relate to right of use assets recorded as investment properties.

Maturity analysis of lease liabilities using contractual undiscounted payments is disclosed in note 24.

The overall weighted average discount rate used for the year is 2.8% (2023: 2.7%).

During the year expenses paid for leases of low-value assets and short-term leases which are recognised straight-line over the lease term (included in the administrative expenses) amounted to €0.5m (2023: €0.6m).

In addition to leases of low-value assets and payments resulting from short-term leases that are included in the cash flow from operating activities, interest payments and repayments of lease liabilities totalling €3.3m (2023: €2.3m) were incurred for the year and are included in the cash flow from financing activities.

18. Other non-current financial assets

	31 March 2024 €m	31 March 2023 €m
Deposits	**4.0**	4.1
Loans to associates	**45.1**	44.3
Balance as at year end	**49.1**	48.4

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2026 and are charged at a fixed interest rate. The expected credit loss has been considered based on multiple factors such as history of repayments, forward-looking budgets and forecasts. Based on the assessment the expected credit loss was immaterial.

19. 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 2024 €m	31 March 2023 €m
Current assets	**29.7**	28.4
Non-current assets	**360.7**	354.7
Current liabilities	**(24.9)**	(15.6)
Non-current liabilities	**(298.7)**	(296.1)
Equity	**66.8**	71.4
Unrecognised accumulated losses	**5.3**	4.9
Subtotal	**72.1**	76.3
Group's share in equity – 35%	**25.2**	26.7

The accumulated losses of the investment in associates are not recognised, this is in line with the accounting policy as outlined in note 2.

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Net operating income	**21.7**	21.1
Loss on revaluation of investment properties	**(7.0)**	(0.7)
Administrative expense	**(3.8)**	(3.7)
Operating profit	**10.9**	16.7
Net finance costs	**(8.7)**	(8.8)
Profit before tax	**2.2**	7.9
Taxation	**(0.6)**	(1.9)
Unrecognised loss	**0.2**	1.3
Total profit and comprehensive income for the year after tax	**1.8**	7.3
Group's share of profit for the year – 35%	**0.6**	2.6

Included within the non-current liabilities are shareholder loans amounting to €128.8m (2023: €126.8m). As at year end no contingent liabilities existed (2023: none). The associates had contracted capital expenditure for development and enhancements of €3.0m as at year end (2023: €3.4m).

The following table illustrates the movement in investment in associates:

	31 March 2024 €m	31 March 2023 €m
Balance as at the beginning of the year	**26.7**	24.1
Dividend received	**(2.1)**	—
Share of profit	**0.6**	2.6
Balance as at year end	**25.2**	26.7

20. Trade and other receivables

	31 March 2024 €m	31 March 2023 €m
Gross trade receivables	**20.7**	22.4
Expected credit loss provision (see note 24)	**(7.8)**	(8.7)
Net trade receivables	**12.9**	13.7
Other receivables	**20.6**	14.1
Prepayments	**8.9**	2.7
Balance as at year end	**42.4**	30.5

Other receivables include primarily accrued income of €4.5m (2023: €2.6m), lease incentives of €3.9m (2023: €4.6m), accrued income from investment in associates of €3.7m (2023: €2.2m), a receivable regarding the Stoke disposal of €3.5m (2023: €0.0m).

For the year ended 31 March 2024, prepayments included costs of €7.1m relating to the acquisitions of new sites in Dresden, Germany (€1.0m), Klipphausen, Germany (€1.4m) and Gloucestershire, UK (€4.7m).

21. Cash and cash equivalents

	31 March 2024 €m	31 March 2023 €m
Cash at bank	**125.3**	99.2
Short-term investments	**89.2**	—
Cash restricted under contractual terms:		
– Deposit for bank guarantees	**3.0**	1.3
– Deposits received from tenants	**26.7**	23.8
Balance as at year end	**244.2**	124.3

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at year end is €244.2m (2023: €124.3m).

Short-term investments are an investment in Money Market Funds. The Group invests only in highly liquid products with short maturities, which are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

Tenants' deposits are legal securities of tenants retained by the Group without the right to use these cash deposits for purposes other than strictly tenant related transactions (e.g. move-out costs, costs due to non-compliance with certain terms of the lease agreement or late rent/service charge payments). The tenants' deposits meet the definition of cash as the Group can access these deposits on demand.

Cash is held by reputable banks and the Group assessed the expected credit loss to be immaterial.

22. Trade and other payables

	31 March 2024 €m	31 March 2023 €m
Trade payables	**14.6**	12.0
Accrued expenses	**43.9**	28.6
Provisions(1)	**3.1**	3.3
Interest and amortisation payable	**6.2**	5.6
Tenant deposits	**26.8**	23.8
Unearned revenue	**11.5**	10.6
Other payables	**8.6**	17.6
Balance as at year end	**114.7**	101.5

(1) For the Annual Report and Accounts 2023, as at 31 March 2023, the provision amount of €3.3m was included in accrued expenses split between costs relating to non-recurring projects €2.8m and other costs €0.5m.

The Group have recognised a provision of €3.1m (2023: €3.3m) for an ongoing legal claim in relation to a property which was sold during 2017. The recognised provision as at 31 March 2023 has been reassessed and the provision has been increased by €0.6m as at 31 March 2024. Some €0.8m has been reclassed to costs relating to non-recurring projects as shown in the table of break down of the balance of accrued expenses below. This amount has been settled in April 2024. The remaining provision amount represents the Directors best estimate of the potential outflow at the present time, however, the Directors recognise there is uncertainty relating to this amount. The expected timing of settlement of this provision is less than 12-months and is not discounted due to the expected timing of settlement. At this stage, the Directors do not expect to incur a liability over and above what has already been recognised in the financial statements. To align to the current year presentation, the provisions has been shown as a separate line and this is a reallocation from accrued expenses as at 31 March 2023 of €3.3m.

Unearned revenue includes service charge amounts of €2.5m (2023: €3.1m). 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.

22. Trade and other payables continued

Included within other payables are credit balances due to tenants in relation to over collections of service charge in amount of €4.7m (2023: €3.6m). As at 31 March 2023, other payables included €8.8m of proceeds relating to the sale of the Wuppertal asset that is categorised as an asset held for sale as at 31 March 2023 in advance of the completion date of 1 April 2023. See note 14 for details of assets held for sale.

The following table breaks down the balance of accrued expenses:

	31 March 2024 €m	31 March 2023 €m
Costs relating to service charge	**23.2**	16.4
Bonuses	**6.8**	4.5
Costs relating to non-recurring projects	**0.8**	–
Administrative costs	**5.4**	2.4
Other costs	**7.7**	5.3
Balance as at year end	**43.9**	28.6

23. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	**31 March 2024 €m**	31 March 2023 €m
Current				
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**–**	58.2
– fixed rate facility	0.90	31 October 2023	**–**	110.4
– fixed rate facility	4.26	31 October 2030	**2.6**	–
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**13.5**	0.7
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(1)	31 December 2023	**–**	51.1
– floating rate facility	Floating(1)	31 December 2023	**–**	6.2
– fixed rate facility	4.25	31 December 2030	**1.3**	–
Schuldschein				
– fixed rate facility	1.60	3 July 2023	**–**	20.0
– fixed rate facility	Floating(2)	6 January 2025	**5.0**	–
– fixed rate facility	1.70	3 March 2025	**10.0**	–
Capitalised finance charges on all loans			**(2.8)**	(2.9)
			29.6	243.7
Non-current				
Berlin Hyp AG				
– fixed rate facility	4.26	31 October 2030	**166.3**	–
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**–**	13.5
Deutsche Pfandbriefbank AG				
– fixed rate facility	4.25	31 December 2030	**56.7**	–
Schuldschein				
– floating rate facility	Floating(2)	6 January 2025	**–**	5.0
– fixed rate facility	1.70	3 March 2025	**–**	10.0
Corporate bond I				
– fixed rate	1.125	22 June 2026	**400.0**	400.0
Corporate bond II				
– fixed rate	1.75	24 November 2028	**300.0**	300.0
Capitalised finance charges on all loans			**(7.5)**	(7.8)
			915.5	720.7
Total			**945.1**	964.4

(1) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.40%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.25%; and €19.1m of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%. A €6.5m extension and the tranche 3 related €0.5m arrangement fee are charged with a floating rate of 1.20% over three-month EURIBOR (not less than 0%). The Group has not adopted any hedge accounting.

(2) This unsecured facility has a floating rate of 1.70% over six month EURIBOR (not less than 0%).

23. Interest-bearing loans and borrowings continued

The movement of loans and borrowings for the year comprised of €248.1m repayment of loans, loan drawdowns of €228.3m and €0.4m capitalisation of finance charges (2023: €20.4m, €nil and €3.4m respectively).

The borrowings (excluding capitalised loan issue cost) are repayable as follows:

	31 March 2024 €m	31 March 2023 €m
On demand or within one year	**32.4**	246.6
In the second year	**4.0**	28.5
In the third to tenth years inclusive	**919.0**	700.0
Total	**955.4**	975.1

The Group has pledged 15 (2023: 15) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 15 (2023: 15) properties had a combined valuation of €528.3m as at year end (2023: €510.7m).

Group debt covenants

A summary of the Group's debt covenants is set out below:

	31 March 2024 €m	31 March 2023 €m
Carrying amount of interest-bearing loans and borrowings	**945.1**	964.4
Unamortised borrowing costs	**10.3**	10.7
Total	**955.4**	975.1
Book value of owned investment properties(1)	**2,186.7**	2,107.3
Gross loan to value ratio	**43.7%**	46.3%

(1) Includes assets held for sale.

The Group's loans are subject to various covenants, which include interest cover ratio, loan to value, debt service cover, occupancy, etc. as stipulated in the loan agreements.

During the year, the Group did not breach any of its loan covenants, nor did it default on any of its obligations under its loan agreements and the Group has a sufficient level of headroom as at year end.

Refer to note 2(c) where the Group discloses forecast covenant compliance with regard to management's going concern assessment.

Berlin Hyp AG

In the current year two existing loan facilities amounting to €168.6m have been fully repaid by 31 October 2023 and have been replaced by a new loan facility amounting to €170.0m. The new loan facility is a separate financial instrument to the existing facilities and came into effect on 1 November 2023. The loan terminates on 31 October 2030. Amortisation is 1.5% per annum with the remainder due in the six years. The loan facility is charged at a fixed interest rate of 4.26%. This facility is secured over nine property assets.

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0m. The loan terminates on 28 February 2025. Amortisation is 4.00% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53%. The facility is secured over one property asset. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2024.

Deutsche Pfandbriefbank AG

In the current year two existing loan facilities amounting to €57.3m have been fully repaid by 31 December 2023 and have been replaced by a new loan facility amounting to €58.3m. The new loan facility is a separate financial instrument to the existing facilities and came into effect on 1 January 2024. The loan terminates on 31 December 2030. Amortisation is 2.1% per annum with the remainder due in the 6 year. The loan facility is charged at a fixed interest rate of 4.25%. This facility is secured over five property assets.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0m. On 25 February 2020, the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0m. In total the unsecured facility amounts to €50.0m spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 2.6 years with no amortisation. The first and second tranches totalling €15.0m were repaid during the twelve month period ended 31 March 2023.

On 30 June 2023, the Group repaid an amount of €20.0m resulting in a remaining €15.0m for the loan facility. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2024.

Corporate bond I

On 22 June 2021, the Group raised its inaugural corporate bond for €400.0m. The bond, which is listed at the Luxembourg Stock Exchange, has a term of five years and an interest rate of 1.125% due annually on its anniversary date, with the principal balance coming due on 22 June 2026. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2024.

23. Interest-bearing loans and borrowings continued

Corporate bond II

On 24 November 2021, the Group issued its second corporate bond for €300.0m. The bond, which is listed at the Luxembourg Stock Exchange, has a term of seven years and an interest rate of 1.75% due annually on its anniversary date, with the principal balance coming due on 24 November 2028. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2024.

EPRA loan to value ("LTV")

		Proportionate consolidation	
31 March 2024	**Group €m**	**Investment in associates €m**	**Total €m**
Interest-bearing loans and borrowings(1)	**245.1**	**52.2**	**297.3**
Corporate bonds	**700.0**	**—**	**700.0**
Net payables(2)	**75.3**	**5.9**	**81.2**
Cash and cash equivalents	**(244.2)**	**(7.4)**	**(251.6)**
Net debt (a)	**776.2**	**50.7**	**826.9**
Investment properties	**2,210.6**	**126.2**	**2,336.8**
Plant and equipment	**7.8**	**—**	**7.8**
Intangible assets	**3.3**	**—**	**3.3**
Loan to associates	**45.1**	**—**	**45.1**
Total property value (b)	**2,266.8**	**126.2**	**2,393.0**
EPRA LTV (a/b)	**34.2%**	**40.2%**	**34.6%**

		Proportionate consolidation	
31 March 2023	Group €m	Investment in associates €m	Total €m
Interest-bearing loans and borrowings(1)	264.4	52.1	316.5
Corporate bonds	700.0	—	700.0
Net payables(2)	71.0	4.5	75.5
Cash and cash equivalents	(124.3)	(8.6)	(132.9)
Net debt (a)	911.1	48.0	959.1
Investment properties	2,123.0	124.2	2,247.2
Assets held for sale	8.8	—	8.8
Plant and equipment	7.2	—	7.2
Intangible assets	4.1	—	4.1
Loan to associates	44.3	—	44.3
Total property value (b)	2,187.4	124.2	2,311.6
EPRA LTV (a/b)	41.7%	38.6%	41.5%

(1) Excludes corporate bonds as shown as a separate line.

(2) This is made up of deposits, trade and other receivables, derivative financial instruments, trade and other payables and current tax liabilities.

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, currency risk and interest rate risk.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The risk management policies employed by the Group to manage these risks are discussed below.

24. Financial risk management objectives and policies continued

Credit risk continued

In the event of a default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including expenses incurred to try and recover the defaulted amounts and legal expenses in maintaining, insuring and marketing the property until it is re-let. During the year, the Group monitored the tenants in order to anticipate and minimise the impact of defaults by occupational tenants, as well as to ensure that the Group has a diversified tenant base. The credit risk on tenants is also addressed through the performance of credit checks, collection of deposits and regular communication with the tenants.

Included in loans to associates are loans provided to associate entities from Group entities. During the year the Group assessed credit risk relating to loans to associates by reviewing business plans and monitoring cash collection rates and the operational performance of each associate in order to anticipate and minimise the impact of any impairment.

Included in other receivables are lease incentives. During the year the Group monitored tenants in order to anticipate and minimise the impact of defaults and move-outs from tenants which received lease incentives. The other receivables in the maximum exposure to credit risk table below excludes those lease incentives.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2024 €m	31 March 2023 €m
Net trade receivables	**12.9**	13.7
Other receivables(1)	**20.6**	13.6
Loans to associates	**45.1**	44.3
Derivative financial instruments	**—**	1.3
Cash and cash equivalents	**244.2**	124.3
Total	**322.8**	197.2

(1) Other receivables includes deposits of €4.0m (2023: €4.1m) and a receivable regarding the Stoke disposal of €3.5m (2023: €0.0m). It excludes leases incentives of €3.9m (2023: €4.6m).

The ageing of trade receivables at the statement of financial position date was:

	31 March 2024		31 March 2023	
	Gross €m	**Impairment €m**	Gross €m	Impairment €m
0–30 days	**8.4**	**(1.0)**	13.9	(4.3)
31–120 days (past due)	**1.1**	**(0.2)**	1.3	(0.5)
More than 120 days	**11.2**	**(6.6)**	7.2	(3.9)
Total	**20.7**	**(7.8)**	22.4	(8.7)

The movement in the expected credit loss provision for impairment in respect of trade receivables during the year was as follows:

	31 March 2024 €m	31 March 2023 €m
Balance as at the beginning of the year	**(8.7)**	(7.7)
Expected credit loss recognised	**(7.8)**	(8.7)
Expected credit loss reversed	**8.7**	7.7
Balance as at year end	**(7.8)**	(8.7)

The expected credit loss provision account for trade receivables is used to record impairment losses unless the Group believes that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Most trade receivables are generally due one month in advance. The exception is service charge balancing billing, which is due ten days after it has been invoiced. Included in the Group's trade receivables are debtors with carrying amounts of €12.9m (2023: €13.7m) 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.

24. Financial risk management objectives and policies continued

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Group prepares cash flow forecasts and continually monitors its ongoing commitments compared to available cash. Cash and cash equivalents are placed with financial institutions on a short-term basis which allows immediate access. This reflects the Group's desire to maintain a high level of liquidity in order to meet any unexpected liabilities that may arise due to the current financial position. Similarly, accounts receivable are due either in advance (e.g. rents and recharges) or within ten days (e.g. service charge reconciliations), further bolstering the Group's management of liquidity risk.

The table below summarises the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments:

31 March 2024	Interest-bearing loans €m	Derivative financial instruments €m	Trade and other payables €m	Lease liabilities €m	Total €m
Undiscounted amounts payable in:					
6 months or less	**(12.3)**	**–**	**(56.2)**	**(1.7)**	**(70.2)**
6 months–1 year	**(40.0)**	**–**	**–**	**(1.7)**	**(41.7)**
1–2 years	**(23.2)**	**–**	**–**	**(3.4)**	**(26.6)**
2–5 years	**(755.0)**	**–**	**–**	**(9.9)**	**(764.9)**
5–10+ years	**(220.3)**	**–**	**–**	**(93.6)**	**(313.9)**
	(1,050.8)	**–**	**(56.2)**	**(110.3)**	**(1,217.3)**
Interest	**95.4**	**–**	**–**	**72.5**	**167.9**
	(955.4)	**–**	**(56.2)**	**(37.8)**	**(1,049.4)**

31 March 2023	Interest-bearing loans €m	Derivative financial instruments €m	Trade and other payables €m	Lease liabilities €m	Total €m
Undiscounted amounts payable in:					
6 months or less	(28.5)	(0.8)	(59.0)	(1.6)	(89.9)
6 months–1 year	(229.4)	(0.4)	–	(1.7)	(231.5)
1–2 years	(38.8)	–	–	(3.3)	(42.1)
2–5 years	(421.3)	–	–	(10.0)	(431.3)
5–10+ years	(303.4)	–	–	(94.7)	(398.1)
	(1,021.4)	(1.2)	(59.0)	(111.3)	(1,192.9)
Interest	46.3	1.2	–	71.7	119.2
	(975.1)	–	(59.0)	(39.6)	(1,073.7)

Foreign currency risk

The Group's exposure to currency risk relates primarily to the Group's exposure to the GBP and to a lesser extent the South African rand. This exposure is driven primarily by the UK operating segments (BizSpace Group). In addition thereto, the Group has dividend obligations in both the GBP and South African rand. The foreign currency risk in relation to the GBP is mitigated as a result of the BizSpace Group generating GBP denominated income in order to fund its obligations when they come due and, in addition, the Group's GBP dividend obligations. The Group holds small deposits in South African rand for the purposes of working capital and dividend obligations.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's long-term floating rate debt obligations. The Group's policy is to mitigate interest rate risk by ensuring that a minimum of 80% of its total borrowing is at fixed or capped interest rates by taking out fixed rate loans or derivative financial instruments to hedge interest rate exposure, or interest rate caps.

A change in interest will only have an impact on loans fixed by a swap. An increase of 100 bps in interest rate would result in a decreased post tax profit in the consolidated income statement of €0.05m (2023: €0.04m) (excluding the movement on derivative financial instruments) and a decrease of 100 bps in interest rate would result in an increased post tax profit in the consolidated income statement of €0.05m (2023: €0.04m) (excluding the movement on derivative financial instruments).

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 2024	**Within 1 year €m**	**1–2 years €m**	**2–3 years €m**	**3–4 years €m**	**4+ years €m**	**Total €m**
Schuldschein	**(5.0)**	**—**	**—**	**—**	**—**	**(5.0)**

31 March 2023	Within 1 year €m	1–2 years €m	2–3 years €m	3–4 years €m	4+ years €m	Total €m
Deutsche Pfandbriefbank AG	(6.2)	—	—	—	—	(6.2)
Schuldschein	—	(5.0)	—	—	—	(5.0)

The other financial instruments of the Group that are not included in the above tables have fixed interest rates and are therefore not subject to interest rate risk.

Market risk

The Group's activities are within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service and capital expenditure, the yield is affected, and it can have an impact on the decision of our investors and banks.

Revenues from properties may be adversely affected by: the general economic climate; local conditions, such as an oversupply of properties, or a reduction in demand for properties, in the market in which the Group operates; the attractiveness of the properties to the tenants; the quality of the management; competition from other available properties; and increased operating costs.

In addition, the Group's profit would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditures associated with each equity investment in real estate (such as external financing costs, real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from properties. By diversifying in product, risk categories and tenants, the Group expects to lower the risk profile of the portfolio.

Capital management

For the purpose of the Group's capital management, capital includes all equity reserves attributable to the equity holders of the parent. The Group seeks to enhance shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure. The Group manages its capital structure and in doing so takes into consideration the impact of changes in economic conditions. The Group assesses its capital management through the total shareholder accounting return which was 7.2% as at 31 March 2024 (2023: 5.3%) and the net loan to value which was 33.9% as at 31 March 2024 (2023: 41.6%) as set out in the tables below:

The calculation of total shareholder accounting return:

	31 March 2024 €	31 March 2023 €
Movement in adjusted NAV per share	**1.91c**	0.70c
Dividend paid per share, six months ended 30 September	**3.00c**	2.70c
Dividend paid per share, six months ended 31 March	**2.98c**	2.37c
Total	**7.89c**	5.77c
Adjusted NAV per share for prior year	**109.21c**	108.51c
Total shareholder accounting return %	**7.2%**	5.3%

The calculation of net loan to value:

	31 March 2024 €m	31 March 2023 €m
Carrying amount of interest-bearing loans and borrowings	**945.1**	964.4
Unamortised borrowing costs	**10.3**	10.7
Less cash and cash equivalents (not including cash restricted under contractual terms)	**(214.5)**	(99.2)
Total	**740.9**	875.9
Book value of owned investment properties(1)	**2,186.7**	2,107.3
Net loan to value ratio	**33.9%**	41.6%

(1) Includes assets held for sale.

24. Financial risk management objectives and policies continued

Capital management continued

To maintain or adjust the capital structure, the Group may undertake a number of actions including but not limited to share issuances and changes to its distribution policy to shareholders. The transfer of amounts recorded in share capital to other distributable reserves is to increase the equity reserves attributable to the owners of the Company. The Group's distribution policy takes into account the concept of solvency under The Companies (Guernsey) Law, 2008. The Group is not subject to externally imposed capital requirements other than those related to the covenants of the bank loan facilities. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current year (note 2(c)).

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):

		31 March 2024		31 March 2023	
	Fair value hierarchy level	**Carrying amount €m**	**Fair value €m**	Carrying amount €m	Fair value €m
Financial assets					
Cash and cash equivalents		**244.2**	**244.2**	124.3	124.3
Trade and other receivables(1)		**33.5**	**33.5**	27.3	27.3
Loans to associates	2	**45.1**	**45.1**	44.3	44.3
Derivative financial instruments	2	**—**	**—**	1.3	1.3
Financial liabilities					
Trade and other payables		**56.2**	**56.2**	59.0	59.0
Interest-bearing loans and borrowings(2)					
Floating rate borrowings	2	**5.0**	**5.0**	11.2	11.2
Floating rate borrowings – hedged(3)	2	**—**	**—**	51.1	51.1
Fixed rate borrowings	2	**950.4**	**835.7**	912.8	813.6

(1) This is made up of net trade receivables, other receivables (excluding lease incentives) and deposits.

(2) Excludes loan issue costs.

(3) The Group held interest rate swap contracts designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Deutsche Pfandbriefbank AG. Please refer to note 23 for details of swap contracts.

All amounts in the table above are carried at amortised cost except for derivative financial instruments which are held at fair value.

Fair value hierarchy

For financial assets or liabilities measured at amortised cost and whose carrying value is a reasonable approximation to fair value there is no requirement to analyse their value in the fair value hierarchy.

The below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds interest rate swap contracts which are reset on a quarterly basis. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The average interest rate is based on the outstanding balances at the end of the reporting period. The interest rate swap is measured at fair value with changes recognised in profit or loss.

The fair values of the loans and borrowings have been calculated based on a discounted cash flow model using the prevailing market rates of interest.

26. Issued share capital

Authorised	Number of shares	Share capital €m
Ordinary shares of no par value	Unlimited	–
As at 31 March 2024 and 31 March 2023	**Unlimited**	**–**

Issued and fully paid	Number of shares	Share capital €m
As at 31 March 2022	1,166,880,684	–
Issued ordinary shares	3,702,993	1.4
Transfer of share capital to other distributable reserves	–	(1.4)
Shares issued to Employee Benefit Trust	(2,500,000)	–
Shares allocated by the Employee Benefit Trust	287,545	–
As at 31 March 2023	1,168,371,222	–
Issued ordinary shares	172,276,384	164.1
Transfer of share capital to other distributable reserves	–	164.1
Shares issued to Employee Benefit Trust	–	–
Shares allocated by the Employee Benefit Trust	200,541	–
As at 31 March 2024	**1,340,848,147**	**–**

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 an equity raise of €165.3m on 24 November 2023, the Company issued 170,417,384 ordinary shares at an issue price of £0.86, resulting in the Company's overall issued share capital being 1,348,140,369 ordinary shares. Costs associated with the equity raise amounted to €3.3m.

In addition, during the year the Company issued 1,859,000 shares in relation to the exercise of the LTIP 2018 (June 2020 grant) as per note 8. These shares were issued at nil-cost, and the fair value of these shares recorded in the share capital account has been transferred back to the other distributable reserves.

Treasury shares held by the Employee Benefit Trust are disclosed as own shares held. During the year nil shares were acquired and 200,541 were allocated by the Employee Benefit Trust in relation to the issue of DBP shares as per note 8. A total of 7,292,222 own shares purchased at an average share price of €1.1108 are held by the Employee Benefit Trust (2023: 7,492,763 own shares purchased at an average share price of €1.1185). The total number of shares with voting rights was 1,348,140,369 (2023: 1,175,863,985). 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 (2023: none) and there are no Treasury Shares held directly by the Company at the year end (2023: none).

27. Other reserves

Other distributable reserve

This reserve comprises of amounts in relation to scrip dividend transfers from share capital, share-based payment transactions and share buy-backs. The balance of €605.7m in total at year end (2023: €516.4m) is considered distributable.

Foreign currency translation reserve

The Group holds a foreign currency translation reserve which relates to foreign currency translation effect during the course of the business with the UK segment.

The following table illustrates the movement in the foreign currency translation reserve:

	31 March 2024 €m	31 March 2023 €m
Balance as at the beginning of the year	**(18.9)**	(1.7)
Foreign currency translation	**12.9**	(17.2)
Balance as at year end	**(6.0)**	(18.9)

The movement in the year of €12.9m gain is a result of an increasing GBP/EUR rate which is higher at current year end compared with 31 March 2023 (2023: €17.2m loss).

28. Dividends

On 20 November 2023, the Company announced a dividend of 3.00c per share, with a record date of 15 December 2023 for UK shareholders and 14 December 2023 for South African ("SA") shareholders and payable on 25 January 2024. On the record date, 1,348,140,369 shares were in issue. Since there were no shares held in treasury, 1,348,140,369 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. The Company's Employee Benefit Trust waived its rights to the dividend. The Company offered a dividend reinvestment plan ("DRIP") to shareholders as an alternative to a cash dividend. DRIP allows shareholders to reinvest the dividend to purchase additional shares in the Company in the open market, not newly issued shares by the Company. Holders of 2,401,799 shares elected to receive the dividend in ordinary shares under the DRIP alternative representing 157,365 shares from the UK share register with an average amount of £0.857 per share and 2,244,434 shares from the South African register with an average amount of R 21.473 while the remaining shares opted for a cash dividend with a value of €40.3m.

On 5 June 2023, the Company announced a dividend of 2.98c per share, with a record date of 14 July 2023 for the UK and SA shareholders and payable on 17 August 2023. On the record date, 1,177,722,985 shares were in issue. Since there were no shares held in treasury, 1,177,722,985 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the total dividend (payable in cash) from €35.1m to €34.9m (€35.0m as at settlement date).

On 21 November 2022, the Company announced a dividend of 2.70c per share, with a record date of 9 December 2022 for the UK and SA shareholders and payable on 19 January 2023. On the record date, 1,175,863,985 shares were in issue. Since there were no shares held in treasury, 1,175,863,985 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the total dividend (payable in cash) from €31.7m to €31.5m (€31.5m as at settlement date).

On 13 June 2022, the Company announced a dividend of 2.37c per share, with a record date of 8 July 2022 for the UK and SA shareholders and payable on 18 August 2022. On the record date, 1,172,160,992 shares were in issue. Since there were no shares held in treasury, 1,172,160,992 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 61,453,275 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €1.4m (€1.4m as at settlement date) while holders of 1,110,707,717 shares opted for a cash dividend with a value of €26.3m. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €26.2m (€26.3m as at settlement date). The total dividend was €27.7m (€27.7m as at settlement date).

The Group's profit attributable to the equity holders of the Company for the year was €122.4m (2023: €77.2m). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2024 of 3.05c per share representing 69% of FFO, an increase of 2.2% on the equivalent dividend last year, which represented 65% of FFO(1). The total dividend for the year is 6.05c, an increase of 6.5% on the 5.68c total dividend for the year ended 31 March 2023.

It is expected that, for the dividend authorised relating to the six month period ended 31 March 2024, the ex-dividend date will be 27 June 2024 for shareholders on the SA register and 26 June 2024 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 28 June 2024 and the dividend will be paid on 25 July 2024. A detailed dividend announcement was made on 3 June 2024.

The dividend paid per the statement of changes in equity is the value of the cash dividend.

(1) Adjusted profit before tax adjusted for foreign exchange effects, depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustments in respect of IFRS 16 and current tax receivable/incurred excluding tax on disposals.

28. Dividends continued

The dividend per share was calculated as follows:

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Reported profit before tax	**115.2**	87.0
Adjustments for:		
(Gain)/loss on revaluation of investment properties	**(12.2)**	9.8
Loss on revaluation relating to leased investment properties	**(0.9)**	(1.5)
Gain of disposals of properties	**(0.9)**	(4.7)
Loss on revaluation of investment property from associates and related tax	**1.6**	0.1
Other adjusting items(1)	**5.9**	6.2
Change in fair value of financial derivatives	**1.3**	(0.9)
Adjusted profit before tax	**110.0**	96.0
Adjustments for:		
Foreign exchange effects(2)	**(3.4)**	0.2
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	**3.3**	3.4
Amortisation of financing fees	**3.5**	3.3
Adjustment in respect of IFRS 16	**0.6**	2.2
Current taxes incurred (see note 10)	**(4.8)**	(3.0)
Add back current tax relating to disposals	**1.0**	—
Funds from operations, year ended 31 March	**110.2**	102.1
Funds from operations, six months ended 30 September	**53.0**	48.5
Funds from operations, six months ended 31 March	**57.2**	53.6
Dividend pool, six months ended 30 September	**35.1**	31.5
Dividend pool, six months ended 31 March(3)	**40.9**	34.8
Dividend per share, six months ended 30 September	**3.00c**	2.70c
Dividend per share, six months ended 31 March	**3.05c**	2.98c

(1) Includes the effect of other expenses not included in FFO and share awards. See note 11 for details.

(2) Management decided to exclude foreign exchange effects from the funds from operations calculation of €3.4m (2023: (0.2)m).

(3) Calculated as 69% of FFO of 4.42c per share (2023: 4.59c per share using 65% of FFO) based on average number of shares outstanding of 1,294,286,020 (2023: 1,168,134,871).

For more information on adjusted profit before tax and funds from operations, refer to Annex 1.

Calculations contained in this table are subject to rounding differences.

29. Notes to cash flow

Changes in liabilities arising from financing activities

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2023 €m	Cash flows €m	New leases €m	Changes in fair values €m	Other(1) €m	31 March 2024 €m
Interest-bearing loans and borrowings	964.4	(22.8)	–	–	3.5	**945.1**
Lease liabilities	39.6	(3.3)	–	–	1.5	**37.8**
Derivative financial instruments	(1.3)	–	–	1.3		**–**
Total	1,002.7	(26.1)	–	1.3	5.0	**982.9**

	31 March 2022 €m	Cash flows €m	New leases €m	Changes in fair values €m	Other(1) €m	31 March 2023 €m
Interest-bearing loans and borrowings	981.5	(20.4)	–	–	3.3	964.4
Lease liabilities	38.7	(2.3)	2.8	–	0.4	39.6
Derivative financial instruments	(0.3)	–	–	(0.9)	(0.1)	(1.3)
Total	1,019.9	(22.7)	2.8	(0.9)	3.60	1,002.7

(1) Changes in the capitalised finance charges on all loans, foreign exchange differences and accretion of interest on lease liabilities.

30. Related parties

Related parties are defined as those persons and companies that control the Group, or that are controlled, jointly controlled or subject to significant influence by the Group.

Key management personnel

Fees paid to people considered to be key management personnel (the Company Board of Directors (excluding the Senior Independent Director) and the Executive Committee members) of the Group during the year include:

Consolidated income statement	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Directors' fees	**0.5**	0.5
Salary and employee benefits	**6.4**	5.0
Share-based payments	**3.0**	3.0
Total	**9.9**	8.5

Included within salary and employee benefits are pension contributions amounting to €0.2m (2023: €0.2m).

There are no payables as at 31 March 2024 from Directors' fees and salary and employee benefits (2023: €nil).

Directors' emoluments have been disclosed in the Annual report in the Remuneration report under the 'Single figure table' and in the additional disclosures in respect of the single figure table section on pages 114 and 115.

Associates

The following balances and transactions with associates exist as at the reporting date:

Consolidated statement of financial position	31 March 2024 €m	31 March 2023 €m
Loans to associates	**45.1**	44.3
Trade and other receivables	**4.6**	4.0
Total	**49.7**	48.3

Trade and other receivables relate to amounts owed from the services supplied to the associates and are due to be settled in the normal course of business.

30. Related parties continued

Associates continued

As a result of unchanged credit quality, no material expected credit losses have been recognised in the year.

Consolidated income statement	**Year ended 31 March 2024 €m**	Year ended 31 March 2023 €m
Services supplied	**19.7**	15.1
Interest income	**2.2**	2.2
Total	**21.9**	17.3

Services provided to associates primarily relate to the provision of property and asset management services. Providing these services, the Group generated service charge income from managed properties and other income from managed properties of €19.7m (2023: €15.1m) as set out in note 5.

A performance fee arrangement is in place between the associates and the Group. Within services supplied, the performance fee was €0.8m during the year (2023: €nil).

For details regarding the investment in associates, including dividends received, see note 19.

31. Capital and other commitments

As at year end, the Group had contracted capital expenditure for development and enhancements on existing properties of €20.9m (2023: €14.9m) and capital commitments amounting to €nil (2023: €nil).

The above noted were committed but not yet provided for in the financial statements.

32. Operating lease arrangements

Group as lessor

All properties leased by the Group are under operating leases and the future minimum lease payments receivable under non-cancellable leases are as follows:

	31 March 2024 €m	31 March 2023 €m
Less than 1 year	**147.9**	125.3
1–2 years	**92.5**	98.2
2–3 years	**62.7**	76.6
3–4 years	**44.2**	58.7
4–5 years	**25.6**	36.7
More than 5 years	**50.9**	68.1
Total	**423.8**	463.6

The Group leases out its investment properties under operating leases. Most operating leases are for terms of one to ten years.

33. List of subsidiary undertakings and investments in associates

The Group consists of 118 subsidiary companies (2023: 122 subsidiary companies). All subsidiaries are consolidated in full in accordance with IFRS. The principal activity of the subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and the UK.

Company name	Country of incorporation	**Ownership at 31 March 2024 %**	Ownership at 31 March 2023 %
BizSpace Acquisitions Ltd	Jersey	**100.00**	100.00
BizSpace Developments Ltd(1)	UK	**100.00**	100.00
BizSpace Green Holdings Ltd	UK	**100.00**	100.00
BizSpace Green Operations Ltd	UK	**100.00**	100.00
BizSpace Holdings Ltd	UK	**100.00**	100.00
BizSpace II Ltd	UK	**100.00**	100.00
BizSpace Ltd	UK	**100.00**	100.00
BizSpace Property 100 Ltd	Jersey	**100.00**	100.00
BizSpace Property I Ltd	UK	**100.00**	100.00
BizSpace Property SSP Ltd	UK	**100.00**	100.00
Curris Facilities & Utilities Management GmbH	Germany	**100.00**	100.00
DDS Aspen B.V.	Netherlands	**100.00**	100.00

33. List of subsidiary undertakings and investments in associates continued

Company name	Country of incorporation	**Ownership at 31 March 2024 %**	Ownership at 31 March 2023 %
DDS Bagnut B.V.	Netherlands	**100.00**	100.00
DDS Business Centres B.V.	Netherlands	**100.00**	100.00
DDS Coconut B.V.	Netherlands	**100.00**	100.00
DDS Conferencing & Catering GmbH	Germany	**100.00**	100.00
DDS Elm B.V.	Netherlands	**100.00**	100.00
DDS Fir B.V.	Netherlands	**100.00**	100.00
DDS Hawthorn B.V.	Netherlands	**100.00**	100.00
DDS Hazel B.V.	Netherlands	**100.00**	100.00
DDS Hyacinth B.V.	Netherlands	**100.00**	100.00
DDS Lark B.V.	Netherlands	**100.00**	100.00
DDS Mulberry B.V.	Netherlands	**100.00**	100.00
DDS Rose B.V.	Netherlands	**100.00**	100.00
DDS Walnut B.V.	Netherlands	**100.00**	100.00
DDS Yew B.V.	Netherlands	**100.00**	100.00
Helix FinCo Ltd	Jersey	**100.00**	100.00
Helix Investments Ltd(2)	Jersey	**100.00**	100.00
Helix Property Ltd	Jersey	**100.00**	100.00
LB² Catering and Services GmbH	Germany	**100.00**	100.00
M25 Business Centres Ltd	UK	**100.00**	100.00
Marba Apple B.V.	Netherlands	**100.00**	100.00
Marba Bamboo B.V.	Netherlands	**100.00**	100.00
Marba Cherry B.V.	Netherlands	**100.00**	100.00
Marba Daffodil B.V.	Netherlands	**100.00**	100.00
Marba Holland B.V.(2)	Netherlands	**100.00**	100.00
Marba Lavender B.V.	Netherlands	**100.00**	100.00
Marba Mango B.V.	Netherlands	**100.00**	100.00
Marba Olive B.V.	Netherlands	**100.00**	100.00
Marba Sunflower B.V.	Netherlands	**100.00**	100.00
Marba Violin B.V.	Netherlands	**100.00**	100.00
Marba Willstätt B.V.	Netherlands	**100.00**	100.00
SFG NOVA Construction and Services GmbH	Germany	**100.00**	100.00
Sirius Alder B.V.(3)	Netherlands	**100.00**	100.00
Sirius Aloe GmbH & Co. KG	Germany	**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 B.A.(2)	Netherlands	**100.00**	100.00
Sirius Dahlia GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Facilities (UK) Ltd(2)	UK	**100.00**	100.00
Sirius Facilities GmbH	Germany	**100.00**	100.00
Sirius Finance (Cyprus) Ltd.(2, 4)	Cyprus	**100.00**	100.00
Sirius Four B.V.	Netherlands	**100.00**	100.00
Sirius Frankfurt Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Frankfurt Zweite GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Gum B.V.	Netherlands	**100.00**	100.00
Sirius Jasmine GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Juniper B.V.	Netherlands	**100.00**	100.00
Sirius Kale GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Krefeld Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Lily B.V.	Netherlands	**100.00**	100.00

33. List of subsidiary undertakings and investments in associates continued

Company name	Country of incorporation	**Ownership at 31 March 2024 %**	Ownership at 31 March 2023 %
Sirius Lotus GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Management One GmbH	Germany	**100.00**	100.00
Sirius Management Two GmbH	Germany	**100.00**	100.00
Sirius Management Three GmbH	Germany	**100.00**	100.00
Sirius Management Four GmbH	Germany	**100.00**	100.00
Sirius Management Five GmbH	Germany	**100.00**	100.00
Sirius Management Six GmbH	Germany	**100.00**	100.00
Sirius Management Seven GmbH	Germany	**100.00**	100.00
Sirius Management Eight GmbH	Germany	**100.00**	100.00
Sirius Management Nine GmbH	Germany	**100.00**	100.00
Sirius Management Ten GmbH	Germany	**100.00**	100.00
Sirius Narcissus GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Oak B.V.(5)	Netherlands	**100.00**	100.00
Sirius One B.V.	Netherlands	**100.00**	100.00
Sirius Orange B.V.	Netherlands	**100.00**	100.00
Sirius Palm B.V.	Netherlands	**100.00**	100.00
Sirius Pepper GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Pine B.V.	Netherlands	**100.00**	100.00
Sirius Renewable Energy GmbH	Germany	**100.00**	100.00
Sirius Tamarack B.V.	Netherlands	**100.00**	100.00
Sirius Three B.V.	Netherlands	**100.00**	100.00
Sirius Thyme B.V.	Netherlands	**100.00**	100.00
Sirius Tulip B.V.	Netherlands	**100.00**	100.00
Sirius Two B.V.	Netherlands	**100.00**	100.00
Sirius UK1 Ltd(2)	UK	**100.00**	100.00
Sirius UK2 Ltd(1, 2)	UK	**100.00**	100.00
Sirius Willow B.V.	Netherlands	**100.00**	100.00
Marba Bonn B.V.	Netherlands	**99.73**	99.73
Marba Bremen B.V.	Netherlands	**99.73**	99.73
Marba Brinkmann B.V.(6)	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
Marba Marigold B.V.	Netherlands	**99.73**	99.73
Marba Merseburg B.V.	Netherlands	**99.73**	99.73
Marba Mimosa B.V.	Netherlands	**99.73**	99.73
Marba Regensburg B.V.	Netherlands	**99.73**	99.73
Marba Saffron B.V.	Netherlands	**99.73**	99.73
Marba Troisdorf B.V.	Netherlands	**99.73**	99.73
Sirius Acerola GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Almond GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Bluebell GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Cypress GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Grape GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Hibiscus GmbH & Co. KG	Germany	**99.73**	99.73

33. List of subsidiary undertakings and investments in associates continued

Company name	Country of incorporation	**Ownership at 31 March 2024 %**	Ownership at 31 March 2023 %
Sirius Indigo GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Mayflower GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Oyster GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Administration One GmbH & Co KG	Germany	**94.80**	94.80
Sirius Administration Two GmbH & Co KG	Germany	**94.80**	94.80
Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH	Germany	**94.15**	94.15

(1) During the twelve month period ended 31 March 2024 BizSpace Developments Ltd issued 20,744,551 preference shares of nominal value £1.00 (€1.15) each that were fully subscribed to by Sirius UK2 Ltd. The funds raised were used to finance the acquisition of assets to the investment property portfolio.

(2) Subsidiary company directly held by the parent entity, Sirius Real Estate Limited.

(3) Sirius Alder B.V. merged with Sirius Ivy B.V. on 29 December 2023. For tax and accounting purposes the merger is effective retrospectively from 1 April 2023.

(4) During the twelve month period ended 31 March 2024 Sirius Finance (Cyprus) Ltd issued 63,000,000 ordinary shares of nominal value €1.00 each that were fully subscribed to by the parent entity, Sirius Real Estate Limited. The funds raised were used to enable the acquisition of assets to the investment property portfolio.

(5) Sirius Oak B. V. merged with Sirius Ash B.V. and Sirius Mannheim B.V. on 22 November 2023. For tax and accounting purposes the merger is effective retrospectively from 1 April 2023.

(6) Marba Brinkmann B.V. merged with Marba Catalpa B.V. on 30 March 2024. For tax and accounting purposes the merger is effective retrospectively from 1 January 2024.

Investment in associates which are accounted for with the equity method:

Company name	Country of incorporation	**Ownership at 31 March 2024 %**	Ownership at 31 March 2023 %
DDS Daisy B.V.	Netherlands	**35.00**	35.00
DDS Edelweiss B.V.	Netherlands	**35.00**	35.00
DDS Lime B.V.	Netherlands	**35.00**	35.00
DDS Maple B.V.	Netherlands	**35.00**	35.00
Sirius Boxwood B.V.	Netherlands	**35.00**	35.00
Sirius Laburnum B.V.	Netherlands	**35.00**	35.00
Sirius Orchid B.V.	Netherlands	**35.00**	35.00
Sirius Pear B.V.	Netherlands	**35.00**	35.00

34. Post balance sheet events

On 9 February 2024, the Group notarised the acquisition of an asset in Göppingen, for €21.4m. The mixed-use multi-tenanted business park which comprises 35,160 sqm of storage, industrial and office space is 86% occupied. The transaction completed in April 2024.

On 28 February 2024, the Group notarised the acquisition of an asset in Klipphausen, for €14.6m. The mixed-use single-tenanted business park which comprises 17,683 sqm of storage, industrial and office space is 100% occupied. The transaction completed in April 2024.

On 23 January 2024, the Group notarised the acquisition of an asset in Dresden, for €1.1m. The mixed-use site which comprises 1,183 sqm of storage, residential and office space is 41% occupied. The transaction completed in April 2024.

On 27 March 2024, the Group notarised the acquisition of an asset in Gloucestershire, UK, for £50.1m (€58.6m). The mixed-use site which comprises 139,400 sqm of storage, industrial and office space is 81% occupied. The transaction completed in April 2024.

On 30 April 2024, the Group performed a tap issue for its €300.0m corporate bond issued in November 2021 resulting in approximately €51.3m additional debt, such bonds carry a coupon of 1.75% and were issued at 86.67 cents. The coupon of 1.75% is due annually on its anniversary date, with the principal balance coming due on 24 November 2028. The Group intends to utilise these proceeds for fuelling its acquisition pipeline and corporate purposes.

Non-IFRS measures

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Total profit for the year attributable to the owners of the Company	**107.8**	79.6
(Deduct gain)/add loss on revaluation of investment properties	**(12.2)**	9.8
Add loss/(deduct gain) on disposal of properties (net of related tax)	**0.1**	(4.7)
Change in fair value of derivative financial instruments	**1.3**	(0.9)
Deferred tax in respect of EPRA earnings adjustments	**2.5**	4.3
NCI relating to revaluation (net of related tax)	**0.0**	—
NCI relating to gain on disposal of properties (net of related tax)	**0.0**	—
Add loss on revaluation of investment property relating to associates	**1.6**	0.5
Tax in relation to the revaluation gains/losses on investment property relating to associates	**(0.0)**	(0.4)
EPRA earnings	**101.1**	88.2
Add/(deduct) change in deferred tax relating to derivative financial instruments	**0.2**	(0.1)
(Deduct)/add change in fair value of derivative financial instruments	**(1.3)**	0.9
NCI in respect of the above	**—**	—
Headline earnings after tax	**100.0**	89.0
Add/(deduct) change in fair value of derivative financial instruments (net of related tax and NCI)	**1.1**	(0.8)
Deduct revaluation loss relating to leased investment properties (net of related tax)	**(0.8)**	(1.5)
Add adjusting items(1) (net of related tax and NCI)	**5.9**	6.2
Adjusted earnings after tax	**106.2**	92.9

(1) See note 11 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
EPRA earnings	**101.1**	88.2
Weighted average number of ordinary shares	**1,231,991,541**	1,167,757,975
EPRA earnings per share (cents)	**8.21**	7.55
Headline earnings after tax	**100.0**	89.0
Weighted average number of ordinary shares	**1,231,991,541**	1,167,757,975
Headline earnings per share (cents)	**8.12**	7.62
Adjusted earnings after tax	**106.2**	92.9
Weighted average number of ordinary shares	**1,231,991,541**	1,167,757,975
Adjusted earnings per share (cents)	**8.62**	7.96

Geographical property analysis – owned investment properties

Germany

March 2024	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €	Annualised rent roll €m	% of portfolio by annualised rent roll	Value €m(2)	Gross yield	Net yield	WALE rent	WALE sqm
Frankfurt	16	339	85.8%	7.76	27.1	21%	344.1	7.9%	7.2%	2.6	2.5
Berlin	4	104	95.7%	9.00	10.7	8%	171.2	6.3%	6.3%	2.4	2.4
Stuttgart	9	330	91.5%	5.63	20.4	16%	256.0	8.0%	7.5%	3.1	3.2
Cologne	8	147	89.7%	8.87	14.0	11%	183.1	7.7%	7.3%	2.7	2.8
Munich	3	123	81.9%	8.89	10.8	8%	194.6	5.5%	4.8%	1.3	1.3
Düsseldorf	15	371	78.0%	6.92	24.0	19%	308.0	7.8%	6.6%	3.0	3.3
Hamburg	4	92	83.6%	5.63	5.2	4%	63.2	8.2%	7.5%	1.5	1.4
Other	9	246	82.2%	7.21	17.5	13%	205.0	8.5%	7.9%	2.6	2.4
Total Germany	**68**	**1,752**	**85.2%**	**7.24**	**129.7**	**100%**	**1,725.2**	**7.5%**	**6.8%**	**2.7**	**2.7**

UK

March 2024	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €(1)	Annualised rent roll €m(1)	% of portfolio by annualised rent roll	Value €m(2)	Net yield	WALE rent	WALE sqm
Midlands	10	50	84.0%	15.68	9.4	14%	61.8	9.6%	1.1	1.5
North	13	72	91.0%	11.41	9.9	15%	65.1	9.3%	0.8	1.0
North East and North	14	95	89.3%	7.12	8.1	12%	66.6	8.3%	1.6	2.1
North West	13	88	86.6%	10.82	11.4	18%	85.5	9.7%	1.1	1.0
South East	13	35	81.1%	27.31	11.6	18%	103.8	6.9%	1.5	1.5
South West	11	62	82.3%	19.84	14.6	23%	78.8	12.8%	1.0	1.0
Total UK	**74**	**402**	**86.6%**	**15.58**	**65.0**	**100%**	**461.6**	**9.3%**	**1.2**	**1.4**

(1) The Group's UK business charges licence customers an all-inclusive rate, which includes an implicit element of service charge.

(2) Book value of owned investment properties including assets held for sale.

Usage analysis

Germany

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m	% of annualised rent roll	Vacant sqm	Rate psqm €
Office	588,698	33.6%	475,059	31.8%	49.9	38.5%	113,639	8.76
Storage	573,721	32.8%	497,058	33.3%	32.4	25.0%	76,663	5.42
Production	354,537	20.2%	335,588	22.5%	21.4	16.5%	18,949	5.32
Smartspace	110,519	6.3%	77,566	5.2%	8.8	6.8%	32,953	9.51
Other(1)	124,123	7.1%	107,785	7.2%	17.2	13.2%	16,338	13.27
Total Germany	**1,751,598**	**100.0%**	**1,493,056**	**100.0%**	**129.7**	**100.0%**	**258,542**	**7.24**

UK

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m(3)	% of annualised rent roll	Vacant sqm	Rate psqm €(3)
Office	132,050	32.9%	106,689	30.7%	39.8	61.2%	25,361	31.09
Workshop	253,135	63.0%	227,725	65.5%	23.1	35.5%	25,410	8.45
Storage	2,098	0.5%	1,412	0.4%	0.3	0.5%	686	17.60
Other(2)	14,243	3.6%	11,731	3.4%	1.8	2.8%	2,512	12.97
Total UK	**401,526**	**100.0%**	**347,557**	**100.0%**	**65.0**	**100.0%**	**53,969**	**15.58**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charge licences customers an all-inclusive rate, which includes an implicit element of service charge.

Lease expiry profile of future minimum lease payments receivable under non-cancellable leases

Germany by income

	Office €m	Production €m	Storage €m	Smartspace €m	Other[1] €m	Adjustments in relation to lease incentives €m	Total €m
Less than 1 year	44.7	20.5	29.7	4.3	14.8	(0.6)	113.2
Between 1 and 5 years	78.3	40.1	50.0	1.2	26.1	(0.2)	195.6
More than 5 years	12.7	10.4	10.0	—	7.0	—	40.2
Total	**135.7**	**71.0**	**89.7**	**5.5**	**47.9**	**(0.8)**	**349.0**

Germany by sqm

	Office sqm	Production sqm	Storage sqm	Smartspace sqm	Other[1] sqm	Total sqm
Less than 1 year	119,975	48,950	118,151	68,474	18,918	374,468
Between 1 and 5 years	278,742	209,940	317,046	9,057	73,157	887,941
More than 5 years	76,342	76,698	61,862	35	15,710	230,647
Total	**475,059**	**335,588**	**497,059**	**77,566**	**107,785**	**1,493,056**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

UK by income

	Office €m	Workshop €m	Storage €m	Other[2] €m	Adjustments in relation to lease incentives €m	Total €m
Less than 1 year	11.9	6.2	0.1	0.5	—	18.7
Between 1 and 5 years	21.7	12.4	—	0.8	—	34.9
More than 5 years	11.0	9.0	—	2.9	—	22.9
Total	**44.6**	**27.6**	**0.1**	**4.2**	**—**	**76.5**

UK by sqm

	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Total sqm
Less than 1 year	71,399	147,308	1,412	8,176	228,295
Between 1 and 5 years	30,962	61,233	—	3,553	95,748
More than 5 years	4,328	19,184	—	2	23,514
Total	**106,689**	**227,725**	**1,412**	**11,731**	**347,557**

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

The Group's UK business provides flexible leases that represent approximately 72% of annualised rent roll and conventional leases that represent 28% of annualised rent roll.

Escalation profile per usage

Germany

The Group's German business' primary source of revenue relates to leasing contracts with tenants. The Group's German business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Approximately 31.9% of contracts in place at 31 March 2024 are subject to contractual uplifts. The average contractual uplift over the coming twelve months split by usage are detailed as follows:

Usage	Increase in %
Office	4.39%
Storage	4.52%
Production	4.15%
Smartspace	9.91%
Other[1]	5.25%
Total	**4.63%**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

Escalation profile per usage continued

UK

The Group's UK business' primary source of revenue relates to leasing contracts and licence fee agreements with tenants. The Group's UK business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Of the lease contracts in place at 31 March 2024, approximately 42.2% are subject to contractual uplifts. The average contractual lease contract uplifts over the coming twelve months split by usage are detailed as follows:

Usage	Increase in %
Office	4.70%
Workshop	9.35%
Total	**6.97%**

Property profile March 2024*

Germany

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Aachen I	24,443	12,955	2,246	5,510	3,732	9.54
Aachen II	9,725	1,402	6,669	1,511	143	6.78
Alzenau	66,471	27,702	7,451	24,087	7,231	7.38
Bochum	55,589	12,690	36,027	3,965	2,907	5.13
Bochum II	4,249	3,502	479	12	256	9.33
Bonn	9,004	3,087	2,403	477	3,037	9.00
Bonn – Dransdorf	19,064	5,367	6,891	1,665	5,141	7.81
Buxtehude	28,238	1,120	10,831	13,420	2,867	4.43
Cölln Parc	13,482	6,514	3,386	2,867	715	11.23
Cologne	30,134	2,628	13,021	3,125	11,360	6.38
Dreieich	12,769	7,313	2,929	–	2,527	8.33
Dreieich II	5,512	549	4,537	–	426	5.61
Dresden	57,658	25,431	17,803	11,170	3,254	8.78
Dusseldorf – Sud	21,420	2,814	12,376	1,970	4,260	7.23
Düsseldorf II	9,839	4,433	4,949	–	457	8.60
Düsseldorf III	33,974	21,694	10,614	171	1,495	11.41
Erfurt	23,237	7,585	11,980	–	3,672	3.95
Essen	15,251	5,772	4,806	2,367	2,306	7.10
Essen II	11,614	8,556	1,829	627	602	8.98
Fellbach	26,181	1,752	16,173	340	7,916	6.14
Fellbach II	9,736	4,574	274	–	4,888	10.57
Frankfurt	4,260	2,260	484	68	1,448	11.67
Frankfurt III	10,107	4,903	1,369	–	3,835	13.76
Frankfurt Röntgenstraße	5,496	3,846	555	36	1,059	12.34
Freiburg Teningen	20,796	7,140	6,131	5,578	1,947	5.32
Frickenhausen	27,859	6,516	8,499	10,743	2,101	5.77
Friedrichsdorf	17,572	6,492	5,475	3,199	2,406	8.60
Gartenfeld	25,473	5,375	10,821	3,297	5,980	9.42
Grasbrunn	14,254	7,254	4,743	–	2,257	12.94
Hallbergmoss	18,358	12,276	2,995	–	3,087	11.35
Hamburg Lademannbogen	10,305	8,081	1,049	–	1,175	10.39
Hanover	22,733	8,113	3,966	6,344	4,310	7.17
Heidenheim	46,843	8,415	15,420	13,828	9,180	4.86
Heiligenhaus	44,629	20,089	7,534	12,364	4,642	4.68
Köln Porz	21,089	15,207	2,319	279	3,284	12.60

Property profile March 2024* continued

Germany continued

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Köln Rodenkirchen	19,861	9,918	6,689	2,178	1,076	8.03
Krefeld	11,318	7,131	2,520	594	1,073	8.66
Krefeld II	6,101	2,893	325	2,171	712	8.38
Krefeld III	9,666	4,918	3,342	924	482	8.60
Ludwigsburg	28,229	7,392	10,036	3,585	7,216	7.16
Mahlsdorf	29,355	11,613	10,796	1,963	4,983	8.77
Mahlsdorf II	12,737	5,765	1,263	1,906	3,803	8.48
Maintal Mitte	11,016	462	4,523	5,685	346	5.83
Mannheim	68,789	13,378	20,821	27,913	6,677	5.42
Mannheim II	14,235	6,260	3,986	586	3,403	6.74
Mannheim III	3,033	2,276	741	–	16	7.58
Markgröningen	57,728	4,532	30,853	20,337	2,006	3.81
Munich – Neuaubing	90,765	12,606	32,330	32,184	13,645	8.08
Nabern II	5,578	1,620	491	2,376	1,091	9.07
Neckartenzlingen	51,577	15,295	19,465	14,087	2,730	4.92
Neu-Isenburg	8,239	5,752	1,244	–	1,243	13.30
Neuruppin	22,959	1,404	7,629	13,133	793	5.67
Neuss	17,589	13,397	1,284	153	2,755	13.44
Neuss II	33,338	7,959	17,198	6,058	2,123	6.15
Norderstedt	12,627	3,052	7,507	172	1,896	5.48
Nürnberg	14,106	2,323	3,241	7,532	1,010	7.56
Oberhausen	82,896	41,174	29,966	1,739	10,017	6.38
Offenbach Carl Legien-Strasse	45,596	10,249	9,316	17,678	8,353	6.43
Offenbach I	15,028	3,474	2,475	2,351	6,728	7.40
Öhringen	18,761	1,969	7,448	8,772	572	6.05
Pfungstadt	32,614	6,692	12,259	9,786	3,877	6.51
Potsdam	35,862	12,490	12,720	4,956	5,696	9.05
Potsdam II	244	165	71	–	8	13.90
Rastatt	19,043	4,898	7,279	2,199	4,667	5.64
Rostock	18,617	8,230	1,956	6,606	1,825	6.94
Saarbrücken	46,912	28,707	9,846	2,270	6,089	9.27
Schenefeld	40,250	10,283	26,500	1,961	1,506	5.29
Solingen	13,332	2,475	4,409	4,925	1,523	2.88
Stuttgart – Kirchheim	57,863	20,168	12,897	18,737	6,061	6.64
Wiesbaden	18,370	14,371	1,261	–	2,738	17.05
Total	**1,751,598**	**588,698**	**573,721**	**354,537**	**234,642**	**7.24**

Property profile March 2024* continued

UK

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Rate psqm €[3]
Albion Mills Business Centre	15,001	5,425	5,371	865	3,340	9.08
Altrincham	4,498	1,442	2,768	–	288	19.53
Ashford	1,824	1,823	–	–	1	45.87
Barnsley	6,702	687	5,930	–	85	8.88
Barnsley Carlton	3,367	1,172	2,000	–	195	19.93
Basingstoke	10,314	10,183	–	–	131	31.02
Birmingham Tyseley	12,335	854	9,820	1,233	428	9.94
Bradford – Dudley Hill	11,218	1,099	9,962	–	157	8.91
Bristol Equinox	1,304	1,303	–	–	1	54.39
Bury	3,911	3,911	–	–	–	16.27
Camberwell – Lomond	2,039	1,266	546	–	227	38.83
Cardiff	4,106	4,105	–	–	1	35.53
Cheadle	1,628	1,600	–	–	28	41.15
Christchurch	2,663	2,058	605	–	–	32.71
Consett	3,094	–	3,094	–	–	4.74
Coventry	1,621	1,621	–	–	–	18.35
Design Works	4,777	3,437	555	–	785	17.16
Didcot	1,021	491	510	–	20	35.32
Dinnington	3,788	1,000	2,648	–	140	11.87
Doncaster	2,778	2,777	–	–	1	31.99
Dorking	2,148	1,406	715	–	27	47.08
Egham	1,002	927	–	–	75	39.99
Fareham	1,758	1,758	–	–	–	47.00
Gateshead	13,160	–	11,927	–	1,233	5.41
Gloucester	20,751	2,989	16,669	–	1,093	6.51
Gloucester – Barnwood	3,402	3,378	24	–	–	53.86
Hartlepool – Oakesway	2,585	–	2,585	–	–	2.55
Hebburn	5,463	–	5,462	–	1	8.11
Hemel Hempstead	4,387	4,384	–	–	3	37.56
Hooton	1,376	1,230	–	–	146	28.31
Hove	2,939	2,160	695	–	84	35.87
Huddersfield (Linthwaite)	2,365	–	2,364	–	1	8.58
Islington Studio	3,138	2,936	201	–	1	39.91
Leeds – Brooklands	2,076	2,042	–	–	34	25.46
Leeds – Wortley	3,735	–	3,734	–	1	7.65
Letchworth	3,037	2,368	661	–	8	18.48
Littlehampton	1,993	1,992	–	–	1	41.32
Liverpool	3,488	1,324	2,164	–	–	18.34
London Colney	1,887	1,767	–	–	120	36.27
M25 Business Centre	3,282	2,151	1,085	–	46	37.13
Maidstone	1,645	1,644	–	–	1	45.54
Manchester – Trafford Park	8,815	–	8,675	–	140	10.65
Manchester – Newton Heath	5,660	2,273	3,353	–	34	18.96
Manchester – Old Trafford	4,579	1,703	2,806	–	70	26.44
Milton Keynes	3,591	3,529	14	–	48	33.15
New Addington – Croydon	6,621	379	6,158	–	84	15.14
Newcastle – Amber Court	4,296	4,296	–	–	–	24.97
Northampton – K2	4,689	57	4,631	–	1	13.75

Property profile March 2024* continued

UK continued

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other(2) sqm	Rate psqm €(3)
Northampton – KG	12,617	910	11,609	—	98	10.42
Nottingham – Arnold	5,523	1,313	4,009	—	201	10.20
Nottingham – Park Row	4,128	4,110	—	—	18	42.86
Nottingham – Roden	4,545	9	4,533	—	3	8.37
Oldham – Hollinwood	5,525	5,495	—	—	30	25.19
Perivale	2,147	542	1,604	—	1	32.49
Peterlee	18,307	—	18,306	—	1	4.66
Poole	6,707	6,558	—	—	149	27.33
Preston	5,319	1,741	3,577	—	1	19.31
Rochdale (Fieldhouse)	23,179	527	22,329	—	323	4.48
Rochdale (Moss Mill)	16,226	—	14,441	—	1,785	4.45
Rotherham	4,482	1,369	3,112	—	1	14.98
Sandy Business Park	9,373	108	9,152	—	113	9.25
Sheffield (Cricket)	1,927	—	1,927	—	—	11.19
Shipley	2,238	2,238	—	—	—	14.05
Solihull	1,715	1,714	—	—	1	57.70
Spectrum House	4,279	4,109	169	—	1	35.40
Stanley	3,775	—	3,775	—	—	6.44
Sunderland – North Sands	2,819	2,818	—	—	1	19.95
Swindon	6,824	339	6,380	—	105	18.52
The Ivories	2,300	—	2,299	—	1	37.93
Theale	2,602	2,544	—	—	58	65.96
Wakefield	20,759	619	18,443	—	1,697	5.21
Warrington – Craven Court	3,829	—	3,829	—	—	12.55
Wimbledon	3,309	1,459	1,569	—	281	38.63
Wolverhampton – Willenhall	5,215	581	4,340	—	294	10.93
Total	**401,526**	**132,050**	**253,135**	**2,098**	**14,243**	**15.58**

* Excluding commercial leased investment properties.

(1) Other includes: Smartspace, catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charges licence customers an all-inclusive rate, which includes an implicit element of service charge.

ANNEX 1 – NON-IFRS MEASURES

Basis of preparation

The Directors of Sirius Real Estate Limited have chosen to disclose additional non-IFRS measures; these include EPRA earnings, adjusted net asset value, EPRA net reinstatement value, EPRA net tangible assets, EPRA net disposal value, EPRA loan to value, adjusted profit before tax and funds from operations (collectively, "Non-IFRS Financial Information").

The Directors have chosen to disclose:

- EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for (where applicable) gains/losses on revaluation of investment properties, gains/losses on disposal of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties, goodwill impairment, acquisition costs in relation to business combinations, changes in fair value of derivative financial instruments (collectively, the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to revaluation (net of related tax), NCI relating to gains/losses on disposal properties (net of related tax), gains/losses on revaluation of investment property relating to associates and the related tax thereon. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in table A below.
- Adjusted net asset value in order to assist in comparisons with similar businesses. Adjusted net asset value represents net asset value after adjusting for derivative financial instruments at fair value and net deferred tax asset/liability. The reconciliation for adjusted net asset value is detailed in table B below.
- EPRA net reinstatement value ("EPRA NRV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NRV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NRV represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivative financial instruments and real estate transfer tax presented in the Valuation Certificate (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NRV is detailed in table C below.
- EPRA net tangible assets ("EPRA NTA") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NTA is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NTA represents net asset value after adjusting for (where applicable) derivative financial instruments at fair value, deferred tax relating to valuation movements (excluding that relating to assets held for sale) and derivative financial instruments, goodwill and intangible assets as per the note reference in the audited consolidated statement of financial position (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NTA is detailed in table C below.
- EPRA net disposal value ("EPRA NDV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NDV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NDV represents net asset value after adjusting for (where applicable) goodwill 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 loan to value ("EPRA LTV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA LTV is a definition of loan to value ratio as set out by the European Public Real Estate Association. EPRA LTV represents net debt to total property value as defined in note 23. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value, net debt at nominal value. The reconciliation for EPRA LTV is detailed in table D below.
- Adjusted profit before tax in order to provide an alternative indication of the Group's underlying business performance. Accordingly, it adjusts for the effect of the gains/losses on revaluation of investment properties, gains/losses on revaluation relating to leased investment properties, gains/losses on disposal of properties, gains/losses on revaluation of investment property from associates and related tax, other adjusting items and change in fair value of derivative financial instruments. The reconciliation for adjusted profit before tax is detailed in table E below.
- Funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from is adjusted profit before tax. Accordingly, funds from operations exclude depreciation and amortisation (excluding depreciation relating to IFRS 16), net foreign exchange differences, amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding tax on disposals. The reconciliation for funds from operations is detailed in table E below.

The Non-IFRS Financial Information is presented in accordance with the JSE Limited Listings Requirements and The Guide on Pro forma Financial Information, issued by SAICA. The Non-IFRS Financial Information is the responsibility of the Directors. The Non-IFRS Financial Information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result of operations. The Non-IFRS Financial Information required by the JSE Limited Listings Requirements solely relates to Headline Earnings Per Share and not EPRA.

Ernst & Young Inc have issued an independent auditor report on the Non-IFRS Financial Information for the year ended 31 March 2024 which is available for inspection at the Group's registered office. The starting point for all the Non-IFRS Financial Information has been extracted, without adjustment, from the audited Group's consolidated financial statements for the year ended 31 March 2024 (the "consolidated financial statements").

Basis of preparation continued

Table A – EPRA earnings

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Basic and diluted earnings attributable to owners of the Company(1)	**107.8**	79.6
(Deduct gain)/add loss on revaluation of investment properties(2)	**(12.2)**	9.8
Add loss/(deduct gain) on disposal of properties (net of related tax)(3)	**0.1**	(4.7)
Change in fair value of derivative financial instruments(4)	**1.3**	(0.9)
Deferred tax in respect of EPRA earnings adjustments(5)	**2.5**	4.3
NCI relating to revaluation (net of related tax)(6)	**0.0**	—
NCI relating to gain on disposal of properties (net of related tax)(7)	**0.0**	—
Add loss on revaluation of investment property relating to associates(8)	**1.6**	0.5
Tax in relation to the revaluation gains/losses on investment property relating to associates(9)	**(0.0)**	(0.4)
EPRA earnings(10)	**101.1**	88.2

Notes:

(1) Presents the profit attributable to owners of the Company which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain or loss on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the gain or loss on disposal of properties (net of related tax) which has been extracted from note 11 within the consolidated financial statements.

(4) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents deferred tax relating EPRA earning adjustments which has been extracted from note 11 within the consolidated financial statements.

(6) Presents the non-controlling interest relating to revaluation (net of related tax) which has been extracted from note 11 within the consolidated financial statements.

(7) Presents the non-controlling interest relating to gain or loss on disposal of properties (net of related tax) which has been extracted from note 11 within the consolidated financial statements.

(8) Presents the gain or loss on revaluation of investment property relating to associates which has been extracted from note 11 within the consolidated financial statements.

(9) Presents tax in relation to the revaluation gains/losses on investment property relating to associates which has been extracted from note 11 within the consolidated financial statements.

(10) Presents the EPRA earnings for the year.

Basis of preparation continued

Table B – Adjusted net asset value

	31 March 2024 €m	31 March 2023 €m
Net asset value		
Net asset value for the purpose of assets per share (total equity attributable to the owners of the Company)(1)	**1,407.3**	1,197.1
Deferred tax liabilities(2)	**82.7**	80.2
Derivative financial instruments at fair value(3)	**—**	(1.3)
Adjusted net asset value attributable to owners of the Company(4)	**1,490.0**	1,276.0

Notes:

(1) Presents the net asset value for the purpose of assets per share (total equity attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents the net deferred tax liabilities or assets which have been extracted from the note 10 within the consolidated financial statements.

(3) Presents current derivative financial instrument assets which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(4) Presents the adjusted net asset value attributable to the owners of the Company as at year end.

Table C – EPRA net asset measures

31 March 2024	**EPRA NRV €m**	**EPRA NTA €m**	**EPRA NDV €m**
Net asset value as at year end (basic)(1)	**1,407.3**	**1,407.3**	**1,407.3**
Diluted EPRA net asset value at fair value	**1,407.3**	**1,407.3**	**1,407.3**
Group			
Derivative financial instruments at fair value(2)	**—**	**—**	**n/a**
Deferred tax in respect of EPRA fair value movements on investment properties(3)	**82.7**	**82.7***	**n/a**
Intangibles(4)	**n/a**	**(3.3)**	**n/a**
Fair value of fixed interest rate debt(5)	**n/a**	**n/a**	**114.7**
Real estate transfer tax(6)	**170.3**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties(3)	**7.0**	**7.0***	**n/a**
Fair value of fixed interest rate debt(5)	**n/a**	**n/a**	**6.7**
Real estate transfer tax(6)	**9.4**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV(7)	**1,676.7**	**1,493.7**	**1,528.7**

31 March 2023	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
Net asset value as at year end (basic)(1)	1,197.1	1,197.1	1,197.1
Diluted EPRA net asset value at fair value	1,197.1	1,197.1	1,197.1
Group			
Derivative financial instruments at fair value(2)	(1.3)	(1.3)	n/a
Deferred tax in respect of EPRA fair value movements on investment properties(3)	80.2	80.1*	n/a
Intangibles(4)	n/a	(4.1)	n/a
Fair value of fixed interest rate debt(5)	n/a	n/a	99.2
Real estate transfer tax(6)	164.4	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA fair value movements on investment properties(3)	7.0	7.0*	n/a
Fair value of fixed interest rate debt(5)	n/a	n/a	9.9
Real estate transfer tax(6)	9.3	n/a	n/a
Total EPRA NRV, NTA and NDV(7)	1,456.7	1,278.8	1,306.2

* The Group intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end.

Basis of preparation continued

Table C – EPRA net asset measures continued

Notes:

(1) Presents the net asset value for the purpose of assets per share (total equity attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents current derivative financial instrument assets which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(3) Presents for the Group the net deferred tax liabilities or assets which have been extracted from note 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 (2023: €0.1m). For investment in associates the deferred tax income/(expense) arising on revaluation losses/gains amounted to €nil (2023: €0.4m).

(4) Presents the net book value of software and licences with definite useful life which has been extracted from note 16 within the consolidated financial statements.

(5) Presents the fair value of financial liabilities and assets on the consolidated statement of financial position, net of any related deferred tax.

(6) Presents the add-back of purchasers' costs in order to reflect the value prior to any deduction of purchasers' costs, as shown in the Valuation Certificate of Cushman & Wakefield LLP.

(7) Presents the EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at year end.

Table D – EPRA LTV metric

		Proportionate consolidation	
31 March 2024	**Group €m**	**Investment in associates €m**	**Total €m**
Interest-bearing loans and borrowings[1]	**245.1**	**52.2**	**297.3**
Corporate bonds[2]	**700.0**	**—**	**700.0**
Net payables[3]	**75.3**	**5.9**	**81.2**
Cash and cash equivalents[4]	**(244.2)**	**(7.4)**	**(251.6)**
Net debt (a)[5]	**776.2**	**50.7**	**826.9**
Investment properties[6]	**2,210.6**	**126.2**	**2,336.8**
Plant and equipment[8]	**7.8**	**—**	**7.8**
Intangible assets[9]	**3.3**	**—**	**3.3**
Loan to associates[10]	**45.1**	**—**	**45.1**
Total property value (b)[11]	**2,266.8**	**126.2**	**2,393.0**
EPRA LTV (a/b)[12]	**34.2%**	**40.2%**	**34.6%**

Basis of preparation continued

Table D – EPRA LTV metric continued

31 March 2023	Group €m	Proportionate consolidation Investment in associates €m	Total €m
Interest-bearing loans and borrowings(1)	264.4	52.1	316.5
Corporate bonds(2)	700.0	—	700.0
Net payables(3)	71.0	4.5	75.5
Cash and cash equivalents(4)	(124.3)	(8.6)	(132.9)
Net debt (a)(5)	911.1	48.0	959.1
Investment properties(6)	2,123.0	124.2	2,247.2
Assets held for sale(7)	8.8	—	8.8
Plant and equipment(8)	7.2	—	7.2
Intangible assets(9)	4.1	—	4.1
Loan to associates(10)	44.3	—	44.3
Total property value (b)(11)	2,187.4	124.2	2,311.6
EPRA LTV (a/b)(12)	41.7%	38.6%	41.5%

Notes:

(1) Presents the interest-bearing loans and borrowings which have been extracted from the consolidated statement of financial position within the consolidated financial statements less the corporate bonds which have been extracted from note 23 within the consolidated financial statements.

(2) Presents the corporate bonds which have been extracted from note 23 within the consolidated financial statements.

(3) Presents the net payables, which is the sum of trade and other receivables, derivative financial instruments, trade and other payables, current tax liabilities (all of which have been extracted from the consolidated statement of financial position within the consolidated financial statements) and deposits which have been extracted from note 18 within the consolidated financial statements.

(4) Presents the cash and cash equivalents which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(5) Presents the net debt, which is the sum of interest-bearing loans and borrowings, corporate bonds, and net payables, less cash and cash equivalents.

(6) Presents the investment properties values which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(7) Presents the assets held for sale which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(8) Presents the plant and equipment which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(9) Presents the intangible assets which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(10) Presents the loan to associates which has been extracted from note 24 within the consolidated financial statements.

(11) Presents the total property value, which is the sum of investment properties, assets held for sale, plant and equipment, intangible assets and loan to associates.

(12) Presents the EPRA LTV which is net debt divided by total property value in percentage.

Basis of preparation continued

Table E – Adjusted profit before tax and funds from operations

	Year ended 31 March 2024 €m	Year ended 31 March 2023 €m
Reported profit before tax(1)	**115.2**	87.0
Adjustments for:		
(Gain)/loss on revaluation of investment properties(2)	**(12.2)**	9.8
Loss on revaluation relating to leased investment properties(3)	**(0.9)**	(1.5)
Gain on disposals of properties(4)	**(0.9)**	(4.7)
Loss on revaluation of investment property from associates and related tax(5)	**1.6**	0.1
Other adjusting items(6)	**5.9**	6.2
Change in fair value of financial derivatives(7)	**1.3**	(0.9)
Adjusted profit before tax(8)	**110.0**	96.0
Adjustments for:		
Foreign exchange effects(9)	**(3.4)**	0.2
Depreciation and amortisation (excluding depreciation relating to IFRS 16)(10)	**3.3**	3.4
Amortisation of financing fees(11)	**3.5**	3.3
Adjustment in respect of IFRS 16(12)	**0.6**	2.2
Current taxes incurred(13)	**(4.8)**	(3.0)
Add back current tax relating to disposals(14)	**1.0**	—
Funds from operations(15)	**110.2**	102.1

Notes:

(1) Presents profit before tax which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain or loss on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the gain or loss on revaluation relating to leased investment properties which has been extracted from note 13 within the consolidated financial statements.

(4) Presents the gain or loss on disposal of properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents the gain or loss on revaluation of investment property relating to associates and related tax which has been extracted from note 10 within the consolidated financial statements.

(6) Presents the total adjusting items which have been extracted from note 11 within the consolidated financial statements.

(7) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(8) Presents the adjusted profit before tax for the year.

(9) Presents the net foreign exchange gains or losses as included in other administration costs in note 6 within the consolidated financial statements.

(10) Presents depreciation of plant and equipment and amortisation of intangible assets which have been extracted from note 6 within the consolidated financial statements.

(11) Presents amortisation of capitalised finance costs which has been extracted from note 9 within the consolidated financial statements.

(12) Presents the differential between the expense recorded in the consolidated income statement for the year relating to head leases in accordance with IFRS 16 amounting to €3.9m (2023: €4.5m) and the actual cash expense recorded in the consolidated statement of cash flows for the year amounting to €3.3m (2023: €2.3m).

(13) Presents the total current income tax which has been extracted from note 10 within the consolidated financial statements.

(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) Presents the funds from operations for the year.

GLOSSARY OF TERMS

Adjusted earnings after tax	is the earnings attributable to the owners of the Company, adjusted for the effect of the gains/losses on revaluation of investment properties and related tax, (also to associates net of related tax), gains/losses on disposal of properties and related tax, NCI relating to revaluation (net of related tax), NCI relating to gains/losses on disposal properties (net of related tax), changes in fair value of derivative financial instruments (net of related tax and NCI), revaluation gains/losses relating to leased investment properties (net of related tax) and adjusting items (net of related tax and NCI)
Adjusted net asset value	is the total equity attributable to the owners of the Company adjusted for derivative financial instruments at fair value and net deferred tax liabilities/assets
Adjusted profit before tax	is the reported profit before tax adjusted for the effect of gains/losses on revaluation of investment properties, gains/losses on revaluation relating to lease investment properties, gains/losses on disposal of properties, gains/losses on revaluation of investment property from associates and related tax, other adjusting items and changes in fair value of derivative financial instruments
Annualised acquisition net operating income	is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised acquisition rent roll	is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised rent roll	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 2024. Annualised rent roll should not be interpreted or used as a forecast or estimate. Annualised rent roll differs from rental income described in note 5 of the Annual Report and reported within revenue in the audited consolidated income statement for reasons including: » annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms; » rental income as reported within revenue represents rental income recognised in the period under review; and » rental income as reported within revenue includes accounting adjustments including those relating to lease incentives
Capital value	is the market value of a property divided by the total sqm of a property
Company	is Sirius Real Estate Limited, a company incorporated in Guernsey and resident in the United Kingdom for tax purposes, whose shares are publicly traded on the Main Market of the London Stock Exchange (primary listing) and the Main Board of the Johannesburg Stock Exchange (primary listing)
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA	European Public Real Estate Association
EPRA earnings	is earnings after adjusting for (where applicable) gains/losses on revaluation of investment properties, gains/losses on disposal of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties, goodwill impairment, acquisition costs in relation to business combinations, changes in fair value of derivative financial instruments (collectively, the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to revaluation (net of related tax), NCI relating to gains/losses on disposal properties (net of related tax), gains/losses on revaluation of investment property relating to associates and the related tax thereon
EPRA loan to value	is the ratio of net debt to total property value as defined in note 23. It includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including the Group's share in the net debt and net assets of associates. Assets are included at fair value, net debt at nominal value
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivative financial instruments and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates
EPRA net tangible assets	is the net asset value after adjusting for (where applicable) derivative financial instruments at fair value, deferred tax relating to valuation movements (just for the part of the portfolio that the Group intends to hold should be excluded) and derivative financial instruments goodwill and intangible assets as per the note reference in the audited consolidated statement of financial position, including the amounts of the above related to the investment in associates
EPRA net disposal value	is the net asset value after adjusting for (where applicable) goodwill 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 reporting date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs
EPRA net yield	is the net operating income generated by a property expressed as a percentage of its value plus purchase costs
ERV	is the estimated rental value which is the annualised rental income at 100% occupancy
Executive Committee	is made up of the CEO, CFO, CMIO, COO, CIO and GHRO as set out on pages 76 and 77 of the Group's Annual Report and Accounts 2024
Funds from operations ("FFO")	is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, net foreign exchange differences, adjustment in respect of IFRS 16 and current tax excluding tax on disposals
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
Group	comprises that of the Company and its subsidiaries
Like for like	refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are made in relation to annualised rent roll, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period
LTIP	Long Term Incentive Plan
LTV	loan to value
Net loan to value ratio	is the ratio of principal value of total debt less cash, excluding that which is restricted in contractual terms, to the aggregate value of investment property
Net operating income	is the rental, service charge and other income generated from investment and managed properties less directly attributable costs
Net yield	is the net operating income generated by a property expressed as a percentage of its value
Occupancy	is the percentage of total lettable space occupied as at reporting date
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
Operating profit	is the net operating income adjusted for gains/losses on revaluation of investment properties, gains/losses on disposal of properties, movement in expected credit loss provision, administrative expenses and share of profit of associates
Rate	for the German portfolio is rental income per sqm expressed on a monthly basis as at a specific reporting date for the UK portfolio is rental income (includes estimated service charge element) per sqm expressed on a monthly basis as at a specific reporting date in EUR for the UK portfolio is rental income (includes estimated service charge element) per sq ft expressed on an annual basis as at a specific reporting date in GBP
Senior Management Team	as set out on page 78 of the Group's Annual Report and Accounts 2024
SIP	Share Incentive Plan
Sirius	comprises that of the Company and its subsidiaries
Total debt	is the aggregate amount of the interest-bearing loans and borrowings
Total shareholder accounting return	is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share and dividends paid
Total return	is the return for a set period of time combining valuation movement and income generated
Ungeared IRR	is an estimate of the rate of return
Weighted average cost of debt	is the weighted effective rate of interest of loan facilities expressed as a percentage
Weighted average debt expiry	is the weighted average time to repayment of loan facilities expressed in years

CORPORATE DIRECTORY

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(Incorporated in Guernsey)
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LSE (GBP) Share Code: SRE
LEI: 213800NURUF5W8QSK566
ISIN Code: GG00B1W3VF54

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Registered number

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