Financial statements

INDEPENDENT AUDITOR'S REPORT
to the members of Sirius Real Estate Limited

Opinion

We have audited the financial statements of Sirius Real Estate Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and Company in conducting the audit.

Conclusions relating to going concern

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

- We obtained an understanding of the process followed by Management to prepare the Group's going concern assessment over the going concern period to 30 June 2023, including challenging the completeness of risks identified in Management's assessment, identifying and assessing scenarios that may arise as a result of the ongoing conflict in Ukraine and other macro-economic factors (including Covid-19, forecast inflation levels and interest rates) which may adversely affect future occupancy and income levels and the impact of a fall in property valuations on compliance with loan covenants.
- We obtained the base case scenario and the severe but plausible downside scenario covering the going concern period prepared by Management and provided to the Board. We challenged Management on whether the scenarios considered were sufficient to allow them to form their view on going concern. We tested the mathematical accuracy of the models and verified the opening available cash balance in Management's cash flow forecast by comparing it to the year-end cash balance which was subject to our audit procedures.
- We challenged the appropriateness of each of the key assumptions through agreeing them to supporting evidence and searching for contradictory evidence, using our understanding of the Group's business, evidence gained during the audit and our industry knowledge. We assessed the historical forecasting accuracy as an input into determining the ability of Management to forecast for the going concern period.
- We used our Chartered Surveyors to challenge the stress tests applied to forecast reductions in property valuations in the severe but plausible downside scenario. We applied further sensitivities where appropriate to stress test the impact on forecast available cash.
- We checked the modelled details of the lending terms and covenants back to lender agreements, verifying the key terms and confirming the availability of the debt facilities in the going concern period.

Conclusions relating to going concern
continued

- We performed testing to evaluate whether the covenant requirements of the debt facilities would be breached under the severe but plausible downside scenario prepared by Management and applied additional stress tests to observe their impact on liquidity. We performed additional reverse stress testing to understand the fall in valuations and/or occupancy needed to use remaining liquidity. In assessing the likelihood of these scenarios, we considered the perspective of our Chartered Surveyors, assessed the impact of the timing of these events and understood the availability of mitigating actions to be taken.
- We challenged Management's assessment of events or conditions after the going concern period that may cast significant doubt on the entity's ability to continue as a going concern. Management identified the need to repay or refinance the €20m Schuldschein in July 2023, €172m Berlin Hyp AG debt facility in October 2023 and €58m Deutsche Pfandbriefbank AG debt facility in December 2023. We challenged whether there was a realistic prospect that the Group would be able to complete these refinancings within the timescale required. Our audit procedures included considering the perspective of EY Debt Advisory Specialists in the UK and Germany on the probability of being able to refinance, the reasonableness of the expected refinancing requirements and assessing the historical ability to refinance debt when required.
- We reviewed the disclosures in the Annual Report and Accounts in relation to going concern with a view to assessing whether they appropriately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken.

Our key observations on going concern include:

- The Group's activities are financed in part through external debt financing. Under the severe but plausible downside scenario the Group is expected to comply with its loan covenants with no cure payments or breaches forecast.
- There are refinancings that fall due in July 2023 (€20m), October 2023 (€172m) and December 2023 (€58m) and Management has concluded that there is a reasonable prospect that the Group will be able to complete the required refinancings that fall due after the end of the going concern period. Management's judgment is informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300m corporate bond issuance in November 2021) and the length of time the Group has to arrange refinancing.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period to 30 June 2023. Going concern has also been determined to be a key audit matter.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	» The Group operates in both Germany and the United Kingdom. During the year the Group acquired Helix Investments Limited ("BizSpace") which has been identified as a full scope component. We performed an audit of the complete financial information of both the German and United Kingdom components. » The components where we performed full or specific audit procedures accounted for 100% of Adjusted profit before tax, 100% of Revenue and 100% of Total assets. » The Group audit team also performed direct audit procedures on investment in associates included within the Group financial statements.
Key audit matters	» The valuation of the investment property portfolio » Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives » Going concern basis used in the preparation of the financial statements » (New in 2022) Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment
Materiality	» Overall Group materiality of €23.6m (2021: €15.1m) which represents 1% of Total assets (1% of Total assets) was applied to balances related to investment properties, loans and derivatives. » Specific materiality of €3.9m (2021: €3.0m) which represents 5% of Adjusted profit before tax (2021: 5% of adjusted profit before tax) was applied to account balances not related to investment properties, loans, or derivatives.

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

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each subsidiary within the Group. This enables us to form an opinion on the Group financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by a single integrated audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected both components covering entities within Germany and the United Kingdom, which represent the principal business units within the Group.

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

	Germany	United Kingdom
Revenue	91% of Group	9% of Group
Adjusted profit before tax	91% of Group	9% of Group
Total assets	80% of Group	20% of Group

For the current year, the full scope components contributed 100% (2021: 100%) of the Group's Adjusted profit before tax, 100% (2021: 100%) of the Group's Revenue and 100% (2021: 100%) of the Group's Total assets.

Changes from the prior year

The Group acquired BizSpace during the year and this is the first year in which we have applied a scoping assessment to our audit. We identified two components, being Germany and the United Kingdom, which combined, contributed to 100% of the Total assets and Adjusted profit before tax. Both locations have been identified as full scope components. In previous years, the audit was approached as a single component with an integrated team completing all audit work.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Sirius Real Estate Limited. The Group has determined that the most significant future impacts from climate change on their operations will be determined from the climate scenario analysis they intend to undertake in the financial year to March 2023. These are explained on pages 40 to 43 in the required Task Force on Climate-Related Financial Disclosures and on page 63 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the Task Force on Climate Disclosures on pages 40 to 43, governmental and societal responses to climate change risks are still developing, and are interdependent of each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of International Financial Reporting Standards.

Our audit effort in considering climate change was focused on the adequacy of the Group's disclosures in the financial statements and their conclusion that no issues were identified that would materially impact the valuation of the investment properties and the investment properties held in the investments in associates, or have any other material impact on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the Key Audit Matter of going concern referred to above, this year we have included a new key audit matter: Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment. The audit partner and other senior members of the audit team spent a significant amount of time assessing the judgments and appropriateness of the balances recorded due to the complexity of this area.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The valuation of the investment property portfolio 2022: €2,100m (2021: €1,362m) in investment properties, €14m (2021: €0m) included within assets held for sale and €350m (2021: €244m) included in investments in associates Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); Note 14 of the Financial Statements (pages 154 to 157) and Note 20 of the Financial Statements (page 161) The valuation of the investment property portfolio (including investment properties within assets held for sale and held in investments in associates) requires significant judgement and use of estimates by Management and the external valuer. Any input inaccuracies or unreasonable bases used in these judgements (such as in respect of market rental income and yields applied) could result in a material misstatement of the income statement and balance sheet. There is also a risk that Management may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations or bonus targets.	Our audit procedures in respect of the valuation of investment property included: » We performed a walkthrough of the valuation process and methodology, evaluating the Group's controls over data used in the valuation of the investment property portfolio and Management's review of the valuations. » We evaluated the competence of the external valuer which included consideration of their qualifications and expertise. » We selected a sample based on factors including size, risk, type of property and location, which in total comprised 42% of the market value of investment properties (including investment properties within assets held for sale and total value of investments in associates). For the sample of properties we performed testing over source documentation provided by the Group to the external valuer. This included agreeing a sample of this documentation back to underlying lease data and vouching costs incurred to date in respect of properties with capital expenditure in the period. » We included Chartered Surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for our sample. Our Chartered Surveyors assessed the yield of each property against available market evidence and/or asset specific considerations. They also assessed whether the other assumptions applied by the external valuer, such as the market rental income and voids were supported by available market data. This included assessing the external valuer's considerations of factors such as the conflict in Ukraine and increasing inflation and interest rates in respect of tenant voids and rent collections, the impact on the property valuations and investigating any contrary evidence to the assumptions adopted. » We challenged the external valuer on whether climate factors had been considered as part of the valuations. The external valuer confirmed that this had been considered but did not lead to any specific adjustments to values. » We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio by reference to movements in yields and rents during the year and their impact on the valuation, along with asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We challenged Management and their external valuer with our audit findings, including contradictory evidence to obtain further understanding of the movements in values. » We obtained a confirmation from the external valuer that they had not been subject to undue influence from Management. » We utilised our analytical procedures and work of the Chartered Surveyors described above in order to assess for evidence of undue Management influence. » We performed site visits accompanied by our Chartered Surveyors for a sample of properties, to confirm existence and state of repair of the properties. » We assessed the adequacy of the disclosures of estimates and valuation assumptions in note 14 and note 20 that were made in accordance with IFRS 13 – Fair Value Measurement. **Scope of our procedures** We performed full scope audit procedures over valuation of all property categories, including investment properties, investment properties held for sale and investment properties held in the investment in associate.	We have audited the inputs, assumptions and methodology used by the external valuer. We concluded that the methodology applied was appropriate and that the external valuations were a reasonable assessment of the market value of investment properties at 31 March 2022. Our Chartered Surveyors concluded that the sample of valuations they reviewed were within a reasonable range. We concluded that the investment property valuations are reasonable and did not identify evidence of undue Management influence. We have reviewed the disclosures in the financial statements and consider them appropriate.

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

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, including the timing of revenue recognition, the treatment of rents, service charge income and lease incentives 2022: €135m rental and other income and €75m service charge income (2021: €105m rental and other income and €60m service charge income) Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); and Note 6 of the Financial Statements (page 142) Market expectations and profit-based targets may place pressure on Management to distort revenue recognition. This may result in overstatement of revenues to assist in meeting current or future targets or expectations.	Our audit procedures over revenue recognition included: » We evaluated the Group's controls over revenue recognition and the treatment of rents which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. » We selected a sample of lease agreements and agreed the terms per the lease agreements to the data input into the property management system, including lease incentive clauses. We agreed a sample of service charge income balances in the year to the supporting terms of the lease agreements, invoices raised and cash collections. » We performed analytical procedures using data analytics tools to assess whether revenue had been recognised in the appropriate accounting period. We performed anchor testing from rental agreements to cash combined with three-way journal correlation using data analytics. This provided substantive evidence on occurrence and measurement of revenue, with some evidence on completeness of processing. » We agreed a sample of lease agreements to the revenue recognised, after considering the straight-lining of lease incentives over the lease period in accordance with IFRS 16 – Leases. » For the service charge income, we analysed and compared our expectation to actual service charge income recognised in the ledger. We reviewed the service charge calculation and allocation to tenants and the recoverability of historic service charge debtors. We selected a sample of service charge expense balances in the year, agreeing it to supporting third party documentation and tracing through to the expected recovery of service charge income. » We assessed whether the revenue recognition policies adopted complied with IFRS through sample testing transactions to determine the underlying accounting treatment applied. » We challenged the appropriateness of a sample manual journals posted to revenue through obtaining evidence to support the journal posting. The manual journals testing is specifically designed to address the risk of management override of controls and incorrect cut off. **Scope of our procedures** We performed full scope audit procedures over revenue recognition, including revenue earned through the investment in associate.	We audited the timing of revenue recognition, treatment of rents, service charge income and lease incentives and assessed the risk of management override. Based upon the audit procedures performed, we have concluded that revenue, service charge income and the lease incentives have been recognised on an appropriate basis in the year.

An overview of the scope of our audit continued

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment 2022: €206m fair value of net assets acquired and €37m of goodwill initially recognised on acquisition. €37m impairment of goodwill recorded. Refer to the Audit Committee report (pages 80 to 85); Accounting policies (pages 131 to 138); and Note 4 of the Financial Statements (page 140) The level of estimation uncertainty of the fair value of assets and liabilities, combined with the magnitude of the balances related to accounting for the acquisition may result in material misstatement to the financial statements.	Our audit procedures over the accounting for the acquisition of BizSpace included: » We obtained and assessed Management's accounting paper on the application of IFRS 3 Business combinations, including judgements in determining whether the acquisition represents an asset acquisition or a business combination, and the purchase price allocation assessment. » We obtained and reviewed relevant sale agreements and other contractual arrangements entered into in relation to the acquisition, to assess the date when control of BizSpace was obtained. » We performed testing on opening balances and reviewed the predecessor audit files to determine the appropriateness of the balances recorded at the date of acquisition. » We obtained the property valuations prepared at acquisition date by the external valuers. We selected a sample of 9 properties which equated to 24% of the opening investment property balance for which the valuation was tested for reasonableness by EY's Chartered Surveyors. » We challenged Management and their specialist in searching for evidence of other assets or liabilities that have been acquired but not identified. » Together with EY's valuation specialists, we assessed the key judgements made in identifying and recognising any intangibles, including goodwill, and the estimate of the fair value of the intangibles, including goodwill, recognised in the initial accounting. » The acquisition generated goodwill of €37m. We challenged the appropriateness of the assumptions used by Management and their Specialist in the goodwill impairment test. This included using EY valuation specialists who performed benchmarking analysis of the discount rate against peers of the business. » We performed sensitivity analysis over the key assumptions, including the discount rate, terminal growth rate and forecasted cash flows to assess the impact on goodwill impairment test. » We determined the impact of the integration of BizSpace on the current processes at the Group, including whether there are any differences in accounting policies applied. » We assessed the completeness and adequacy of the disclosures made in the financial statements. **Scope of our procedures** We performed full scope audit procedures over the accounting for the acquisition of BizSpace, including the purchase price allocation and assessing goodwill for impairment.	We concluded that the accounting treatment applied in relation to the acquisition is appropriate. We concluded that the opening balances recognised by the Group are appropriately stated and the valuations in the selected sample of properties was assessed by our Chartered Surveyors as reasonable. We concluded that the impairment of goodwill is appropriate. We concluded that the disclosures in the financial statements are appropriate in relation to the acquisition.

In the prior year, our auditor's report included a key audit matter in relation to the assessment of uncertain tax positions. In the current year, we have updated our risk assessment and concluded that the assessment of uncertain tax positions is no longer a key audit matter. This reflects the resolution of historic areas of focus and our assessment that the remaining risk profile of the remaining uncertain tax positions has reduced.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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

An overview of the scope of our audit continued

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality	Performance materiality	Audit differences
Overall	1% of Total assets	€23.6m	€17.8m	€1.1m
	(2021: 1% of Total assets)	(2021: €15.1m)	(2021: €11.3m)	(2021: €0.8m)
Specific – account balances not related to investment properties, loans and borrowings, derivatives and related Income Statement accounts	5% of Adjusted profit before tax (2021: 5% of Adjusted profit before tax)	€3.9m (2021: €3.0m)	€2.9m (2021: €2.3m)	€0.2m (2021: €0.1m)

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined that an asset-based measure would be the most appropriate basis for determining overall materiality given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined that it is appropriate to set the overall materiality at 1.0% of Total assets (2021: 1.0% of Total assets). We applied overall materiality to the investment property, loans and borrowings, derivatives and the related Income Statement balances.

This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We determined that for other account balances not related to investment properties, loans and borrowings, derivatives and the related Income Statement balances, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements.

We determined that materiality for these areas should be based upon 5% of Adjusted profit before tax. Adjusted profit before tax is considered an important performance metric and aligned with industry earnings measures.

During the course of our audit, we reassessed initial materiality which has not resulted in a change from our planning materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely €17.8m (2021: €11.3m) and €2.9m (2021: €2.3m) respectively for overall and specific materiality levels. We have set performance materiality at this percentage based on our expectations of identifying material misstatements and the control environment supporting the prevention of material misstatement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €1.1m (2021: €0.8m), as well as uncorrected audit differences in excess of €0.2m (2021: €0.1m) that relate to our specific testing of the other account balances not related to investment property, loans or derivatives,, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit continued

Other information

The other information comprises the information included in the annual report set out on pages 1 to 116, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 115 to 116;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 64;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 115 and 116;
- Directors' statement on fair, balanced and understandable set out on page 113;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 54 to 63;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 84; and
- the section describing the work of the audit committee set out on pages 82 and 83.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 113, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

An overview of the scope of our audit continued

Auditor's responsibilities for the audit of the financial statements continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

» We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, The Companies (Guernsey) Law, 2008, the UK Corporate Governance Code and The King IV Report for Corporate Governance™ for South Africa 2016), the relevant tax regulations in the jurisdictions the Group operates in, the General Data Protection Regulation (GDPR), Health & Safety Regulations and the Bribery Act. There are no significant industry specific laws or regulations that we considered in determining our approach;

» We understood how Sirius Real Estate Limited is complying with those frameworks through enquiry with Management, and by identifying the Group's policies and procedures regarding compliance with laws and regulations. We also identified those members of Management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, as well as consideration of the results of our audit procedures across the Group to either corroborate or provide contrary evidence which was then followed up. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour;

» We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by reviewing the Group's risk register and through enquiry with Management and the Audit Committee during the planning and execution phases of our audit. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how Management monitors those programmes and controls;

» Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:

  - Enquiry of Management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - Reading minutes of meetings of those charged with governance;
  - Obtaining electronic confirmations from the Group's banking providers to vouch the existence of cash balances and completeness of loans, borrowings and other treasury positions such as derivatives;
  - Obtaining and reading correspondence from legal and regulatory bodies, including the Financial Reporting Council (FRC), the London Stock Exchange (LSE), the Johannesburg Stock Exchange (JSE) and tax authorities in all jurisdictions the Group operates in; and
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit Committee, we were appointed by the Company in 2018 to audit the Group financial statements for the year ending 31 March 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 March 2019 to 31 March 2022.

The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Ernst & Young LLP

Daniel Saunders
for and on behalf of Ernst & Young LLP
London
10 June 2022

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 €000**	Year ended 31 March 2021 €000
Revenue	6	**210,182**	165,361
Direct costs	7	**(87,689)**	(71,541)
Net operating income		**122,493**	93,820
Gain on revaluation of investment properties	14	**140,884**	99,585
(Loss)/gain on disposal of properties		**(623)**	54
Recoveries from prior disposals of subsidiaries		**94**	65
Administrative expenses	7	**(40,718)**	(27,823)
Goodwill impairment	17	**(40,906)**	–
Share of profit of associates	20	**6,940**	4,977
Operating profit		**188,164**	170,678
Finance income	10	**2,986**	2,712
Finance expense	10	**(23,219)**	(9,869)
Change in fair value of derivative financial instruments	10	**996**	136
Net finance costs		**(19,237)**	(7,021)
Profit before tax		**168,927**	163,657
Taxation	11	**(20,935)**	(16,097)
Profit for the year after tax		**147,992**	147,560
Profit attributable to:			
Owners of the Company		**147,873**	147,451
Non-controlling interest		**119**	109
		147,992	147,560
Earnings per share			
Basic earnings per share	12	**13.48c**	14.16c
Diluted earnings per share	12	**13.29c**	13.96c

All operations of the Group have been classified as continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Profit for the year after tax	**147,992**	147,560
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
Foreign currency translation reserve	**(1,701)**	–
Other comprehensive loss after tax that may be reclassified to profit or loss in subsequent periods	**(1,701)**	–
Other comprehensive loss for the year after tax	**(1,701)**	–
Total comprehensive income for the year after tax	**146,291**	147,560
Total comprehensive income attributable to:		
Owners of the Company	**146,172**	147,451
Non-controlling interest	**119**	109
	146,291	147,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

	Notes	31 March 2022 €000	31 March 2021 €000
Non-current assets			
Investment properties	14	**2,100,004**	1,362,192
Plant and equipment	16	**5,492**	2,682
Intangible assets	17	**4,283**	6,568
Right of use assets	18	**14,996**	1,919
Other non-current financial assets	19	**48,330**	44,960
Investment in associates	20	**24,142**	17,202
Total non-current assets		**2,197,247**	1,435,523
Current assets			
Trade and other receivables	21	**24,571**	18,731
Derivative financial instruments		**329**	70
Cash and cash equivalents	22	**150,966**	65,674
Total current assets		**175,866**	84,475
Assets held for sale	15	**13,750**	–
Total assets		**2,386,863**	1,519,998
Current liabilities			
Trade and other payables	23	**(89,335)**	(50,527)
Interest-bearing loans and borrowings	24	**(19,630)**	(9,114)
Lease liabilities	18	**(1,090)**	(5,857)
Current tax liabilities	11	**(10,423)**	(2,063)
Derivative financial instruments		**–**	(414)
Total current liabilities		**(120,478)**	(67,975)
Non-current liabilities			
Interest-bearing loans and borrowings	24	**(961,863)**	(458,940)
Lease liabilities	18	**(37,571)**	(9,130)
Derivative financial instruments		**–**	(797)
Deferred tax liabilities	11	**(75,893)**	(56,331)
Total non-current liabilities		**(1,075,327)**	(525,198)
Total liabilities		**(1,195,805)**	(593,173)
Net assets		**1,191,058**	926,825
Equity			
Issued share capital	27	**–**	–
Other distributable reserve	28	**570,369**	449,051
Own shares held	27	**(6,274)**	(2,903)
Foreign currency translation reserve		**(1,701)**	–
Retained earnings		**628,258**	480,385
Total equity attributable to the owners of the Company		**1,190,652**	926,533
Non-controlling interest		**406**	292
Total equity		**1,191,058**	926,825

The financial statements on pages 127 to 130 were approved by the Board of Directors on 10 June 2022 and were signed on its behalf by:

Daniel Kitchen
Chairman

Company number: 46442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2022

	Notes	Issued share capital €000	Other distributable reserve €000	Own shares held €000	Foreign currency translation reserve €000	Retained earnings €000	Total equity attributable to the owners of the Company €000	Non-controlling interest €000	Total equity €000
As at 31 March 2020		–	470,151	(1,515)	–	332,934	801,570	246	801,816
Profit for the year		–	–	–	–	147,451	147,451	109	147,560
Other comprehensive income for the year		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	147,451	147,451	109	147,560
Share-based payment transactions		–	3,148	–	–	–	3,148	–	3,148
Own shares purchased	27	–	–	(1,613)	–	–	(1,613)	–	(1,613)
Own shares allocated	27	–	–	225	–	–	225	–	225
Dividends paid	29	13,169	(37,417)	–	–	–	(24,248)	(63)	(24,311)
Transfer of share capital	29	(13,169)	13,169	–	–	–	–	–	–
As at 31 March 2021		–	449,051	(2,903)	–	480,385	926,533	292	926,825
Profit for the year		–	–	–	–	147,873	147,873	119	147,992
Other comprehensive income for the year		–	–	–	(1,701)	–	(1,701)	–	(1,701)
Total comprehensive income for the year		–	–	–	(1,701)	147,873	146,172	119	146,291
Shares issued	27	159,926	–	–	–	–	159,926	–	159,926
Transaction cost relating to share issues	27	(6,219)	–	–	–	–	(6,219)	–	(6,219)
Dividends paid	29	13,673	(44,488)	–	–	–	(30,815)	(5)	(30,820)
Transfer of share capital	29	(167,380)	167,380	–	–	–	–	–	–
Share-based payment transactions	9	–	1,945	–	–	–	1,945	–	1,945
Value of shares withheld to settle employee tax obligations	9	–	(3,519)	–	–	–	(3,519)	–	(3,519)
Own shares purchased	27	–	–	(5,545)	–	–	(5,545)	–	(5,545)
Own shares allocated	27	–	–	2,174	–	–	2,174	–	2,174
As at 31 March 2022		**–**	**570,369**	**(6,274)**	**(1,701)**	**628,258**	**1,190,652**	**406**	**1,191,058**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 €000**	Year ended 31 March 2021 €000
Operating activities			
Profit for the year after tax		**147,992**	147,560
Taxation	11	**20,935**	16,097
Profit for the year before tax		**168,927**	163,657
Loss/(gain) on disposal of properties		**623**	(54)
Recoveries from prior disposals of subsidiaries		**(94)**	(65)
Net exchange differences		**(1,975)**	–
Share-based payments	9	**4,173**	3,148
Gain on revaluation of investment properties	14	**(140,884)**	(99,585)
Change in fair value of derivative financial instruments	10	**(996)**	(136)
Depreciation of property, plant and equipment	16	**1,167**	669
Amortisation of intangible assets	17	**1,164**	897
Depreciation of right of use assets	18	**843**	521
Goodwill impairment	17	**40,906**	–
Share of profit of associates	20	**(6,940)**	(4,977)
Finance income	10	**(2,986)**	(2,712)
Finance expense	10	**23,219**	9,869
Changes in working capital			
Increase in trade and other receivables		**(5,196)**	(2,518)
Increase in trade and other payables		**3,470**	2,913
Taxation paid		**(3,671)**	(632)
Cash flows from operating activities		**81,750**	70,995
Investing activities			
Purchase of investment properties		**(162,844)**	(35,484)
Prepayments relating to new acquisitions		**(1,860)**	–
Proceeds from loss on control of subsidiaries (net of cash disposed)		**94**	65
Capital expenditure on investment properties		**(23,786)**	(31,104)
Purchase of plant and equipment and intangible assets		**(3,540)**	(2,718)
Acquisition of a subsidiary (net of cash acquired)		**(254,730)**	–
Proceeds on disposal of properties (including held for sale)	14, 15	**15,297**	30
Increase in loans receivable due from associates		**(1,124)**	(5,950)
Interest received		**2,986**	1,627
Cash flows used in investing activities		**(429,507)**	(73,534)
Financing activities			
Proceeds from issue of share capital	27	**159,926**	–
Transaction costs on issue of shares	27	**(6,219)**	–
Shares purchased		**(5,545)**	(1,613)
Payment relating to exercise of share options	9	**(3,519)**	–
Dividends paid to owners of the Company	29	**(30,815)**	(24,248)
Dividends paid to non-controlling interest		**(5)**	(63)
Proceeds from loans		**750,000**	20,000
Repayment of loans		**(399,431)**	(33,753)
Payment of principal portion of lease liabilities		**(5,871)**	(5,681)
Exit fees/prepayment of financing penalties		**(5,335)**	–
Capitalised loan issue cost		**(14,369)**	(134)
Finance charges paid		**(7,067)**	(7,558)
Cash flows from/(used in) financing activities		**431,750**	(53,050)
Increase/(decrease) in cash and cash equivalents		**83,993**	(55,589)
Net exchange difference		**1,299**	–
Cash and cash equivalents as at the beginning of the year		**65,674**	121,263
Cash and cash equivalents as at the year end	22	**150,966**	65,674

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. General information

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

The consolidated financial information of the Company comprises that of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2022.

The principal activity of the Group is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and the United Kingdom ("UK").

2. Significant accounting policies

(a) Basis of preparation

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

The Company has chosen to prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") as a result of the primary listing on the JSE. See also note 2(c) for statement of compliance.

As at 31 March 2022 the Group's consolidated financial statements reflect consistent accounting policies and methods of computation as used in the previous financial year, except for the changes in the application of accounting policies as described in note 2(b), in accordance with IFRS.

(b) Changes in accounting policies

There were several new and amendments to standards and interpretations which are applicable for the first time for the Group from 1 April 2021. None of them have had a significant impact on the Group or Company's income statement or balance sheet. In May 2021, the IASB published amendments to IAS 12 "Income Taxes". The IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. As earlier application is permitted the Group has adopted the amendments early as described in note 11.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. See note 2(ab).

(c) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the listing requirements of the JSE Limited, IFRS and Companies (Guernsey) Law, 2008. The consolidated financial statements have been prepared on the same basis as the accounting policies set out in the Group's annual financial statements for the year ended 31 March 2021, except for the changes in accounting policies as shown in note 2(b). All forward-looking information is the responsibility of the Board of Directors and has not been reviewed or reported on by the Group's auditors.

(d) Going concern

The Group has prepared its going concern assessment for the period to the end of June 2023 (the "going concern period"). The Group's going concern assessment is based on a forecast of the Group's future cash flows. This considers management's base case scenario and a severe but plausible scenario where sensitivities are applied to model the outcome on the occurrence of downside assumptions explained below. It considers the Group's principal risks and uncertainties and is dependent on a number of factors including financial performance, continued access to lending facilities (see note 24) and the ability to continue to operate the Group's secured and unsecured debt structure within its financial covenants.

The severe but plausible scenario models a potential downturn in the Group's performance, including the potential impact of downside macro-factors such as the Ukrainian crisis and new Covid-19 variants, on the Group's financial position and future prospects. The cash flow projections incorporate assumptions on future trading performance and potential valuation movements in order to estimate the level of headroom on facilities and covenants for loan to value, debt service cover and occupancy ratios set out within the relevant finance agreements.

The impact of the crisis in Ukraine and Covid-19 on the business in the year to 31 March 2022 did not result in any deterioration in the Group's income streams or falls in asset values, both of which increased in the period.

The base case and severe but plausible downside scenarios include the following assumptions:

Base case:

- growth in rent roll at 31 March 2022, principally from contractual increases in rents and organic growth through lease renewals;
- increasing cost levels in line with forecast inflation of 7%;
- continuation of forecast capex investment;
- continuation of forecast dividend payments;
- payment of loan interest and loan amortisation amounts and assumed refinancing of the €15 million of the Schuldschein facility in December 2022 and January 2023; and
- no acquisitions over and above those legally committed to.

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2. Significant accounting policies continued

(d) Going concern continued

Severe but plausible downside scenario:

» reduction in occupancy of 5% per annum from the 31 March 2022 rent roll;

» reduction in service charge recovery of 5% per annum from the 31 March 2022 recovery levels; and

» reduction in property valuations of 5% per annum.

In the severe but plausible downside scenario, the Group is expected to comply with its loan covenants with no cure payments or breaches forecast, continue to operate within the terms of its facilities and have sufficient cash reserves.

The Directors also evaluated potential events and conditions beyond 30 June 2023 that may cast significant doubt on the Group's ability to continue as a going concern, specifically, the ability of the Group to refinance or extend the €20 million Schuldschein facility in July 2023, €172 million Berlin Hyp AG loan in October 2023 and €58 million Deutsche Pfandbriefbank AG loan in December 2023. The Directors are of the view that they have a realistic prospect of securing this refinancing or an alternative source of secured or unsecured funding, a judgement which was informed by the Group's financial forecasts, the Group's track-record in previously refinancing maturing debt (including the recent €300 million corporate bond issuance in November 2021) and the period of time the Group has to arrange refinancing. Should the debt facilities falling due in July 2023, October 2023 and December 2023 not be refinanced or extended, alternative options could be considered, including the use of mitigating factors referred to below. The mitigating factors are within the control of the Directors and there is sufficient time for such mitigating factors to be implemented, if required.

In each of the scenarios considered for going concern, the Group is not dependent on any mitigating actions which would be available to the Group in the going concern review period to June 2023, which include restricting dividends, reducing capital expenditure or the disposal of unencumbered assets that have a book value of €1.6 billion as at 31 March 2022.

The Directors have not identified any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern for the duration of the going concern period. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

(e) Basis of consolidation

The consolidated financial information comprises the financial information of the Group as at 31 March 2022. The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies.

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

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

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

(f) Acquisitions

Where a property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property (see policy in note 2(aa)). More specifically, consideration is made of the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary. IFRS 3 "Business Combinations" sets out an optional concentration test designed to simplify the evaluation of whether an acquired set of activities and assets is not a business. An acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Where such acquisitions are not deemed to be an acquisition of a business, they are not treated as business combinations. Instead, they are treated as asset acquisitions, with the cost to acquire the corporate entity being allocated between the identifiable assets and liabilities of the entity based on their relative fair values on the acquisition date. Accordingly, no goodwill arises.

(g) Foreign currency translation

The consolidated financial information is presented in euros, which is the functional and presentational currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling at the statement of financial position date. All differences are taken to the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

2. Significant accounting policies continued

(g) Foreign currency translation continued

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the exchange rates at the dates of the transactions, or where appropriate, the average exchange rates for the period. The foreign exchange differences arising on translation for consolidation are recognised in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(h) Revenue recognition

Rental income

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

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

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group mainly generates revenue from contracts with customers for services rendered to tenants including management charges and other expenses recoverable from tenants based on the Group's right to recharge tenants for costs incurred (with or without markup) on a day-to-day basis ("service charge income"). These services are specified in the lease agreements and separately invoiced. Service charge income is recognised as revenue when the performance obligations of the services specified in the lease agreements are met.

The individual activities vary significantly throughout the day and from day to day; however, the nature of the overall promise of providing property management service remains the same each day. Accordingly, the service performed each day is distinct and substantially the same. These services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Transaction prices are regularly updated and are estimated at the beginning of each year based on previous costs and estimated spend. Service charge budgets are prepared carefully to make sure that they are realistic and reasonable. Variable consideration is only included in the transaction price to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance obligations related to service charge revenue is discharged by the Company continuously and on a daily basis, through the provision of utilities and other services to tenants. Changes in service charge revenue are linked to changes in the cost of fulfilling the obligation or the value to a tenant at a given period of time. Accordingly, the variable consideration is allocated to each distinct period of service (i.e. each day) as it meets the variable consideration allocation exception criteria.

Service charge expenses are based on actual costs incurred and invoiced together with an estimate of costs to be invoiced in future periods as receipt of final invoices from suppliers can take up to twelve months after the end of the financial period. The estimates are based on expected consumption rates and historical trends and take into account market conditions at the time of recording.

Service charge income is based on service charge expense and takes into account recovery rates which are largely derived from estimated occupancy levels. Service charge costs related to vacant space are irrecoverable.

The Group acts as a principal in relation to these services, and records revenue on a gross basis, as it controls the specified goods or services before transferring them to tenants.

Where amounts invoiced to tenants are greater than the revenue recognised at the period end date, the difference is recognised as unearned revenue when the Group has unconditional right to consideration, even if the payments are non-refundable. Where amounts invoiced are less than the revenue recognised at the period end date, the difference is recognised as contract assets or, when the Group has a present right to payment, as receivables albeit unbilled.

Rental income, fee income and other income from managed properties

As the Group derives income and incurs expenses relating to properties it manages but does not own, such income and expense is disclosed separately within revenue and direct costs. Income relating to managed properties is accounted for according to revenue recognition accounting policies set out above.

Allocation of revenues earned through all-inclusive lease and licence arrangements

The Group has entered into leases and licensing arrangements (which contain a lease) where the revenue due from the tenant is an all-inclusive price, representing lease income (recognised in accordance with IFRS 16) and service charge income (recognised in accordance with IFRS 15). Management have estimated the allocation of the revenues using the relevant service charge costs incurred and the occupancy of the properties where all-inclusive lease and license arrangements are in place. The allocation resulted in €5.7 million being recorded as service charge income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(h) Revenue recognition continued

Interest income

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

(i) Leases

Group as lessor

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

Group as lessee

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

For all contracts that meet the definition of leases according to IFRS 16, the Group, at the commencement date of the lease (i.e. the date the underlying asset is available for use), recognises lease liabilities equal to the present value of the future lease payments, discounted to reflect the term-specific incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Lease liabilities are subsequently increased by the periodic interest expenses and reduced by the lease payments made during the financial year.

Correspondingly, right of use assets are initially recognised at cost under IFRS 16 which is the amount of the lease liabilities (plus any advance payments that have already been made or any initial direct costs). Subsequently, the right of use assets are generally measured at cost, taking depreciation (calculated straight line over the lease term) and impairments into account and are presented separately in the statement of financial position except for right of use assets that meet the definition of IAS 40 "Investment Property" ("IAS 40") which are presented as investment property and subsequently measured at fair value in line with the measurement rules set out in IAS 40.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a case-by-case basis and are only taken into account if their use is sufficiently probable.

The Group utilises the recognition exemptions provided by IFRS 16 and does not apply IFRS 16 to leases with a contractual term of twelve months or less or to leases in which the underlying asset is of low value (on a case-by-case basis).

Lease payments associated with short-term leases and with leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets relating to office spaces are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(j) Income tax

Current income tax

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

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

Deferred income tax

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

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

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

The Group has converted the UK business into a UK Real Estate Investment Trust ("REIT") with effect from 1 April 2022, with all relevant steps for the REIT conversion taken prior to the accounting period end date of 31 March 2022, resulting in the Group no longer being subject to UK corporation tax on income from its property rental business, as well as on profits on disposals of assets. Accordingly, the Group reflected the impact of the conversion into a UK REIT as at 31 March 2022 and all deferred tax balances in relation to the change in fair value of investment property, lease liabilities and right of use assets according to IFRS 16, losses and other short term related deferred tax assets have been released as at 31 March 2022.

2. Significant accounting policies continued

(k) Sales tax

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

» where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

» receivables and payables that are stated with the amount of sales tax included.

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

(l) Investment properties

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

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

The fair value of the Group's owned investment properties at 31 March 2022 is based on a valuation carried out at that date by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer, on the basis of highest and best use. The valuation is in accordance with standards complying with the Royal Institute of Chartered Surveyors' ("RICS's") approval and the conceptual framework that has been set by the International Valuation Standards Committee.

The Cushman & Wakefield LLP valuation is based upon assumptions including those relating to current rental rates, market rental rates, occupancy, gross initial yields, discount factors and void periods. The German properties are valued on the basis of a ten to fourteen year discounted cash flow model supported by comparable evidence. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate for the current income risk over a ten to fourteen year period. After ten to fourteen years, a determining residual value (exit scenario) is calculated, discounted to present value. The UK properties are valued on a traditional basis, where the income being generated is capitalised by an appropriate yield. Yields are based on comparable evidence of similar quality assets which have traded in the open market. The yield applied reflects the age, location, ownership, customer base and agreement type.

Investment properties relating to leased assets are recognised in accordance with IFRS 16 (see policy in note 2(i)). Subsequent to initial recognition, investment properties relating to leased assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

The fair value of investment properties relating to leased assets at 31 March 2022 has been arrived at on the basis of a valuation carried out at that date by management. The valuation is based upon assumptions including future rental income and expenditure in accordance with the conditions of the related lease agreements. The properties are valued on the basis of a discounted cash flow model with the measurement period equal to the term of the lease agreements.

(m) Disposals of investment property

Investment property disposals are recognised when control of the property transfers to the buyer, which typically occurs on the date of completion. Profit or loss arising on disposal of investment properties is calculated by reference to the most recent carrying value of the asset adjusted for subsequent capital expenditure.

(n) Assets held for sale and disposal groups

(i) Investment properties held for sale

Investment properties held for sale are separately disclosed at the asset's fair value. In order for an investment property held for sale to be recognised, the following conditions must be met:

» the asset must be available for immediate sale in its present condition and location;

» the asset is being actively marketed;

» the asset's sale is expected to be completed within twelve months of classification as held for sale;

» there must be no expectation that the plan for selling the asset will be withdrawn or changed significantly; and

» the successful sale of the asset must be highly probable.

(ii) Disposal groups

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of a disposal group, excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset with the sale expected to be completed within one year from the date of the classification.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

2. Significant accounting policies continued

(n) Assets held for sale and disposal groups continued

(ii) Disposal groups continued

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Additional disclosures are provided in note 15.

(o) Plant and equipment

Recognition and measurement

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

Depreciation

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

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

Plant and equipment	three to ten years
Fixtures and fittings	three to fifteen years

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

(p) Intangible assets

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

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

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

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

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

(q) Trade and other receivables

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

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

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

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

(s) Share-based payments

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

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

(t) Cash and cash equivalents

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

(u) Bank borrowings

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

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

2. Significant accounting policies continued

(u) Bank borrowings continued

When debt refinancing exercises are carried out, existing liabilities will be treated as being extinguished when the new liability is substantially different from the existing liability. In making this assessment, the Group will consider the transaction as a whole, taking into account both qualitative and quantitative characteristics in order to make the assessment.

(v) Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(w) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(x) Dividends

Interim dividend distributions to shareholders are recognised in the financial statements when paid. Final dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial information in the period in which the dividends are approved by the shareholders. The final dividend relating to the year ended 31 March 2022 will be approved and recognised in the financial year ending 31 March 2023.

(y) Impairment excluding investment properties

(i) Financial assets

A financial asset (excluding financial assets at fair value through profit and loss) is assessed at each reporting date to determine whether there is any impairment. The Group recognises an allowance for expected credit losses ("ECLs") for all receivables and contract assets held by the Group. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms and that are not recognised separately by the Group.

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

Impairment losses are recognised in the income statement. For more information refer to note 7. Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended.

(ii) Non-financial assets

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

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

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

(z) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

2. Significant accounting policies continued

(aa) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Assets acquired and liabilities assumed (including contingent liabilities) are recognised at fair value. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 "Financial Instruments" is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss (see policy in note 2(y)).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, monitored at the lowest level within the entity at which is monitored for internal management purposes (see policy in note 2(y)).

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group. The application of these new standards, amendments and interpretations is not expected to have a significant impact on the Group's income statement or balance sheet.

(ac) Non-IFRS measures

The Directors have chosen to disclose EPRA earnings and EPRA net asset value metrics, which are widely used alternative metrics to their IFRS equivalents (further details on EPRA best practice recommendations can be found at www.epra.com). Note 12 to the financial statements includes a reconciliation of basic and diluted earnings to EPRA earnings. Note 13 to the financial statements includes a reconciliation of net assets to EPRA net asset value metrics.

The Directors are required, as part of the JSE Listing Requirements, to disclose headline earnings; accordingly, headline earnings are calculated using basic earnings adjusted for revaluation gain net of related tax, gain/loss on sale of properties net of related tax, recoveries from prior disposals of subsidiaries net of related tax, NCI relating to revaluation and revaluation gain/loss on investment property relating to associates net of related tax. Note 12 to the financial statements includes a reconciliation between IFRS and headline earnings.

The Directors have chosen to disclose adjusted earnings in order to provide an alternative indication of the Group's underlying business performance; accordingly, it excludes the effect of adjusting items net of related tax. Note 12 to the financial statements includes a reconciliation of adjusting items included within adjusted earnings, with certain adjusting items stated within administrative expenses in note 7 and certain finance costs in note 10.

The Directors have chosen to disclose adjusted profit before tax and funds from operations in order to provide an alternative indication of the Group's underlying business performance and to facilitate the calculation of its dividend pool; a reconciliation between profit before tax and funds from operations is included within note 29 to the financial statements. Within adjusted profit before tax are adjusting items as described above gross of related tax.

Further details on non-IFRS measures can be found in the business analysis section of this document.

3. Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Group's accounting policies, which are described in note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial information:

Acquisition and disposal of properties

Property transactions can be complex in nature and material to the financial statements. To determine when an acquisition or disposal should be recognised, management considers whether the Group assumes or relinquishes control of the property, and the point at which this is obtained or relinquished. Consideration is given to the terms of the acquisition or disposal contracts and any conditions that must be satisfied before the contract is fulfilled. In the case of an acquisition, management must also consider whether the transaction represents an asset acquisition or business combination.

On 15 November 2021 the Group acquired the BizSpace Group. A key judgment was made by Management as to whether the acquisition represented a business combination or asset acquisition, concluding it represented a business combination. Refer to note 2aa above.

Estimates and assumptions

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

Assessing goodwill for impairment (see also note 17)

Each year the Group considers cashflow forecasts from cash generating units in order to estimate whether an impairment provision is required in respect of goodwill. In making this estimate, judgement is applied as to the extent to which the cash flow forecasts prepared to assess value in use are distinguishable and separate from cash flows already considered in the carrying value of other assets held by the group, such as investment property.

Goodwill arose during the year following the acquisition of Helix Investments Limited. Having performed the assessment of value in use, the Group determined that the identified cash flows could not be distinguished from those included in other assets held by the cash generating units, in particular those associated with the fair value of investment property. Consequently, the goodwill was impaired during the year.

Historic goodwill was recognised in January 2012 following the internalisation of the Asset Management Agreement. Given the time that has passed and performance and investment in the business since acquisition, the Group has determined that the identified cash flows could no longer be distinguished from those included in other assets held by the cash generating units. Consequently, the goodwill was impaired during the year.

Valuation of owned and leased investment properties (including those recognised within assets held for sale or a disposal group)

The fair value of the Group's owned investment properties was determined by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer. After adjusting investment properties for lease incentive accounting, the book value of investment properties including assets held for sale is shown as €2,074.9 million (2021: €1,347.2 million) as disclosed in note 14.

The Cushman & Wakefield LLP valuation approach is explained in note 2(l).

The fair value of the Group's leased investment properties was determined by the management. The book value of leased investment properties is shown as €25.1 million (2021: €15.0 million) as disclosed in note 14.

As a result of the level of judgement used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown on the statement of financial position.

Cash flow and covenant compliance forecasts

Cash flow forecasts and covenant compliance forecasts are prepared by management to assess the going concern assumption and viability of the Group. Estimations of future revenue and expenditure are made to determine the expected cash inflows and outflows, considering expectations for occupancy levels, forecast expenditure and the current market climate. The impact of the forecasted cash flows and underlying property valuations are considered when assessing forecast covenant compliance and anticipated levels of headroom on the Group's debt facilities.

Refer to note 2(d) for further details, which includes the assessment of forecasted cash flows and covenant compliance in management's going concern assessment.

Sustainability

In preparing the financial statements, management considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Taskforce on Climate related Financial Disclosure. The Group also considered the work performed to date in preparing its net zero pathway which it plans to be in line with the Science Based Targets Initiative (SBTIs). At the time of preparing the financial statements, the Group expects a limited exposure in relation to the investment properties, based on the current climate-related requirements. On this basis, the Directors concluded that climate change did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that this is not expected to have a significant impact on the Group's going concern or viability assessment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

4. Business combinations
The provisions of IFRS 3 are applied to all business combinations.

Acquisitions in 2022
Acquisition of Helix Investments Limited

Company	Type of acquisition	Date of acquisition	Acquired voting rights
Helix Investments Limited, Jersey	Purchase	15 Nov 2021	100%

The purchase price amounted to €242,779,000 (£206,763,000). The consideration was transferred in the form of cash. On completion a loan advanced by the seller and held by Helix Investments Limited of €45,021,000 (£38,342,000) was also repaid in cash.

The Group incurred costs of €5,299,000 for legal advice and due diligence in connection with the business combination and these are included in administrative expenses.

Helix Investments Limited is the holding company of the BizSpace Group business, which is a leading provider of regional flexible workspace, offering light industrial, workshop, studio and out of town office units to a wide range of businesses across the UK. The acquisition therefore provides Sirius with a unique opportunity to enter with immediate scale an under-served market via a one-step acquisition of an established platform. It provides Sirius with a high-quality portfolio, offering significant organic growth potential in rental pricing in a UK market characterized by supply constraints. The BizSpace Group business is also highly complementary to Sirius' existing platform, allowing for meaningful operational and financial synergies to drive value creation for Sirius shareholders.

The acquired identifiable assets and liabilities as at 15 November 2021 are presented at their fair values in the following table in accordance with the final purchase price allocation:

	Helix Investments Limited €000
Investment property	421,105
Other non-current assets	3,033
Current assets	3,478
Cash and cash equivalents	33,069
Loans	(214,495)
Current liabilities	(23,727)
Lease liabilities	(12,182)
Deferred tax liabilities	(4,670)
Net assets	205,611
Purchase price	242,779
Goodwill	37,168

Based on final purchase price allocation, goodwill arising on the purchase of Helix Investments Limited amounts to €37,168,000 as at 15 November 2021. At 31 March 2022, the Directors assessed the computed goodwill to determine if it represented recoverable value over and above the value included in the acquired investment properties and other net assets, and concluded that there was insufficient evidence to support such recovery and so wrote-off the goodwill. As at 31 March 2022 the carrying amount of the goodwill is €nil as it has been impaired as per note 17.

The gross amounts of acquired trade receivables and impairment losses recognized were as follows as at 15 November 2021.

	Helix Investments Limited €000
Gross trade receivables	1,111
Expected credit loss provision	(498)
Trade receivables	613

Due to first-time consolidation as at 15 November 2021, the acquired company has contributed revenue of €20,954,000 and profit after tax of €47,891,000 to consolidated revenue and consolidated profit.

Had the company already been fully consolidated as at 1 April 2021, consolidated revenue and consolidated profit after tax would have been as follows:

	1 April 2021 to 31 March 2022 €000
Group revenue	243,879
Group profit after tax	211,060

5. Operating segments

Information on each operating segment based on geographical location in which the Group operates is provided to the chief operating decision maker, namely the Group's executive management team, on an aggregated basis and represented as operating profit and expenses.

The investment properties that the Group owns are aggregated into segments with similar economic characteristics such as the nature of the property, the products and services it provides, the customer type for the product served, and the method in which the services are provided. Executive management considers that this is best achieved through the operating segments of German assets and United Kingdom assets. The Group's investment properties are considered to be their own segment. The properties at each location (Germany and UK) have similar economic characteristics. These have been aggregated into two operating segments based on location in accordance with the requirements of IFRS 8.

Consequently, the Group is considered to have two reportable operating segments, as follows:

- Germany; and
- United Kingdom ("UK").

Consolidated information by segment is provided on a net operating income basis, which includes revenues made up of gross rents from third parties and direct expenses, gains and losses on property valuations, property disposals, and control of subsidiaries. All of the Group's share of profit of associates and administrative expenses including goodwill impairment, amortisation and depreciation are separately disclosed as part of operating profit. Group administrative costs, finance income and expenses and change in fair value of derivative financial instruments are disclosed.

Income taxes and depreciation are not reported to the executive management team on a segmented basis. There are no sales between segments.

The operating segment UK is a result of a business combination as disclosed in note 4. As such the UK segment reportable figures are those from 15 November 2021 until 31 March 2022 whilst the Germany segment consists of the full annual period ended 31 March 2022.

	Year ended 31 March 2022			Year ended 31 March 2021		
	Germany €000	**UK €000**	**Total €000**	Germany €000	UK €000	Total €000
Rental and other income from investment properties	**108,716**	**15,258**	**123,974**	95,288	–	95,288
Service charge income from investment properties	**55,009**	**5,696**	**60,705**	51,041	–	51,041
Rental and other income from managed properties	**10,884**	**–**	**10,884**	9,699	–	9,699
Service charge income from managed properties	**14,619**	**–**	**14,619**	9,333	–	9,333
Revenue	**189,228**	**20,954**	**210,182**	165,361	–	165,361
Direct costs	**(80,118)**	**(7,571)**	**(87,689)**	(71,541)	–	(71,541)
Net operating income	**109,110**	**13,383**	**122,493**	93,820	–	93,820
Gain on revaluation of investment properties	**100,872**	**40,012**	**140,884**	99,585	–	99,585
(Gain)/loss on disposal of properties	**(363)**	**(260)**	**(623)**	54	–	54
Recoveries from prior disposals of subsidiaries	**94**	**–**	**94**	65	–	65
Depreciation and amortisation	**(2,685)**	**(486)**	**(3,171)**	(2,087)	–	(2,087)
Other administrative expenses	**(34,321)**	**(3,226)**	**(37,547)**	(25,736)	–	(25,736)
Goodwill impairment	**(3,738)**	**(37,168)**	**(40,906)**	–	–	–
Share of profit of associates	**6,940**	**–**	**6,940**	4,977	–	4,977
Operating profit	**175,909**	**12,255**	**188,164**	170,678	–	170,678
Finance income	**2,986**	**–**	**2,986**	2,712	–	2,712
Amortisation of capitalised finance costs	**(2,544)**	**(30)**	**(2,574)**	(1,683)	–	(1,683)
Other finance expense	**(15,759)**	**(4,886)**	**(20,645)**	(8,186)	–	(8,186)
Change in fair value of derivative financial instruments	**996**	**–**	**996**	136	–	136
Net finance costs	**(14,321)**	**(4,916)**	**(19,237)**	(7,021)	–	(7,021)
Segment profit for the year before tax	**161,588**	**7,339**	**168,927**	163,657	–	163,657

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

5. Operating segments continued

	31 March 2022			31 March 2021		
	Germany €000	**UK €000**	**Total €000**	Germany €000	UK €000	Total €000
Segment assets						
Investment properties	**1,635,221**	**464,783**	**2,100,004**	1,362,192	–	1,362,192
Investment in associates	**24,142**	**–**	**24,142**	17,202	–	17,202
Other non-current assets	**21,535**	**3,236**	**24,771**	11,169	–	11,169
Total segment non-current assets	**1,680,898**	**468,019**	**2,148,917**	1,390,563	–	1,390,563

6. Revenue

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Rental and other income from investment properties	**123,974**	95,288
Service charge income from investment properties	**60,705**	51,041
Rental and other income from managed properties	**10,884**	9,699
Service charge income from managed properties	**14,619**	9,333
Total revenue	**210,182**	165,361

Other income relates primarily to income associated with conferencing and catering of €2,977,000 (2021: €2,314,000) and fee income from managed properties of €4,084,000 (2021: €7,338,000). The total revenue from contracts with customers includes service charge income and other income totalling €63,682,000 from investment properties (2021: €53,355,000) and €18,703,000 from managed properties (2021: €16,671,000).

7. Operating profit

The following items have been charged in arriving at operating profit:

Direct costs

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Service charge costs relating to investment properties	**66,128**	56,184
Costs relating to managed properties	**16,985**	11,274
Non-recoverable maintenance	**4,576**	4,083
Direct costs	**87,689**	71,541

Administrative expenses

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Audit and non-audit fees to audit firm	**1,426**	683
Legal and professional fees	**3,901**	2,778
Expected credit loss provision (see note 25)	**2,291**	1,791
Other administration costs	**(328)**	2,781
LTIP and SIP	**4,173**	3,395
Employee costs	**16,004**	11,109
Director fees and expenses	**604**	493
Depreciation of plant and equipment (see note 16)	**1,167**	669
Amortisation of intangible assets (see note 17)	**1,164**	897
Depreciation of right of use assets (see note 18)	**843**	521
Marketing	**2,345**	2,009
Selling costs relating to assets held for sale	**20**	–
Exceptional items	**7,108**	697
Administrative expenses	**40,718**	27,823

The expected credit loss provision has increased during the year mainly due to the increase of gross trade receivables as a result of acquired assets in the financial year.

Other administration costs include net foreign exchange gains in amount of €1,975,000 as a result of the increased foreign currency cash balances as at the period end.

Employee costs as stated above relate to costs which are not recovered through service charge.

7. Operating profit continued

Administrative expenses continued

Exceptional items relate to the following:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Acquisition costs in relation to business combinations	**5,299**	–
Legal case costs	**894**	247
Office termination fees	**500**	–
Internal tax restructuring costs	**415**	250
Signage and hygiene costs related to Covid-19	**–**	200
Total	**7,108**	697

The following services have been provided by the Group's auditors:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Audit fees to audit firm:		
Audit of consolidated financial statements	**1,135**	532
Audit of subsidiary undertakings	**226**	88
Total audit fees	**1,361**	620
Audit related assurance services	**65**	63
Other assurance services	**234**	–
Total assurance services	**299**	63
Total fees for non-audit services	**299**	63
Total fees	**1,660**	683

The other assurance services include services relating to the corporate bond issuances in amount of €234,000 which have been capitalised to the loan issue costs.

8. Employee costs and numbers

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Wages and salaries	**24,337**	19,013
Social security costs	**3,848**	2,925
Pension	**336**	253
Other employment costs	**335**	71
Total	**28,856**	22,262

Included in the costs related to wages and salaries for the year are expenses of €4,173,000 (2021: €3,395,000) relating to the granting or award of shares under LTIPs and SIPs (see note 9). The costs for all periods include those relating to Executive Directors.

All employees are employed directly by one of the following Group subsidiary companies: Sirius Facilities GmbH, Sirius Facilities (UK) Limited, Curris Facilities & Utilities Management GmbH, SFG NOVA GmbH, Sirius Finance (Guernsey) Limited, BizSpace Limited, BizSpace II Limited, M25 Business Centres Limited and Sirius Corporate Services B.V. The average number of people employed by the Group during the year was 416 (2021: 256), expressed in full-time equivalents. In addition, as at 31 March 2022, the Board of Directors consists of six Non-Executive Directors (2021: five) and three Executive Directors (2021: two).

9. Employee schemes

Equity-settled share-based payments

2018 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2018 with three separate grant dates. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further holding period of two years. Awards are split between ordinary and outperformance awards. Ordinary awards carry both adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions and outperformance awards carry a sole TNR performance condition. The employee's tax obligation will be determined upon the vesting date of the share issue.

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9. Employee schemes continued

Equity-settled share-based payments continued

June 2020 grant

3,600,000 ordinary share awards were granted under the scheme on 15 June 2020 with a total charge for the award of €2,265,552. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 15 June 2020 LTIP grant an expense of €811,000 is recognised in the consolidated income statement to 31 March 2022.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the award that were granted on 15 June 2020:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	0.84	0.84
Exercise price – €	nil	nil
Expected volatility – %	38.5	38.5
Performance projection period – years	2.79	2.67
Expected dividend yield – %	4.28	4.28
Risk-free rate based on European treasury bonds rate of return – %	(0.677) p.a.	(0.677) p.a.
Expected outcome of performance conditions – %	100	67.2
Fair value per share – €	0.745	0.564

The weighted average fair value of share options granted on 15 June 2020 is €0.68.

Assumptions considered in this model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as a percentage of the share price at the date of grant; performance projection period; risk-free rate; and correlation between comparators.

June 2019 grant

3,760,000 ordinary share awards and 690,000 outperformance share awards were granted under the scheme on 16 June 2019 with a total charge for the awards of €2,145,511 over three years. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 16 June 2019 LTIP grant an expense of €1,126,000 is recognised in the consolidated income statement to 31 March 2022.

The fair value per share for the TNR and TSR elements of the award was determined using Black-Scholes and Monte-Carlo models respectively with the following assumptions used in the calculation:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award/ outperformance award	1/3 ordinary award
Share price at grant date – €	0.73	0.73
Exercise price – €	nil	nil
Expected volatility – %	23.8	23.8
Performance projection period – years	2.80	2.67
Expected dividend yield – %	4.56	4.56
Risk-free rate based on European treasury bonds rate of return – %	(0.695) p.a.	(0.695) p.a.
Expected outcome of performance conditions – %	100/24.5	46.6
Fair value per share – €	0.643	0.340

The weighted average fair value of share options granted on 16 June 2019 is €0.54.

Assumptions considered in this model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant and commensurate with the expected life of the awards; dividend yield based on the actual dividend yield as a percentage of the share price at the date of grant; performance projection period; risk-free rate; and correlation between comparators.

January 2019 grant

In addition, as disclosed in the 2019 Annual Report, 4,000,000 ordinary share awards and 700,000 outperformance share awards were previously granted under the scheme on 15 January 2019.

The January 2019 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 3,266,210 shares with a weighted average share price of €1.20 at the date of exercise. 1,433,790 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1,944,000 was paid for the participants' tax liabilities.

9. Employee schemes continued

Equity-settled share-based payments continued

2021 LTIP

The LTIP for the benefit of the Executive Directors and the Senior Management Team was approved in 2021. Awards granted under the LTIP are made in the form of nil-cost options which vest after the three year performance period with vested awards being subject to a further restricted period of two years when shares acquired on exercise cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. The employees' tax obligation will be determined upon the vesting date of the share issue.

August 2021 grant

4,154,119 ordinary share awards were granted under the scheme on 2 August 2021 with a total charge for the award of €4,705,196. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 2 August 2021 LTIP grant an expense of €1,066,000 is recognised in the consolidated income statement to 31 March 2022.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the award that were granted on 2 August 2021:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.39	1.39
Exercise price – €	nil	nil
Expected volatility – %	40.5	40.5
Expected life – years	2.91	2.91
Performance projection period – years	2.66	2.66
Expected dividend yield – %	2.79	2.79
Risk-free rate based on European treasury bonds rate of return – %	(0.817) p.a.	(0.817) p.a.
Fair value per share – €	1.28*	0.84**

* In accordance with IFRS 2, TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

** In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies, the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant.

The weighted average fair value of share options granted on 2 August 2021 is €1.13.

Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

2019 SIP

A SIP for the benefit of senior employees of the Company was approved in August 2019. The fair value was based on the Company's estimate of the shares that will eventually vest. Under the SIP, the awards were granted in the form of whole shares at no cost to the participants. Shares will vest after a three year performance period followed by a holding period of twelve months. The performance conditions used to determine the vesting of the award were based on the adjusted net asset value including dividends paid. As a result, under the scheme in August 2019 2,784,750 shares were granted (with an additional 70,000 allocated in the 2021 financial year), subject to performance criteria, and an expense including related costs of €567,000 is recognised in the consolidated income statement to 31 March 2022.

The SIP 2019 grant vested on 14 March 2022. Vesting was at maximum level for all participants resulting in the exercise of 2,534,750 shares with a weighted average share price of €1.45 at the date of exercise. 1,020,775 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €1,500,000 was paid for the participants' tax liabilities.

During the year 195,000 shares were forfeited due to employees in the scheme leaving the employment of the Company.

2020 SIP

Another SIP for the benefit of senior employees of the Company was approved in July 2020. The July 2020 grant vested on 21 May 2021. Vesting was at maximum level for all participants resulting in the exercise of 95,537 shares with a weighted average share price of €1.26 at the date of exercise. 24,463 shares have been surrendered in relation to the partial settlement of certain participants' tax liabilities arising in respect of the vesting. An amount of €75,000 was paid for the participants' tax liabilities.

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9. Employee schemes continued

Equity-settled share-based payments continued

2021 SIP

Another SIP for the benefit of the senior employees was approved in 2021. Awards granted under the SIP are made in the form of a conditional right to receive a specified number of shares for nil cost which vest after the three year performance period (on 1 March 2025 for the 2021 award) with vested awards being subject to a further restricted period of one year when shares cannot be sold. Awards are subject to adjusted net asset value per share ("TNR") (two-thirds of award) and relative total shareholder return ("TSR") (one-third of award) performance conditions. Awards are equity settled. The employees' tax obligation will be determined upon the vesting date of the share issue.

September 2021 grant

3,074,500 share awards were granted under the scheme on 7 September 2021 with a total charge for the award of €3,735,689 on the basis that 0% of awards are forfeited during the vesting period. Charges for the awards are based on fair values calculated at the grant date and expensed on a straight-line basis over the period that individuals are providing service to the Company in respect of the awards. For the 7 September 2021 SIP grant an expense of €603,000 is recognised in the consolidated income statement to 31 March 2022.

The following assumptions were used in calculating the fair value per share for the TNR and TSR elements of the award that were granted on 7 September 2021:

	TNR	TSR
Valuation methodology	Black-Scholes	Monte-Carlo
Calculation for	2/3 ordinary award	1/3 ordinary award
Share price at grant date – €	1.49	1.49
Exercise price – €	n/a	n/a
Expected volatility – %	40.7	40.7
Expected life – years	3.48	3.48
Performance projection period – years	2.56	2.56
Expected dividend yield – %	2.60	2.60
Risk-free rate based on European treasury bonds rate of return – %	(0.737) p.a.	(0.737) p.a.
Fair value per share – €	1.36*	0.92**

* In accordance with IFRS 2, TNR is classed as a non-market performance condition. As such, the fair value has been calculated using a Black-Scholes model and does not take the expected outcome of the performance condition into account. The Company currently estimates the expected vesting outcome for the TNR award to be 100%.

** In accordance with IFRS 2, relative TSR is classed as a market-based performance condition. As such, projected performance and the likelihood of achieving the condition have been taken into account when calculating the fair value using a Monte-Carlo model. The model also uses assumptions for the expected volatility of comparator companies and the pairwise correlation between comparator companies and TSR performance between the start of the performance period and the date of grant. Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

The weighted average fair value of share options granted on 7 September 2021 is €1.21.

Expected volatility of the Company's share price was determined by calculating the historical volatility of the Company's share price over the period immediately prior to the date of grant, commensurate with the term to the end of the performance period.

Movements in the number of awards outstanding are as follows:

	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of share awards	**Weighted average exercise price €000**	Number of share awards	Weighted average exercise price €000
Balance outstanding as at the beginning of the year (nil exercisable)	**15,584,750**	**–**	11,934,750	–
Maximum granted during the year	**7,302,831**	**–**	3,790,000	–
Forfeited during the year	**(195,000)**	**–**	(140,000)	–
Exercised during the year	**(4,934,934)**	**–**	–	–
Shares surrendered to cover employee tax obligations	**(2,479,028)**	**–**	–	–
Balance outstanding as at year end (nil exercisable)	**15,278,619**	**–**	15,584,750	–

9. Employee schemes continued

Employee benefit schemes

A reconciliation of share-based payments and employee benefit schemes and their impact on the consolidated income statement is as follows:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Charge relating to 2018 LTIP – January 2019 grant	**—**	1,202
Charge relating to 2018 LTIP – June 2019 grant	**1,126**	766
Charge relating to 2018 LTIP – June 2020 grant	**811**	645
Charge relating to 2021 LTIP – August 2021 grant	**1,066**	—
Charge relating to 2019 SIP – August 2019 grant	**567**	679
Charge relating to 2020 SIP – July 2020 grant	**—**	103
Charge relating to 2021 SIP – September 2021 grant	**603**	—
Total consolidated income statement charge relating to LTIP and SIP	**4,173**	3,395

An amount of €1,945,000 is recognised in other distributable reserves as per the consolidated statement of changes in equity. Own shares held in amount of €1,868,000 have been used to settle the 2019 SIP award. In addition, an amount of €360,000 has been accrued for future employers 'tax obligations in relation to share based payment schemes.

10. Finance income, finance expense and change in fair value of derivative financial instruments

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Bank interest income	**95**	38
Finance income from associates	**2,891**	2,674
Finance income	**2,986**	2,712
Bank loan interest expense	**(11,482)**	(7,402)
Interest expense related to lease liabilities (see note 18)	**(479)**	(349)
Amortisation of capitalised finance costs	**(2,574)**	(1,683)
Total interest expense	**(14,535)**	(9,434)
Bank charges and bank interest expense on deposits	**(863)**	(435)
Refinancing costs, exit fees and prepayment penalties	**(7,821)**	—
Other finance costs	**(8,684)**	(435)
Finance expense	**(23,219)**	(9,869)
Change in fair value of derivative financial instruments	**996**	136
Net finance expense	**(19,237)**	(7,021)

Included within refinancing costs are exit fees and early prepayment penalties of €6,947,000 that directly related to the early repayment of loans and cost in relation to the restructuring of debt in amount of €874,000.

The change in fair value of derivative financial instruments of €996,000 (2021: €136,000) reflects the change in the market valuation of these financial instruments.

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for the year ended 31 March 2022

11. Taxation

Consolidated income statement

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Current income tax		
Current income tax charge	**(6,220)**	(1,641)
Current income tax charge relating to disposals of investment properties	**—**	(87)
Adjustments in respect of prior periods	**112**	(189)
Total current income tax	**(6,108)**	(1,917)
Deferred tax		
Relating to origination and reversal of temporary differences	**(14,827)**	(14,180)
Total deferred tax	**(14,827)**	(14,180)
Income tax charge reported in the income statement	**(20,935)**	(16,097)

The German corporation tax rate of 15.825% is used in the tax reconciliation for the Group. Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The reconciliation of the effective tax rate is explained below:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Profit before tax	**168,927**	163,657
Current tax using the German corporation tax rate of 15.825% (2021: 15.825%)	**26,733**	25,899
Effects of:		
Deductible interest on internal financing(1)	**(5,398)**	(7,207)
Tax exempt gain from selling of investments and dividends(2)	**(1,113)**	(798)
Non-deductible expenses	**452**	290
Change in unrecognised deferred tax – tax effect of utilisation of tax losses not previously recognised(3)	**(10,478)**	(2,498)
Property valuation movements due to differences in accounting treatments	**—**	(210)
Adjustments in respect of prior periods	**(112)**	189
German trade tax	**19**	236
Other	**—**	196
Goodwill impairment(4)	**6,473**	—
Difference in foreign tax rates(5)	**1,452**	—
Deferred tax – current year movements(6)	**961**	—
Rate difference between current tax and deferred tax(7)	**1,946**	—
Total income tax charge in the income statement	**20,935**	16,097

(1) Amounts non-taxable on interest on internal financing have decreased from the prior year as a result of the financing company being tax resident in Cyprus for the full period and taxed on a portion of its interest income, with the remainder not taxed at 15.825% being included in the reconciliation above to show the difference in foreign tax rates.

(2) The tax exempt gain from selling of investments and dividends in the current year relates to the profits of associates only.

(3) Following the acquisition of the BizSpace Group on 15 November 2021, the BizSpace Group has entered into the UK REIT regime effective from 1 April 2022. The result of the REIT conversion included the de-recognition of deferred tax assets and deferred tax liabilities on investment properties, shown above in the reconciliation.

(4) An impairment of €40.9 million in relation to the goodwill is included as a permanent item in the tax reconciliation.

(5) As the current UK corporation tax rate is 19% this item shows the difference between this rate and the German corporation tax rate of 15.825% used in the above reconciliation.

(6) The deferred tax only adjustment relates to movements in UK temporary differences on investment properties and lease liabilities which do not impact the income statement or current taxes.

(7) As the substantively enacted UK main corporation tax rate effective from 1 April 2023 is currently 25%, the difference between the current UK corporation tax rate of 19% and the deferred tax rate of 25% (for deferred tax unwinding after 1 April 2023) is also included within the tax reconciliation.

11. Taxation continued

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 March 2022 €000	31 March 2021 €000	**31 March 2022 €000**	31 March 2021 €000	**31 March 2022 €000**	31 March 2021 €000
Revaluation of investment property	**—**	—	**(95,411)**	(73,946)	**(95,411)**	(73,946)
Rent free adjustments	**—**	—	**(640)**	(570)	**(640)**	(570)
Capitalised own works	**—**	—	**(55)**	(43)	**(55)**	(43)
Hedging (swaps)	**—**	249	**(52)**	—	**(52)**	249
IFRS 16	**4,059**	—	**(4,283)**	—	**(224)**	—
Tax losses	**20,330**	17,979	**—**	—	**20,330**	17,979
Fixed asset temporary differences	**159**	—	**—**	—	**159**	—
Deferred tax assets/(liabilities)	**24,548**	18,228	**(100,441)**	(74,559)	**(75,893)**	(56,331)

In respect of IFRS 16, deferred tax had not previously been recognised due to the application of the initial recognition exemption. To align with IASB ED/2019/5, which amends the application of the initial recognition exemption for transactions giving rise to offsetting deferred tax assets and deferred tax liabilities, a deferred tax liability has been recognised on the IFRS 16 right of use asset and a deferred tax asset in respect of the IFRS 16 lease liability resulting in a net deferred tax liability recognised as at 31 March 2022. The amendments to the initial recognition exemption under IAS 12 are effective for accounting periods beginning on or after 1 January 2023 and have been adopted early.

Movement in deferred tax during the year is as follows:

	31 March 2021 €000	Recognised in income €000	Exchange differences €000	Acquisition of a subsidiary €000	**31 March 2022 €000**
Revaluation of investment property	(73,946)	(8,646)	—	(12,819)	**(95,411)**
Rent free adjustments	(570)	(70)	—	—	**(640)**
Capitalised own works	(43)	(12)	—	—	**(55)**
Hedging (swaps)	249	(301)	—	—	**(52)**
IFRS 16	—	(5,697)	—	5,473	**(224)**
Tax losses	17,979	2,272	(2)	81	**20,330**
Fixed asset temporary differences	—	(1,128)	(32)	1,319	**159**
Other short-term temporary differences	—	(1,245)	(31)	1,276	**—**
Total	(56,331)	(14,827)	(65)	(4,670)	**(75,893)**

The Group has not recognised a deferred tax asset on €257 million (2021: €238 million) of tax losses carried forward and future share scheme deductions due to uncertainties over recovery. There is no expiration date on €257 million of the losses and future share scheme tax deductions will convert to tax losses on realisation.

Recognised and unrecognised temporary differences in the acquired BizSpace Group of €54 million, largely driven by deferred tax liability on investment properties, has been derecognised as at 31 March 2022 following the BizSpace Group's entry to the UK REIT regime effective 1 April 2022 (see note 2(j) above for further discussion of this). A deferred tax asset of €0.2 million relating to the excess of capital allowances over qualifying net book value in the BizSpace Group is expected to be recoverable by the residual business of the BizSpace Group post REIT conversion. A change in ownership of the Group may result in restriction on the Group's ability to use tax losses in certain tax jurisdictions.

A deferred tax liability is recognised on temporary differences of €nil (2021: €nil) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. In his Budget Statement of 3 March 2021, the UK Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. This may have a potential impact on any taxable profits made by the residual business of the BizSpace Group post REIT conversion and other UK operations only from that date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

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11. Taxation continued

Deferred tax assets and liabilities continued

	31 March 2022		
	Assets €000	Liabilities €000	Net €000
UK	159	—	159
Germany	24,389	(100,441)	(76,052)
Cyprus	—	—	—
Deferred tax assets/(liabilities)	24,548	(100,441)	(75,893)

	31 March 2022		
	Assets €000	Liabilities €000	Net €000
UK	—	(7,316)	(7,316)
Germany	—	(2,690)	(2,690)
Cyprus	—	(417)	(417)
Current tax assets/(liabilities)	—	(10,423)	(10,423)

12. Earnings per share

The calculations of the basic, diluted, EPRA, headline and adjusted earnings per share are based on the following data:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Earnings attributable to the owners of the Company		
Basic earnings	**147,873**	147,451
Diluted earnings	**147,873**	147,451
EPRA earnings	**70,695**	58,633
Diluted EPRA earnings	**70,695**	58,633
Headline earnings	**58,368**	58,848
Diluted headline earnings	**58,368**	58,848
Adjusted		
Basic earnings	**147,873**	147,451
Deduct gain on revaluation of investment properties	**(140,884)**	(99,585)
Add loss/(deduct gain) on sale of properties	**623**	(54)
Deduct recoveries from prior disposals of subsidiaries	**(94)**	(65)
Tax in relation to the gain on revaluation of investment properties and gain on sale of properties above less REIT related tax effects	**14,624**	14,346
Non-controlling interest ("NCI") relating to revaluation, net of related tax	**85**	82
Goodwill impairment	**40,906**	–
Deduct revaluation gain on investment property relating to associates	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates above	**1,256**	872
Headline earnings after tax	**58,368**	58,848
Deduct change in fair value of derivative financial instruments, net of related tax and NCI	**(793)**	(215)
Deduct revaluation expense relating to leased investment properties	**(5,572)**	(4,325)
Add adjusting items, net of related tax and NCI[1]	**19,122**	4,092
Adjusted earnings after tax	**71,125**	58,400
Number of shares		
Weighted average number of ordinary shares for the purpose of basic, headline, adjusted and basic EPRA earnings per share	**1,097,082,162**	1,040,956,722
Weighted average number of ordinary shares for the purpose of diluted earnings, diluted headline earnings, diluted adjusted earnings and diluted EPRA earnings per share	**1,112,360,781**	1,056,541,472
Basic earnings per share	**13.48c**	14.16c
Diluted earnings per share	**13.29c**	13.96c
Basic EPRA earnings per share	**6.44c**	5.63c
Diluted EPRA earnings per share	**6.36c**	5.55c
Headline earnings per share	**5.32c**	5.65c
Diluted headline earnings per share	**5.25c**	5.57c
Adjusted earnings per share	**6.48c**	5.61c
Adjusted diluted earnings per share	**6.39c**	5.53c

(1) See reconciliation between adjusting items as stated within earnings per share and those stated within administrative expenses in note 7.

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12. Earnings per share continued

	Notes	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Exceptional items	7	**7,108**	697
Refinancing costs, exit fees and prepayment penalties	10	**7,821**	–
Selling costs relating to assets held for sale	7	**20**	–
LTIP and SIP	7	**4,173**	3,395
Adjusting items as per note 12		**19,122**	4,092

The following table shows the reconciliation of basic to headline earnings, separately disclosing the impact before tax (gross column) and after tax (net column):

	Year ended 31 March 2022		Year ended 31 March 2021	
	Gross €000	Net €000	Gross €000	Net €000
Basic earnings		**147,873**		147,451
Deduct gain on revaluation of investment properties	**(140,884)**	**(126,260)**	(99,585)	(85,326)
Add loss on sale of properties	**623**	**623**	(54)	33
Deduct recoveries from prior disposals of subsidiaries	**(94)**	**(94)**	(65)	(65)
NCI relating to revaluation	**104**	**85**	101	82
Goodwill impairment	**40,906**	**40,906**	–	–
Deduct revaluation gain on investment property relating to associates	**(6,021)**	**(4,765)**	(4,199)	(3,327)
Headline earnings		**58,368**		58,848

EPRA earnings

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Basic and diluted earnings attributable to owners of the Company	**147,873**	147,451
Gain on revaluation of investment properties	**(140,884)**	(99,585)
Add loss on disposal of properties (including tax)	**623**	33
Deduct recoveries from prior disposals of subsidiaries	**(94)**	(65)
Refinancing costs, exit fees and prepayment penalties	**7,821**	–
Goodwill impairment	**40,906**	–
Acquisition costs in relation to business combinations	**5,299**	–
Change in fair value of derivative financial instruments	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments	**14,827**	14,180
NCI in respect of the above	**85**	82
Deduct revaluation gain on investment property relating to associates	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates	**1,256**	872
EPRA earnings	**70,695**	58,633

For more information on EPRA earnings refer to Annex 1.

For the calculation of basic, headline, adjusted, EPRA and diluted earnings per share the number of shares has been reduced by 5,280,308 own shares held (2021: 3,684,608 shares), which are held by an Employee Benefit Trust on behalf of the Group.

The weighted average number of shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share is calculated as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Weighted average number of ordinary shares for the purpose of basic, basic EPRA, headline and adjusted earnings per share	**1,097,082,162**	1,040,956,722
Effect of grant of SIP shares	**3,074,500**	2,834,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Weighted average number of ordinary shares for the purpose of diluted, diluted EPRA, diluted headline and adjusted diluted earnings per share	**1,112,360,781**	1,056,541,472

12. Earnings per share continued

EPRA earnings continued

The Company has chosen to report EPRA earnings per share ("EPRA EPS"). EPRA EPS is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon.

13. Net asset value per share

	31 March 2022 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)	**1,190,652**	926,533
Deferred tax liabilities/(assets) (see note 11)	**75,893**	56,331
Derivative financial instruments at fair value	**(329)**	1,141
Adjusted net asset value attributable to the owners of the Company	**1,266,216**	984,005
Number of shares		
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,166,880,684**	1,049,132,259
Number of ordinary shares for the purpose of EPRA NTA per share	**1,182,159,303**	1,064,717,009
Net asset value per share	**102.04c**	88.31c
Adjusted net asset value per share	**108.51c**	93.79c
EPRA NTA per share	**107.28c**	92.29c
Net asset value as at year end (basic)	**1,190,652**	926,533
Derivative financial instruments at fair value	**(329)**	1,141
Deferred tax in respect of EPRA earnings adjustments	**75,566**	56,331
Goodwill as per note 17	**—**	(3,738)
Intangibles as per note 17	**(4,283)**	(2,830)
Deferred tax in respect of EPRA adjustments in relation to investment in associates	**6,563**	5,212
EPRA NTA	**1,268,169**	982,649

31 March 2022	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)	**1,190,652**	**1,190,652**	**1,190,652**
Diluted EPRA net asset value at fair value	**1,190,652**	**1,190,652**	**1,190,652**
Group			
Derivative financial instruments at fair value	**(329)**	**(329)**	**n/a**
Deferred tax in respect of EPRA earnings adjustments	**75,893**	**75,566***	**n/a**
Goodwill as per note 17	**n/a**	**—**	**—**
Intangibles as per note 17	**n/a**	**(4,283)**	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**(22,229)**
Real estate transfer tax	**160,692**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	**6,563**	**6,563***	**n/a**
Fair value of fixed interest rate debt	**n/a**	**n/a**	**2,196**
Real estate transfer tax	**9,147**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV	**1,442,618**	**1,268,169**	**1,170,619**
EPRA NRV, NTA and NDV per share	**122.03c**	**107.28c**	**99.02c**

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13. Net asset value per share continued

31 March 2021	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments	56,331	56,331*	n/a
Goodwill as per note 17	n/a	(3,738)	(3,738)
Intangibles as per note 17	n/a	(2,830)	n/a
Fair value of fixed interest rate debt	n/a	n/a	(3,485)
Real estate transfer tax	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments	5,212	5,212*	n/a
Fair value of fixed interest rate debt	n/a	n/a	(1,772)
Real estate transfer tax	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV	1,102,263	982,649	917,538
EPRA NRV, NTA and NDV per share	103.53c	92.29c	86.18c

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end except for deferred tax in relation to assets held for sale.

For more information on adjusted net asset value and EPRA NRV, NTA and NDV, refer to Annex 1.

The number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share is calculated as follows:

	31 March 2022	31 March 2021
Number of ordinary shares for the purpose of net asset value per share and adjusted net asset value per share	**1,166,880,684**	1,049,132,259
Effect of grant of SIP shares	**3,074,500**	2,834,750
Effect of grant of LTIP shares	**12,204,119**	12,750,000
Number of ordinary shares for the purpose of EPRA NRV, NTA and NDV per share	**1,182,159,303**	1,064,717,009

The number of shares has been reduced by 5,280,308 own shares held (2021: 3,684,608 shares), which are held by an Employee Benefit Trust on behalf of the Group.

14. Investment properties

The movement in the book value of investment properties is as follows:

	31 March 2022 €000	31 March 2021 €000
Total investment properties at book value as at the beginning of the year	**1,362,192**	1,193,915
Acquisition of a subsidiary (see note 4)*	**421,105**	–
Additions – owned investment properties	**162,844**	35,484
Additions – leased investment properties	**3,366**	1,518
Capital expenditure and broker fees	**22,607**	31,720
Disposals	**(1,808)**	(30)
Reclassified as investment properties held for sale (see note 15)	**(13,739)**	–
Gain on revaluation above capex and broker fees	**147,017**	104,156
Adjustment in respect of lease incentives	**(561)**	(246)
Deficit on revaluation relating to leased investment properties	**(5,572)**	(4,325)
Foreign exchange differences	**2,553**	–
Total investment properties at book value as at year end[(1)]	**2,100,004**	1,362,192

* An amount of €12,182,000 relate to leased investment properties.

14. Investment properties continued

The reconciliation of the valuation carried out by the external valuer to the carrying values shown in the statement of financial position is as follows:

	31 March 2022 €000	31 March 2021 €000
Owned investment properties at market value per valuer's report[(1)]	2,079,079	1,350,770
Adjustment in respect of lease incentives	(4,153)	(3,603)
Leased investment property market value	25,078	15,025
Total investment properties at book value as at year end[(1)]	**2,100,004**	1,362,192

(1) Excluding assets held for sale.

The fair value (market value) of the Group's owned investment properties as at year end has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield LLP (2021: Cushman & Wakefield LLP), an independent valuer accredited in terms of the RICS. The fee arrangement with Cushman & Wakefield LLP for the valuation of the Group's properties is fixed, subject to an adjustment for acquisitions and disposals.

The value of each of the properties has been assessed in accordance with the RICS valuation standards on the basis of market value. The methodology and assumptions used to determine the fair values of the properties are consistent with the previous year.

The weighted average lease expiry remaining across the owned portfolio in Germany as at year end was 2.9 years (2021: 2.9 years). The weighted average lease expiry remaining across the owned portfolio in the UK as at year end was 0.9 years. Licence agreements in the UK are rolling and are included in the valuation.

The fair value (market value) of the Group's leased investment properties as at year end has been arrived at on the basis of a valuation carried out by management using discounted cash flows similar to the approach of Cushman & Wakefield LLP.

The reconciliation of gain on revaluation above capex as per the income statement is as follows:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Gain on revaluation above capex and broker fees	147,017	104,156
Adjustment in respect of lease incentives	(561)	(246)
Deficit on revaluation relating to leased investment properties	(5,572)	(4,325)
Gain on revaluation of investment properties reported in the income statement	**140,884**	99,585

Included in the gain on revaluation of investment properties reported in the income statement (excluding the revaluation effects in respect of leased investment properties) are gross gains of €160.4 million and gross losses of €19.5 million (2021: gross gains of €106.4 million and gross losses of €6.8 million).

Other than the capital commitments disclosed in note 31, the Group is under no contractual obligation to purchase, construct or develop any investment property. The Group is responsible for routine maintenance of the investment properties.

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between levels during the year. Investment properties have been classed according to their asset type. Information on these significant unobservable inputs per class of investment property is disclosed below (excluding leased investment properties).

The valuation for owned investment properties is (including assets classified as held for sale) performed on a lease-by-lease basis due to the mixed-use nature of the sites using the discounted cash flow technique for the German portfolio and on a capitalised income basis, where income is capitalised by an appropriate yield which reflects the age, location, ownership, customer base and agreement type for the UK portfolio. This gives rise to large ranges in the inputs.

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14. Investment properties continued

31 March 2022	Market value (€000)	Current rental rate per sqm € Low	High	Market rental rate per sqm € Low	High	Occupancy % Low	High	Gross initial yield % Low	High	Net initial yield % Low	High	Discount factor % Low	High	Void period months Low	High
Traditional business parks															
Mature	**329,100**	**2.67**	**8.32**	**2.65**	**7.42**	**91.5**	**100.0**	**4.5**	**8.5**	**3.7**	**6.7**	**3.6**	**5.4**	**6**	**12**
Value add	**625,540**	**—***	**8.16**	**3.49**	**8.46**	**—***	**97.3**	**—***	**9.0**	**(3.7)**	**6.8**	**3.9**	**7.1**	**9**	**18**
Total traditional business parks	**954,640**	**—***	**8.32**	**2.65**	**8.46**	**—***	**100.0**	**—***	**9.0**	**(3.7)**	**6.8**	**3.6**	**7.1**	**6**	**18**
Modern business parks															
Mature	**195,750**	**5.03**	**8.13**	**3.74**	**7.68**	**91.8**	**100.0**	**5.0**	**9.8**	**4.1**	**8.4**	**3.6**	**5.0**	**6**	**15**
Value add	**213,140**	**2.86**	**10.28**	**3.76**	**10.15**	**74.9**	**97.8**	**2.9**	**9.4**	**1.6**	**6.6**	**4.4**	**7.3**	**9**	**24**
Total modern business parks	**408,890**	**2.86**	**10.28**	**3.74**	**10.15**	**74.9**	**100.0**	**2.9**	**9.8**	**1.6**	**8.4**	**3.6**	**7.3**	**6**	**24**
Office															
Mature	**10,200**	**10.07**	**10.07**	**9.38**	**9.38**	**87.1**	**87.1**	**6.4**	**6.4**	**5.2**	**5.2**	**4.5**	**4.5**	**9**	**9**
Value add	**266,880**	**2.03**	**11.78**	**6.15**	**12.18**	**40.0**	**92.0**	**2.0**	**9.5**	**—***	**7.2**	**4.6**	**6.6**	**9**	**18**
Total office	**277,080**	**2.03**	**11.78**	**6.15**	**12.18**	**40.0**	**92.0**	**2.0**	**9.5**	**—***	**7.2**	**4.5**	**6.6**	**9**	**18**
Total Germany	**1,640,610**	**—***	**11.78**	**2.65**	**12.18**	**—***	**100.0**	**—***	**9.8**	**(3.7)**	**8.4**	**3.6**	**7.3**	**6**	**24**

31 March 2022	Market value (€000)	Average current rental rate per sqm € Low	High	Average market rental rate per sqm € Low	High	Occupancy % Low	High	Net initial yield % Low	High	Void period months Low	High
Total mixed-use schemes	**123,263**	**1.71**	**26.49**	**5.78**	**23.59**	**48.6**	**96.8**	**3.0**	**10.0**	**4.00**	**12.00**
Total office	**153,112**	**—***	**25.38**	**5.83**	**26.50**	**—***	**100.0**	**—***	**10.0**	**4.00**	**12.00**
Total industrial	**175,394**	**1.04**	**10.94**	**2.39**	**11.24**	**65.1**	**100.0**	**3.0**	**10.0**	**4.00**	**12.00**
Total UK	**451,769**	**—***	**26.49**	**2.39**	**26.50**	**—***	**100.0**	**—***	**10.0**	**4.00**	**12.00**

* The Group has acquired vacant investment properties during the financial year. As a result the lower range for rental rates, occupancy and yields is 0.

31 March 2021	Market value (€000)	Current rental rate per sqm € Low	High	Market rental rate per sqm € Low	High	Occupancy % Low	High	Gross initial yield % Low	High	Net initial yield % Low	High	Discount factor % Low	High	Void period months Low	High
Traditional business parks															
Mature	326,650	2.67	8.16	2.65	8.46	91.3	100.0	4.7	8.8	3.8	7.2	3.8	5.9	6	12
Value add	439,100	1.99	6.44	3.33	6.91	49.5	97.3	4.7	9.3	3.4	7.2	4.3	7.4	9	18
Total traditional business parks	765,750	1.99	8.16	2.65	8.46	49.5	100.0	4.7	9.3	3.4	7.2	3.8	7.4	6	18
Modern business parks															
Mature	209,600	4.78	10.01	3.63	9.79	91.6	100.0	5.4	10.0	4.5	8.6	3.8	5.4	6	15
Value add	144,400	3.61	7.09	4.35	8.24	77.2	88.2	5.9	8.6	4.7	7.1	5.0	5.9	9	24
Total modern business parks	354,000	3.61	10.01	3.63	9.79	77.2	100.0	5.4	10.0	4.5	8.6	3.8	5.9	6	24
Office															
Mature	17,080	7.81	9.70	9.19	9.21	91.6	94.0	4.7	6.9	3.6	5.8	4.6	4.8	9	9
Value add	213,940	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	0.7	8.3	4.9	6.9	9	15
Total office	231,020	3.93	11.35	6.02	10.30	57.9	99.5	2.6	10.4	0.7	8.3	4.6	6.9	9	15
Total Germany	1,350,770	1.99	11.35	2.65	10.30	49.5	100.0	2.6	10.4	0.7	8.6	3.8	7.4	6	24

14. Investment properties continued

As a result of the level of judgement and estimates used in arriving at the market valuations, the amounts which may ultimately be realised in respect of any given property may differ from valuations shown in the statement of financial position. Key inputs are considered to be inter-related whereby changes in one key input can result in changes in other key inputs. The impact of changes in relation to the key inputs is also shown in the table below:

31 March 2022	Market value €000	Change of 5% in market rental rates €000		Change of 0.25% in discount rates €000		Change of 0.5% in gross initial yield €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	**954,640**	**48,450**	**(48,380)**	**(19,640)**	**20,070**	**(84,224)**	**82,247**	**(98,020)**	**126,295**
Total modern business parks	**408,890**	**19,260**	**(19,420)**	**(8,540)**	**8,510**	**(30,840)**	**36,820**	**(38,033)**	**48,091**
Total office	**277,080**	**14,470**	**(14,340)**	**(5,840)**	**5,760**	**(23,005)**	**28,467**	**(37,901)**	**27,766**
Market value Germany	**1,640,610**	**82,180**	**(82,140)**	**(34,020)**	**34,340**	**(138,069)**	**147,534**	**(173,954)**	**202,152**

31 March 2022	Market value €000	Change of 5% in market rental rates €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease
Total mixed-use schemes	**123,263**	**3,967**	**(4,423)**	**(4,494)**	**4,389**
Total office	**153,112**	**5,754**	**(5,325)**	**(4,295)**	**5,029**
Total industrial	**175,394**	**7,139**	**(6,333)**	**(5,822)**	**6,843**
Market value UK	**451,769**	**16,860**	**(16,081)**	**(14,611)**	**16,261**

31 March 2021	Market value €000	Change of 5% in market rental rates €000		Change of 0.25% in discount rates €000		Change of 0.5% in gross initial yield €000		Change of 0.5% in net initial yield €000	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total traditional business parks	765,750	38,310	(38,000)	(15,030)	15,950	(58,824)	69,947	(74,243)	93,306
Total modern business parks	354,000	17,350	(17,190)	(7,560)	7,960	(24,479)	28,561	(29,189)	35,288
Total office	231,020	11,680	(11,480)	(4,520)	4,850	(18,859)	23,308	(26,769)	53,359
Market value Germany	1,350,770	67,340	(66,670)	(27,110)	28,760	(102,162)	121,816	(130,201)	181,953

15. Assets held for sale

Investment properties held for sale

	31 March 2022 €000	31 March 2021 €000
Magdeburg	**13,750**	–
Balance as at year end	**13,750**	–

The disclosures regarding valuation in note 14 are also applicable to assets held for sale. An amount of €13,750,000 relating to the sale of the Magdeburg asset was received prior to the completion date of 1 April 2022 and is included in the cash at bank per note 22. As a result, an equal and opposite position within other payables was recognised. See note 23 for further details.

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16. Plant and equipment

	Plant and equipment €000	Fixtures and fittings €000	Total €000
Cost			
As at 31 March 2021	1,035	6,052	7,087
Acquisition of a subsidiary (see note 4)	727	1,826	2,553
Additions in year	889	519	1,408
Disposals in year	—	(3)	(3)
Foreign exchange differences	13	22	35
As at 31 March 2022	**2,664**	**8,416**	**11,080**
Depreciation			
As at 31 March 2021	(691)	(3,714)	(4,405)
Charge for year	(389)	(778)	(1,167)
Disposals in year	—	3	3
Foreign exchange differences	(8)	(11)	(19)
As at 31 March 2022	**(1,088)**	**(4,500)**	**(5,588)**
Net book value as at 31 March 2022	**1,576**	**3,916**	**5,492**
Cost			
As at 31 March 2020	716	5,394	6,110
Additions in year	319	658	977
Disposals in year	—	—	—
As at 31 March 2021	1,035	6,052	7,087
Depreciation			
As at 31 March 2020	(615)	(3,121)	(3,736)
Charge for year	(76)	(593)	(669)
Disposals in year	—	—	—
As at 31 March 2021	(691)	(3,714)	(4,405)
Net book value as at 31 March 2021	344	2,338	2,682

17. Intangible assets

	Software and licences with definite useful life €000	Goodwill €000	Total €000
Cost			
As at 31 March 2021	7,848	3,738	11,586
Acquisition of a subsidiary (see note 4)	480	37,168	37,648
Additions in year	2,132	–	2,132
Disposals in year	–	–	–
Foreign exchange differences	5	–	5
As at 31 March 2022	**10,465**	**40,906**	**51,371**
Amortisation			
As at 31 March 2021	(5,018)	–	(5,018)
Charge for year	(1,164)	–	(1,164)
Disposals in year	–	–	–
Impairment	–	(40,906)	(40,906)
Foreign exchange differences	–	–	–
As at 31 March 2022	**(6,182)**	**(40,906)**	**(47,088)**
Net book value as at 31 March 2022*	**4,283**	**–**	**4,283**
Cost			
As at 31 March 2020	6,107	3,738	9,845
Additions in year	1,741	–	1,741
Disposals in year	–	–	–
As at 31 March 2021	7,848	3,738	11,586
Amortisation			
As at 31 March 2020	(4,121)	–	(4,121)
Charge for year	(897)	–	(897)
Disposals in year	–	–	–
As at 31 March 2021	(5,018)	–	(5,018)
Net book value as at 31 March 2021*	2,830	3,738	6,568

* Included in the net book value is an amount of €2,393,000 relating to intangible assets under development not yet amortised (2021: €1,600,000). All these development projects are expected to finalise in the next financial year.

Internalisation of Asset Management Agreement

On 30 January 2012, a transaction was completed to internalize the Asset Management Agreement and, as a result of the consideration given exceeding the net assets acquired, goodwill of €3,738,000 was recognized. The goodwill is allocated to the cash-generating units comprising the Germany segment.

As explained in note 3, in the year ended 31 March 2022 indicators of impairment relating to the goodwill balance were noted as the Group has determined that the identified cash flows could no longer be distinguished from those included in other assets held by the cash generating units in the Germany segment. This resulted in the entirety of the balance being impaired and a consequent impairment loss of €3,738,000 being recognized. Goodwill which has been impaired may not be reversed in future periods.

Helix Investment Limited

On 15 November 2021, the business combination described in note 4 resulted in the recognition of goodwill due to the consideration given exceeding the net assets required by €37,168,000. The goodwill balance was allocated to the cash-generating units comprising the UK segment and an impairment test was performed at 31 March 2022 to determine whether the recoverable amount of the cash-generating units exceed the carrying value. The key assumptions regarding value in use were three-year cash flow forecasts as prepared by management of the group of cash-generating units and the discount rate applied. Cash flows beyond three years are extrapolated using an inflation figure of 2%. The discount rate used is a pre-tax rate and reflects the risks specific to the real estate industry in the UK. A discount rate of 7.13% and terminal value of 5.13% were applied in the impairment review.

In the period since acquisition, the properties held by BizSpace and the rent roll of the UK segment have increased in value significantly. The Group has considered these factors along with the value in use calculation in assessing whether the goodwill is recoverable and has concluded that it is not. Whilst the Group's longer term plans for the business and the potential synergies with the broader Group are at an early stage, based on the impairment review conducted the Group has concluded that there is not sufficient evidence to support the goodwill balance over and above the cash flows already included in the assessment of the fair value of investment properties and other assets held by the Group. As a result, an impairment loss of €37,168,000 was recognized for the year ended 31 March 2022. Goodwill which has been impaired may not be reversed in future periods.

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for the year ended 31 March 2022

18. Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets (excluding those disclosed under investment properties) recognised and the movements during the year:

	Office €000	Total €000
As at 31 March 2020	2,440	2,440
Additions	–	–
Depreciation expense	(521)	(521)
As at 31 March 2021	1,919	1,919
Additions	15,047	15,047
Depreciation expense	(843)	(843)
Lease modifications*	(1,127)	(1,127)
As at 31 March 2022	**14,996**	**14,996**

* Lease modifications relate to the early termination of the head office lease.

In addition to office spaces the Group is also counterparty to long-term leasehold agreements and head leases relating to commercial property. Right of use assets amounting to €25,078,000 (2021: €15,025,000) are classified as investment properties, of which €3,979,000 (2021: €9,355,000) relate to commercial property.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	**(14,987)**	(19,150)
Acquisition of a subsidiary (see note 4)	**(12,182)**	–
Accretion of interest	**(479)**	(349)
Additions	**(18,413)**	(1,518)
Lease modifications	**1,127**	–
Payments	**6,350**	6,030
Foreign exchange differences	**(77)**	–
Balance as at year end	**(38,661)**	(14,987)
Current lease liabilities as at year end	**(1,090)**	(5,857)
Non-current lease liabilities as at year end	**(37,571)**	(9,130)

The following table sets out the carrying amount, by maturity, of the Group's lease liabilities:

31 March 2022	**Within 1 year €000**	**1–5 years €000**	**5+ years €000**	**Total €000**
Commercial property*	**(667)**	**(945)**	**(528)**	**(2,140)**
Long-term leasehold*	**(239)**	**(1,013)**	**(19,848)**	**(21,100)**
Office space	**(184)**	**(6,197)**	**(9,040)**	**(15,421)**
Total	**(1,090)**	**(8,155)**	**(29,416)**	**(38,661)**

31 March 2021	Within 1 year €000	1–5 years €000	5+ years €000	Total €000
Commercial property*	(5,208)	(1,364)	(776)	(7,348)
Long-term leasehold*	(133)	(560)	(4,977)	(5,670)
Office space	(516)	(1,453)	–	(1,969)
Total	(5,857)	(3,377)	(5,753)	(14,987)

* These lease liabilities relate to right of use assets recorded as investment properties.

Maturity analysis of lease liabilities using contractual undiscounted payments is disclosed in note 25.

The overall weighted average discount rate used for the year is 2.3% (2021: 1.9%).

During the year expenses paid for leases of low-value assets and short-term leases which are recognised straight line over the lease term (included in the administrative expenses) amounted to €494,000 (2021: €379,000).

In addition to leases of low-value assets and payments resulting from short-term leases that are included in the cash flow from operating activities, interest payments and repayments of lease liabilities totalling €6,350,000 (2021: €6,030,000) were incurred for the year and are included in the cash flow from financing activities.

19. Other non-current financial assets

	31 March 2022 €000	31 March 2021 €000
Guarantees and deposits	**4,052**	1,806
Loans to associates	**44,278**	43,154
Balance as at year end	**48,330**	44,960

Loans to associates relate to shareholder loans granted to associates by the Group. The loans terminate on 31 December 2026, are fully subordinated and are charged at a fixed interest rate. The ECL has been considered based on multiple factors such as history of repayments, forward looking budgets and forecasts. Based on the assessment the ECL was immaterial.

20. Investment in associates

The principal activity of the associates is the investment in, and development of, commercial property located in Germany and to provide conventional and flexible workspace. Since the associates are individually immaterial the Group is disclosing aggregated information of the associates.

The following table illustrates the summarised financial information of the Group's investment in associates:

	31 March 2022 €000	31 March 2021 €000
Current assets	**20,031**	31,183
Non-current assets	**349,796**	244,289
Current liabilities	**(10,406)**	(10,224)
Non-current liabilities	**(294,121)**	(221,756)
Equity	**65,300**	43,492
Unrecognised accumulated losses	**3,679**	5,657
Subtotal	**68,979**	49,149
Group's share in equity – 35%	**24,142**	17,202

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Net operating income	**19,872**	14,063
Gain on revaluation of investment properties	**18,856**	12,693
Administrative expense	**(3,001)**	(1,976)
Operating profit	**35,727**	24,780
Net finance costs	**(9,753)**	(9,078)
Profit before tax	**25,974**	15,702
Taxation	**(4,166)**	(2,590)
Unrecognised (profit)/losses	**(1,978)**	1,109
Total comprehensive income for the year after tax	**19,830**	14,221
Group's share of profit for the year – 35%	**6,940**	4,977

Included within the non-current liabilities are shareholder loans amounting to €126,509,000 (2021: €123,296,000). As at year end no contingent liabilities existed (2021: none). The associates had contracted capital expenditure for development and enhancements of €2,010,000 as at year end (2021: €296,000).

The following table illustrates the movement in investment in associates:

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	**17,202**	12,306
Dividend received	**—**	(81)
Share of profit	**6,940**	4,977
Balance as at year end	**24,142**	17,202

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21. Trade and other receivables

	31 March 2022 €000	31 March 2021 €000
Gross trade receivables	**18,791**	11,758
Expected credit loss provision (refer to note 25)	**(7,722)**	(5,431)
Net trade receivables	**11,069**	6,327
Other receivables	**8,865**	11,334
Prepayments	**4,637**	1,070
Balance as at year end	**24,571**	18,731

Other receivables include lease incentives of €4,036,000 (2021: €3,603,000).

Prepayments include costs totalling €1,860,000 (31 March 2021: €nil) relating to the acquisition of a new site in Düsseldorf that was notarised before 31 March 2022 and is expected to complete in the first half of the next financial year (see note 31).

22. Cash and cash equivalents

	31 March 2022 €000	31 March 2021 €000
Cash at bank	**127,285**	49,305
Restricted cash	**23,681**	16,369
Balance as at year end	**150,966**	65,674

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash as at year end is €150,966,000 (2021: €65,674,000). Cash is held by reputable banks and the Group assessed the ECL to be immaterial.

The following table illustrates the breakdown of cash held in restricted accounts:

	31 March 2022 €000	31 March 2021 €000
Deposits received from tenants	**22,210**	12,736
Office rent deposits	**131**	131
Cash reserved for future bank loan interest and amortisation payments of the Group's banking facilities	**–**	2,192
Deposit for bank guarantees	**1,340**	1,310
Total	**23,681**	16,369

The majority of the restricted cash is in relation to tenant deposits. Tenants' deposits are legal securities of tenants retained by the Group without the right to use these cash deposits for purposes other than strictly tenant related transactions (e.g. move-out costs, costs due to non-compliance with certain terms of the lease agreement or late rent/service charge payments).

23. Trade and other payables

	31 March 2022 €000	31 March 2021 €000
Trade payables	**6,488**	7,107
Accrued expenses	**25,093**	19,034
Interest and amortisation payable	**5,625**	489
Tenant deposits	**22,210**	12,736
Unearned revenue	**7,913**	4,642
Other payables	**22,006**	6,519
Balance as at year end	**89,335**	50,527

Accrued expenses include costs totalling €10,279,000 (2021: €9,465,000) relating to service charge costs that have not been invoiced to the Group.

Included within other payables are mainly credit balances due to tenants in relation to over collections of service charge in amount of €2,624,000 (2021: €3,830,000). As at 31 March 2022, other payables included €13,750,000 of proceeds relating to the sale of the Magdeburg asset that is categorised as an asset held for sale at 31 March 2022 in advance of the completion date of 1 April 2022. See note 15 for details of assets held for sale.

Unearned revenue includes service charge amounts of €1,164,000 (2021: €1,068,000). Service charge income is only recognised as income when the performance obligations are met. All unearned revenue of the prior year was recognised as revenue in the current year.

24. Interest-bearing loans and borrowings

	Interest rate %	Loan maturity date	31 March 2022 €000	31 March 2021 €000
Current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	–	1,180
– hedged floating rate facility	Hedged(4)	30 October 2024	–	459
– capped floating rate facility	Capped(3)	25 March 2025	–	760
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	–	2,968
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**1,909**	1,881
– fixed rate facility	0.90	31 October 2023	**1,480**	1,467
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**771**	760
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(1)	31 December 2023	**1,111**	1,110
– floating rate facility	Floating(2)	31 December 2023	**140**	140
Schuldschein				
– floating rate facility	Floating(2)	5 December 2022	**5,000**	–
– floating rate facility	Floating(2)	6 January 2023	**10,000**	–
Capitalised finance charges on all loans			**(781)**	(1,611)
			19,630	9,114
Non-current				
SEB AG				
– fixed rate facility	1.84	1 September 2022	–	51,330
– hedged floating rate facility	Hedged(4)	30 October 2024	–	21,325
– floating rate facility	Floating(4)	30 October 2024	–	2,000
– capped floating rate facility	Capped(3)	25 March 2025	–	34,960
Berlin Hyp AG/Deutsche Pfandbriefbank AG				
– fixed rate facility	1.66	27 April 2023	–	56,135
Berlin Hyp AG				
– fixed rate facility	1.48	31 October 2023	**58,228**	60,137
– fixed rate facility	0.90	31 October 2023	**110,363**	111,843
Saarbrücken Sparkasse				
– fixed rate facility	1.53	28 February 2025	**14,258**	15,030
Deutsche Pfandbriefbank AG				
– hedged floating rate facility	Hedged(1)	31 December 2023	**51,056**	52,166
– floating rate facility	Floating(1)	31 December 2023	**6,241**	6,381
Schuldschein				
– floating rate facility	Floating(2)	5 December 2022	–	5,000
– floating rate facility	Floating(2)	6 January 2023	–	10,000
– floating rate facility	Floating(2)	6 January 2025	**5,000**	5,000
– fixed rate facility	1.70	3 March 2025	**10,000**	10,000
– fixed rate facility	1.60	3 July 2023	**20,000**	20,000
Corporate bond I				
– fixed rate	1.125	22 June 2026	**400,000**	–
Corporate bond II				
– fixed rate	1.75	24 November 2028	**300,000**	–
Capitalised finance charges on all loans			**(13,283)**	(2,367)
			961,863	458,940
Total			**981,493**	468,054

(1) Tranche 1 of this facility is fully hedged with a swap charged at a rate of 1.40%; tranche 2 of this facility is fully hedged with a swap charged at a rate of 1.25%; and €19.1 million of tranche 3 of this facility is fully hedged with a swap charged at a rate of 0.91%. A €6.5 million extension and the tranche 3 related €0.5 million arrangement fee are charged with a floating rate of 1.20% over three-month EURIBOR (not less than 0%).

(2) This unsecured facility has a floating rate of 1.50% over six month EURIBOR (not less than 0%) for the first two tranches and a floating rate of 1.70% over six month EURIBOR (not less than 0%) for tranche 3.

(3) This facility was hedged with a cap rate at 0.75% and charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan.

(4) Tranche 1 of this facility was fully hedged with a swap charged at a rate of 2.58%; tranche 2 of this facility was fully hedged with a swap charged at a rate of 2.56%. The capex facility was charged with a floating rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan.

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24. Interest-bearing loans and borrowings continued

The borrowings (excluding capitalised loan issue cost) are repayable as follows:

	31 March 2022 €000	31 March 2021 €000
On demand or within one year	**20,411**	10,724
In the second year	**246,671**	75,977
In the third to tenth years inclusive	**728,475**	385,331
Total	**995,557**	472,032

The Group has pledged 15 (2021: 42) investment properties to secure several separate interest-bearing debt facilities granted to the Group. The 15 (2021: 42) properties had a combined valuation of €504,709,000 as at year end (2021: €1,101,689,000).

SEB AG

On 2 September 2015, the Group agreed to a facility agreement with SEB AG for €59.0 million to refinance two existing Macquarie loan facilities. The loan was scheduled to terminate on 1 September 2022. Amortisation was charged at 2% per annum with the remainder scheduled to be due in the seventh year. The loan facility was charged at a fixed interest rate of 1.84%. This facility was secured over eleven property assets that were previously financed through the Macquarie loan facilities. The facility was subject to various covenants with which the Group had complied. The facility was repaid in full during the year.

On 30 October 2017, the Group agreed to a second facility agreement with SEB AG for €22.9 million. Tranche 1, totalling €20.0 million, was hedged at a rate of 2.58% until 30 October 2024 by way of an interest rate swap. Tranche 2, totalling €2.9 million, was hedged at a rate of 2.56% until 30 October 2024 by way of an interest rate swap. The loan was scheduled to terminate on 30 October 2024. Amortisation was 2.0% per annum across the full facility with the remainder scheduled to be due in one instalment on the final maturity date. The facility was secured over three property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €7.1 million until 30 October 2024. The capex facility was not subject to amortisation and was charged with a floating interest rate of 1.88% over six month EURIBOR (not less than 0%) for the full term of the loan. The capex facility is no longer available following the repayment of the SEB AG debt facilities during the year.

On 26 March 2018, the Group agreed to a third facility agreement with SEB AG for €38.0 million. The loan was scheduled to terminate on 25 March 2025. Amortisation was 2% per annum with the remainder scheduled to be due in one instalment on the final maturity date. The loan facility was charged with a floating rate of 1.58% over six month EURIBOR (not less than 0%) for the full term of the loan. In accordance with the requirements of the loan facility the Group hedged its exposure to floating interest rates by purchasing a cap in June 2018 which limited the Group's interest rate exposure on the facility to 2.33%. The facility was secured over six property assets and was subject to various covenants with which the Group had complied. In addition, the Group agreed a capex facility for €8.0 million until 25 March 2025. The capex facility was not subject to amortisation and was charged at an interest rate of 1.58%. The capex facility was undrawn and is no longer available following the repayment of the SEB AG debt facilities during the twelve month period ended 31 March 2022.

Berlin Hyp AG/Deutsche Pfandbriefbank AG

On 31 March 2014, the Group agreed to a facility agreement with Berlin Hyp AG and Deutsche Pfandbriefbank AG for €115.0 million. Amortisation was 2% p.a. for the first two years, 2.5% for the third year and 3.0% thereafter, with the remainder due in the fifth year. Half of the facility (€55.2 million) was charged interest at 3% plus three months' EURIBOR and was capped at 4.5%, and the other half (€55.2 million) was hedged at a rate of 4.265% until 31 March 2019. This facility was secured over nine property assets and was subject to various covenants with which the Group has complied. On 28 April 2016, the Group agreed to refinance this facility which had an outstanding balance of €110.4 million at 31 March 2016. The new facility was split in two tranches totalling €137.0 million and was scheduled to terminate on 27 April 2023. Tranche 1, totalling €94.5 million, was charged at a fixed interest rate of 1.66% for the full term of the loan. Tranche 2, totalling €42.5 million, was charged with a floating rate of 1.57% over three month EURIBOR (not less than 0%) for the full term of the loan. Amortisation was set at 2.5% across the full facility with the remainder scheduled to be due in one instalment on the final maturity date.

On 30 June 2017, the Group repaid a total of €5.8 million following the disposal of the Düsseldorf asset. On 30 September 2017, the Group repaid tranche 2 of the loan in full, amounting to €40.9 million, following the disposal of the Munich Rupert Mayer Strasse asset.

On 1 August 2019, the Group repaid a total of €16.8 million including €10.1 million recorded within liabilities directly associated with assets held for sale as at 31 March 2019, following the disposal of two assets that acted as security for the loan into the Titanium venture with AXA Investment Managers – Real Assets.

The facility was repaid in full during the twelve month period ended 31 March 2022.

Berlin Hyp AG

On 20 October 2016, the Group concluded an agreement with Berlin Hyp AG to refinance and extend a facility which had an outstanding balance of €39.2 million on 30 September 2016. The facility totals €70.0 million and was scheduled to terminate on 29 October 2023. Amortisation was 2.5% per annum with the remainder due at maturity. The facility was charged with an all-in fixed interest rate of 1.48% for the full term of the loan. The facility was secured over six property assets. The loan was subject to various covenants with which the Group had complied. On 13 September 2019, the facility was incorporated into the agreement as detailed below. As a result, the maturity date of the loan was extended to 31 October 2023 with all other conditions remaining unchanged.

On 13 September 2019, the Group agreed to a facility agreement with Berlin Hyp AG for €115.4 million. The loan terminates on 31 October 2023. Amortisation is 1.25% per annum with the remainder due in the fourth year. The loan facility is charged at a fixed interest rate of 0.90%. This facility is secured over nine property assets. The facility is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

24. Interest-bearing loans and borrowings continued

Saarbrücken Sparkasse

On 28 March 2018, the Group agreed to a facility agreement with Saarbrücken Sparkasse for €18.0 million. The loan terminates on 28 February 2025. Amortisation is 4.0% per annum with the remainder due in one instalment on the final maturity date. The facility is charged with an all-in fixed interest rate of 1.53% for the full term of the loan. The facility is secured over one property asset and is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Deutsche Pfandbriefbank AG

On 19 January 2019, the Group agreed to a facility agreement with Deutsche Pfandbriefbank AG for €56.0 million. Tranche 1, totalling €21.6 million, has been hedged at a rate of 1.40% until 31 December 2023 by way of an interest rate swap. A first drawdown of tranche 3 totalling €0.5 million was charged at a fixed interest rate of 1.20%. On 3 April 2019, tranche 2 was drawn down, totalling €14.8 million, and has been hedged at a rate of 1.25% until 31 December 2023 by way of an interest rate swap. On 28 June 2019, tranche 3 has been drawn down, totalling €19.1 million. Tranche 3 has been hedged at a rate of 0.91% until 31 December 2023 by way of an interest rate swap. The facility is secured over five property assets and is subject to various covenants with which the Group has complied.

On 19 February 2020, the Group agreed to extend tranche 3 of its existing facility by €6.5 million. The loan is coterminous with the existing facility maturing in December 2023. The loan has been treated as a new loan and is charged with a floating interest rate of 1.20% plus three month EURIBOR (not less than 0%). Amortisation is 2% per annum with the remainder due in one instalment on the final maturity date. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Schuldschein

On 2 December 2019, the Group agreed to new loan facilities in the form of unsecured Schuldschein for €20.0 million. On 25 February 2020, the Group agreed new loan facilities in the form of unsecured Schuldschein for €30.0 million. In total the unsecured facility amounts to €50.0 million spread over five tranches and is charged at a blended interest rate of 1.60% and average maturity of 2.6 years with no amortisation. The Schuldschein is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred during the twelve month period ended 31 March 2022.

Corporate bond I

On 22 June 2021, the Group raised its inaugural corporate bond for €400.0 million. The bond has a term of five years and an interest rate of 1.125% due annually on its anniversary date, with the principal balance coming due on 22 June 2026. The funds from the bond have been partially utilised to repay the SEB AG and Berlin Hyp AG/Deutsche Pfandbriefbank AG loans and fund acquisitions. The corporate bond is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred since the date of issuance.

Corporate bond II

On 24 November 2021, the Group issued its second corporate bond for €300.0 million. The bond has a term of seven years and an interest rate of 1.750% due annually on its anniversary date, with the principal balance coming due on 24 November 2028. The funds from the bond have been utilised to fund the BizSpace Group acquisition and fund repayment of external loans held by BizSpace Group amounting to €214.5 million at acquisition date. The corporate bond is subject to various covenants with which the Group has complied. No changes to the terms of the facility have occurred since the date of issuance.

HSBC revolving credit facility

On 4 November 2021 the Company agreed a €75.0 million bi-lateral revolving credit facility with HSBC Trinkaus & Burkhardt. The loan facility is charged with a variable interest rate tied to the Company's Fitch credit rating as follows: (a) BBB+ (1.2%), (b) BBB (1.2%) and (c) BBB- or lower (1.5%) with a 0% EURIBOR floor. In addition, the facility's loan covenants are consistent with the corporate bond covenants. The loan facility is comprised of a (i) €25.0 million bilateral credit facility which has a two year term and which may be extended twice for an additional year per extension and (ii) a €50 million bilateral top-up credit facility which is repayable in full six months after draw down. The Company €50 million top-up credit facility was drawn down and subsequently repaid in full during the period.

Group debt covenants

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

	31 March 2022 €000	31 March 2021 €000
Carrying amount of interest-bearing loans and borrowings (note 24)	**981,493**	468,054
Unamortised borrowing costs	**14,064**	3,978
Book value of owned investment properties*	**2,088,665**	1,347,167
Gross loan to value ratio	**47.7%**	35.0%

* Includes assets held for sale.

Banking covenants vary according to each loan agreement and typically include loan to value and income related covenants.

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24. Interest-bearing loans and borrowings continued

Group debt covenants continued

During the year, the Group did not breach any of its loan covenants, nor did it default on any of its obligations under its loan agreements.

Reconciliation of movements of liabilities arising from financing activities:

	31 March 2021 €000	Cash flows €000	New leases €000	Acquisition of a subsidiary €000	Changes in fair values €000	Other* €000	**31 March 2022 €000**
Interest-bearing loans and borrowings	468,054	523,524	–	–	–	(10,085)	**981,493**
Lease liabilities	14,987	(6,350)	18,413	12,182		(571)	**38,661**
Derivative financial instruments	1,211	(544)			(996)		**(329)**
Total	484,252	516,630	18,413	12,182	(996)	(10,656)	**1,019,825**

	31 March 2020 €000	Cash flows €000	New leases €000	Non-cash settlement €000	Changes in fair values €000	Other* €000	31 March 2021 €000
Interest-bearing loans and borrowings	480,228	(13,887)	–	–	–	1,713	468,054
Lease liabilities	19,150	(5,681)	1,518	–	–	–	14,987
Derivative financial instruments	1,368	–	–	–	(157)	–	1,211
Total	500,746	(19,568)	1,518	–	(157)	1,713	484,252

* Changes in the capitalised finance charges on all loans, foreign exchange differences and accretion of interest on lease liabilities.

25. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans, derivative financial instruments and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk, currency risk and interest rate risk.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The risk management policies employed by the Group to manage these risks are discussed below.

In the event of a default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including expenses incurred to try and recover the defaulted amounts and legal expenses in maintaining, insuring and marketing the property until it is re-let. During the year, the Group monitored the tenants in order to anticipate and minimise the impact of defaults by occupational tenants, as well as to ensure that the Group has a diversified tenant base. The credit risk on tenants is also addressed through the performance of credit checks, collection of deposits and regular communication with the tenants.

Included in loans to associates are loans provided to associate entities from Group entities. During the year the Group assessed credit risk relating to loans to associates by reviewing business plans and monitoring cash collection rates and the operational performance of each associate in order to anticipate and minimise the impact of any impairment.

Included in other receivables are lease incentives. During the year the Group monitored tenants in order to anticipate and minimise the impact of defaults and move-outs from tenants which received lease incentives.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2022 €000	31 March 2021 €000
Trade receivables	**11,069**	6,327
Other receivables	**8,764**	9,537
Loans to associates	**44,278**	43,154
Derivative financial instruments	**329**	70
Cash and cash equivalents	**150,966**	65,674
Total	**215,406**	124,762

Included in other receivables are guarantees and deposits in amount of €4,052,000 (2021: €1,806,000).

25. Financial risk management objectives and policies continued

Credit risk continued

The ageing of trade receivables at the statement of financial position date was:

	Year ended 31 March 2022		Year ended 31 March 2021	
	Gross €000	**Impairment €000**	Gross €000	Impairment €000
0–30 days	**12,117**	**(2,704)**	6,287	(1,936)
31–120 days (past due)	**1,296**	**(406)**	1,206	(585)
More than 120 days	**5,378**	**(4,612)**	4,265	(2,910)
Total	**18,791**	**(7,722)**	11,758	(5,431)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 March 2022 €000	31 March 2021 €000
Balance as at the beginning of the year	**(5,431)**	(3,640)
Expected credit loss recognised	**(2,291)**	(1,791)
Balance as at year end	**(7,722)**	(5,431)

The allowance account for trade receivables is used to record impairment losses unless the Group believes that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Most trade receivables are generally due one month in advance. The exception is service charge balancing billing, which is due ten days after it has been invoiced. Included in the Group's trade receivables are debtors with carrying amounts of €11,069,000 (2021: €6,327,000) that are past due at the reporting date for which the Group has not provided significant impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable.

No significant impairment has been recognised relating to non-current receivables in the period due to unchanged credit quality and the amounts are still considered recoverable.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Group prepares cash flow forecasts and continually monitors its ongoing commitments compared to available cash. Cash and cash equivalents are placed with financial institutions on a short-term basis which allows immediate access. This reflects the Group's desire to maintain a high level of liquidity in order to meet any unexpected liabilities that may arise due to the current financial position. Similarly, accounts receivable are due either in advance (e.g. rents and recharges) or within ten days (e.g. service charge reconciliations), further bolstering the Group's management of liquidity risk.

The table below summarises the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments:

31 March 2022	**Bank loans €000**	**Derivative financial instruments €000**	**Trade and other payables €000**	**Lease liabilities €000**	**Total €000**
Undiscounted amounts payable in:					
6 months or less	**(9,520)**	**(119)**	**(56,329)**	**(1,311)**	**(67,279)**
6 months–1 year	**(24,486)**	**(118)**	**—**	**(789)**	**(25,393)**
1–2 years	**(258,758)**	**(232)**	**—**	**(2,910)**	**(261,900)**
2–5 years	**(454,658)**	**(58)**	**—**	**(9,001)**	**(463,717)**
5–10+ years	**(308,688)**	**—**	**—**	**(92,307)**	**(400,995)**
	(1,056,110)	**(527)**	**(56,329)**	**(106,318)**	**(1,219,284)**
Interest	**60,553**	**527**	**—**	**67,657**	**128,737**
	(995,557)	**—**	**(56,329)**	**(38,661)**	**(1,090,547)**

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25. Financial risk management objectives and policies continued

Liquidity risk continued

31 March 2021	Bank loans €000	Derivative financial instruments €000	Trade and other payables €000	Lease liabilities €000	Total €000
Undiscounted amounts payable in:					
6 months or less	(8,755)	(220)	(26,851)	(3,047)	(38,873)
6 months–1 year	(8,588)	(216)	—	(3,048)	(11,852)
1–2 years	(81,895)	(426)	—	(1,492)	(83,813)
2–5 years	(389,971)	(435)	—	(2,428)	(392,834)
5–10+ years	—	—	—	(7,223)	(7,223)
	(489,209)	(1,297)	(26,851)	(17,238)	(534,595)
Interest	17,177	1,297	—	2,251	20,725
	(472,032)	—	(26,851)	(14,987)	(513,870)

Currency risk

The Group's exposure to currency risk relates primarily to the Group's exposure to the British pound and to a lesser extent the South African rand. This exposure is driven primarily by the acquisition of the BizSpace Group as detailed in Note 4. In addition thereto, the Group has dividend obligations in both the British Pound and South African rand. The foreign currency risk in relation to the British pound is mitigated as a result of the BizSpace Group generating British pound denominated income in order to fund its obligations when they come due and, in addition, the Group's British pound dividend obligations. The Group holds small deposits in South African rand for the purposes of working capital and dividend obligations.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's long-term floating rate debt obligations. The Group's policy is to mitigate interest rate risk by ensuring that a minimum of 80% of its total borrowing is at fixed or capped interest rates by taking out fixed rate loans or derivative financial instruments to hedge interest rate exposure, or interest rate caps.

A change in interest will only have an impact on loans fixed by a swap. An increase of 100 bps in interest rate would result in a decreased post tax profit in the consolidated income statement of €275,000 (2021: €562,000) (excluding the movement on derivative financial instruments) and a decrease of 100 bps in interest rate would result in an increased post tax profit in the consolidated income statement of €275,000 (2021: €562,000) (excluding the movement on derivative financial instruments).

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

31 March 2022	**Within 1 year €000**	**1–2 years €000**	**2–3 years €000**	**3–4 years €000**	**4+ years €000**	**Total €000**
Deutsche Pfandbriefbank AG	**(140)**	**(6,241)**	**—**	**—**	**—**	**(6,381)**
Schuldschein	**(15,000)**	**—**	**(5,000)**	**—**	**—**	**(20,000)**

31 March 2021	Within 1 year €000	1–2 years €000	2–3 years €000	3–4 years €000	4+ years €000	Total €000
SEB AG – capped	(760)	(760)	(760)	(33,440)	—	(35,720)
SEB AG – floating	—	—	—	(2,000)	—	(2,000)
Deutsche Pfandbriefbank AG	(140)	(140)	(6,241)	—	—	(6,521)
Schuldschein	—	(15,000)	—	(5,000)	—	(20,000)

The other financial instruments of the Group that are not included in the above tables are non-interest bearing or have fixed interest rates and are therefore not subject to interest rate risk.

Market risk

The Group's activities are within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service and capital expenditure, the Group's revenue will be adversely affected.

Revenues from properties may be adversely affected by: the general economic climate; local conditions, such as an oversupply of properties, or a reduction in demand for properties, in the market in which the Group operates; the attractiveness of the properties to the tenants; the quality of the management; competition from other available properties; and increased operating costs.

In addition, the Group's revenue would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditures associated with each equity investment in real estate (such as external financing costs, real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from properties. By diversifying in product, risk categories and tenants, the Group expects to lower the risk profile of the portfolio.

25. Financial risk management objectives and policies continued

Capital management

For the purpose of the Group's capital management, capital includes all equity reserves attributable to the equity holders of the parent. The Group seeks to enhance shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure. The Group manages its capital structure and in doing so takes into consideration the impact of changes in economic conditions. The Group assesses its capital management through the total accounting shareholder return which was 20.0% as at 31 March 2022 (31 March 2021: 19.5%) and the net loan to value which was 41.6% as at 31 March 2022 (31 March 2021: 31.4%).

To maintain or adjust the capital structure, the Group may undertake a number of actions including but not limited to share issuances and changes to its distribution policy to shareholders. The transfer of amounts recorded in share capital to other distributable reserves is made in accordance with The Companies (Guernsey) Law, 2008. The Group's distribution policy takes into account the concept of solvency under The Companies (Guernsey) Law, 2008. The Group is not subject to externally imposed capital requirements other than those related to the covenants of the bank loan facilities. There have been no breaches of the financial covenants of any interest bearing loans and borrowings in the current period.

26. Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements (excluding assets held for sale and liabilities directly associated with assets held for sale):

	Fair value hierarchy level	31 March 2022 Carrying amount €000	31 March 2022 Fair value €000	31 March 2021 Carrying amount €000	31 March 2021 Fair value €000
Financial assets					
Cash and cash equivalents		**150,966**	**150,966**	65,674	65,674
Trade and other receivables		**19,833**	**19,833**	15,864	15,864
Loans to associates	2	**44,278**	**44,278**	43,154	43,154
Derivative financial instruments	2	**329**	**329**	70	70
Financial liabilities					
Trade and other payables		**56,329**	**56,329**	26,851	26,851
Derivative financial instruments	2	**—**	**—**	1,211	1,211
Interest-bearing loans and borrowings(1)					
Floating rate borrowings	2	**26,381**	**26,381**	28,521	28,521
Floating rate borrowings – hedged(2)	2	**52,167**	**52,167**	75,060	75,060
Floating rate borrowings – capped	2	**—**	**—**	35,720	35,720
Fixed rate borrowings	2	**917,009**	**939,238**	332,731	336,216

All amounts in the table above are carried at amortised cost except for derivative financial instruments which are held at fair value.

(1) Excludes loan issue costs.

(2) The Group holds interest rate swap contracts designed to manage the interest rate and liquidity risks of expected cash flows of its borrowings with the variable rate facilities with Deutsche Pfandbriefbank AG. Please refer to note 24 for details of swap contracts.

Fair value hierarchy

For financial assets or liabilities measured at amortised cost and whose carrying value is a reasonable approximation to fair value there is no requirement to analyse their value in the fair value hierarchy.

The below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds interest rate swap contracts which are reset on a quarterly basis. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The average interest rate is based on the outstanding balances at the end of the reporting period. The interest rate swap is measured at fair value with changes recognised in profit or loss.

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The fair values of the loans and borrowings have been calculated based on a discounted cash flow model using the prevailing market rates of interest.

27. Issued share capital

Authorised	Number of shares	Share capital €
Ordinary shares of no par value	Unlimited	–
As at 31 March 2022 and 31 March 2021	**Unlimited**	**–**

Issued and fully paid	Number of shares	Share capital €
As at 31 March 2020	1,036,257,101	–
Issued ordinary shares	14,447,046	13,169,000
Transfer of share capital to other distributable reserves	–	(13,169,000)
Shares issued to Employee Benefit Trust	(1,883,980)	–
Shares allocated by the Employee Benefit Trust	312,092	–
As at 31 March 2021	1,049,132,259	–
Issued ordinary shares	119,344,125	167,380,000
Transfer of share capital to other distributable reserves	–	(167,380,000)
Shares issued to Employee Benefit Trust	(3,557,745)	–
Shares allocated by the Employee Benefit Trust	1,962,045	–
As at 31 March 2022	**1,166,880,684**	**–**

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting. Shares held in treasury are not entitled to receive dividends or to vote at general meetings.

Pursuant to a scrip dividend offering on 14 June 2021, the Company issued 8,101,162 ordinary shares at an issue price of £1.00432 resulting in the Company's overall issued share capital being 1,064,184,239 ordinary shares.

Pursuant to an equity raise of €159.9 million on 12 November 2021, the Company issued 105,281,686 ordinary shares at an issue price of £1.30, resulting in the Company's overall issued share capital being 1,169,465,925 ordinary shares. Costs associated with the equity raise amounted to €6,219,000.

Pursuant to a scrip dividend offering on 29 November 2021, the Company issued 2,695,067 ordinary shares at an issue price of £1.37726 resulting in the Company's overall issued share capital being 1,172,160,992 ordinary shares.

In addition, during the year the Company issued 3,266,210 shares in relation to the exercise of the LTIP 2019 (January 2019 grant) as per note 9.

Treasury shares held by the Employee Benefit Trust are disclosed as own shares held. During the year 3,557,745 shares were acquired and 1,962,045 were allocated by the Employee Benefit Trust. A total of 5,280,308 own shares purchased at an average share price of €1.1882 are held by the Employee Benefit Trust (2021: 3,684,608 own shares purchased at an average share price of €0.7878). The total number of shares with voting rights was 1,172,160,992 (2021: 1,052,816,867). No votes are cast in respect of the shares held in the Employee Benefit Trust in connection with the Company's share plans and dividends paid and payable are subject to a standing waiver.

All shares issued in the year were issued under general authority. No shares were bought back in the year (2021: none) and there are no Treasury Shares held directly by the parent company at the year end (2021: none).

28. Other reserves

Other distributable reserve

The other distributable reserve was created for the payment of dividends and the transfer of share capital in regard to scrip dividends, share-based payment transactions and the buyback of shares and is €570,369,000 in total at year end (2021: €449,051,000).

29. Dividends

On 1 June 2020, the Company announced a dividend of 1.80c per share, with a record date of 10 July 2020 for UK and South African shareholders and payable on 20 August 2020. On the record date, 1,038,369,821 shares were in issue with none held in treasury and 1,038,369,821 (including shares held by the EBT) were entitled to participate in the dividend. Holders of 335,705,489 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €6,043,000 (€5,830,000 as at settlement date), while holders of 700,213,704 shares opted for a cash dividend with a value of €12,603,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €12,595,000 (€12,595,000 as at settlement date). The total dividend was €18,646,000.

On 30 November 2020, the Company announced a dividend of 1.82c per share, with a record date of 18 December 2020 for UK and South African shareholders and payable on 21 January 2021. On the record date, 1,045,351,272 shares were in issue. Since there were no shares held in treasury, 1,045,351,272 (including shares held by the EBT) shares were entitled to participate in the dividend. Holders of 403,075,659 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €7,336,000 (€7,339,000 as at settlement date) while holders of 638,591,005 shares opted for a cash dividend with a value of €11,622,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,555,000 (€11,653,000 as at settlement date). The total dividend was €18,958,000.

On 7 June 2021, the Company announced a dividend of 1.98c per share, with a record date of 9 July 2021 for UK and South African shareholders and payable on 19 August 2021. On the record date, 1,054,755,527 shares were in issue. Since there were no shares held in treasury, 1,054,755,527 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 476,206,726 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €9,429,000 (€9,195,000 as at settlement date) while holders of 578,548,801 shares opted for a cash dividend with a value of €11,455,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €11,388,000 (€11,381,000 as at settlement date). The total dividend was €20,817,000 (€20,576,000 as at settlement date).

On 8 November 2021, the Company announced a dividend of 2.04c per share, with a record date of 17 December 2021 for UK and South African shareholders and payable on 20 January 2022. On the record date, 1,169,465,925 shares were in issue. Since there were no shares held in treasury, 1,169,465,925 shares (including shares held by the Employee Benefit Trust) were entitled to participate in the dividend. Holders of 216,062,440 shares elected to receive the dividend in ordinary shares under the scrip dividend alternative, representing a dividend of €4,408,000 (€4,478,000 as at settlement date) while holders of 953,403,485 shares opted for a cash dividend with a value of €19,449,000. The Company's Employee Benefit Trust waived its rights to the dividend, reducing the cash payable to €19,373,000 (€19,434,000 as at settlement date). The total dividend was €23,781,000 (€23,912,000 as at settlement date).

The Group's profit attributable to the equity holders of the Company for the year was €147.9 million (2021: €147.5 million). The Board has authorised a dividend in respect of the second half of the financial year ended 31 March 2022 of 2.37c per share representing 65% of FFO, an increase of 19.7% on the equivalent dividend last year, which represented 65% of FFO(1). The total dividend for the year is 4.41c, an increase of 16.1% on the 3.80c total dividend for the year ended 31 March 2021.

It is expected that, for the dividend authorised relating to the six month period ended 31 March 2022, the ex-dividend date will be 6 July 2022 for shareholders on the South African register and 7 July 2022 for shareholders on the UK register. It is further expected that for shareholders on both registers the record date will be 8 July 2022 and the dividend will be paid on 18 August 2022. A detailed dividend announcement was made on 20 June 2022, including details of a scrip dividend alternative.

The dividend paid per the statement of changes in equity is the value of the cash dividend.

(1) Adjusted profit before tax adjusted for foreign exchange effects, depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, adjustments in respect of IFRS 16 and current tax receivable/incurred and current tax relating to disposals.

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29. Dividends continued

The dividend per share was calculated as follows:

	Year ended 31 March 2022 €m	Year ended 31 March 2021 €m
Reported profit before tax	**168.9**	163.7
Adjustments for:		
Gain on revaluation of investment properties	**(140.9)**	(99.6)
Deficit on revaluation expense relating to leased investment properties	**(5.6)**	(4.3)
Loss/(gain) of disposals of properties	**0.6**	(0.1)
Recoveries from prior disposals of subsidiaries	**(0.1)**	(0.1)
Deduct revaluation gain on investment property from associates and related tax	**(4.8)**	(3.3)
Other adjusting items(1)	**19.1**	4.1
Goodwill impairment	**40.9**	–
Change in fair value of financial derivatives	**(1.0)**	(0.1)
Adjusted profit before tax	**77.1**	60.3
Adjustments for:		
Foreign exchange effects(2)	**(1.9)**	–
Depreciation and amortisation (excluding depreciation relating to IFRS 16)	**2.3**	1.6
Amortisation of financing fees	**2.6**	1.7
Adjustment in respect of IFRS 16	**0.6**	(0.9)
Current taxes incurred (see note 11)	**(6.1)**	(1.9)
Add back current tax relating to disposals	**–**	0.1
Funds from operations, year ended 31 March	**74.6**	60.9
Funds from operations, 6 months ended 30 September	**33.0**	29.1
Funds from operations, 6 months ended 31 March	**41.6**	31.8
Dividend pool, 6 months ended 30 September	**21.6**	19.0
Dividend pool, 6 months ended 31 March(3)	**27.6**	20.7
Dividend per share, 6 months ended 30 September	**2.04c**	1.82c
Dividend per share, 6 months ended 31 March	**2.37c**	1.98c

(1) Includes the effect of exceptional items, refinancing activity, share awards and expected selling costs relating to assets held for sale. See note 12 for details.

(2) Management decided to exclude foreign exchange effects from the funds from operations calculation (2021: €nil).

(3) Calculated as 65% of FFO of 3.64c per share (2021: 3.04c per share using 65% of FFO) based on average number of shares outstanding of 1,141,807,790 (2021: 1,044,538,046).

For more information on adjusted profit before tax and funds from operations refer to Annex 1.

Calculations contained in this table are subject to rounding differences.

30. Related parties

Fees paid to people considered to be key management personnel of the Group during the year include:

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Directors' fees	**530**	437
Salary and employee benefits	**4,294**	3,531
Share-based payments	**2,643**	2,623
Total	**7,467**	6,591

The share-based payments relating to key management personnel for the year include an expense of €2,643,000 (2021: €2,623,000) for the granting of shares under the LTIP (see note 8). Included within salary and employee benefits are pension contributions amounting to €180,000 (2021: €146,000).

Information on Directors' emoluments is given in the Remuneration report on pages 91 to 112. Related parties are defined as those persons and companies that control the Group, or that are controlled, jointly managed or subject to significant influence by the Group.

30. Related parties continued

The following balances and transactions with associates exist as at the reporting date:

Consolidated statement of financial position	31 March 2022 €000	31 March 2021 €000
Loans to associates	**44,278**	43,154
Trade and other receivables	**2,527**	3,371
Total	**46,805**	46,525

Trade and other receivables relate to amounts owed from the services supplied to the associates and are due to be settled in the normal course of business.

As a result of unchanged credit quality no material impairments have been recognised in the year.

Consolidated income statement	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Services supplied	**13,153**	7,338
Interest income	**2,891**	2,674
Total	**16,044**	10,012

Services provided to related parties primarily relate to the provision of property and asset management services. A performance fee arrangement is in place between the associates and the Group. The performance fee was €nil during the year (2021: €nil).

31. Capital and other commitments

As at year end, the Group had contracted capital expenditure for development and enhancements on existing properties of €7,846,000 (2021: €8,666,000) and capital commitments in relation to the notarised asset in Düsseldorf of €35,300,000.

These were committed but not yet provided for in the financial statements.

32. Operating lease arrangements

Group as lessor

All properties leased by the Group are under operating leases and the future minimum lease payments receivable under non-cancellable leases are as follows:

	31 March 2022 €000	31 March 2021 €000
Less than 1 year	**118,118**	84,417
1–2 years	**96,086**	61,549
2–3 years	**75,726**	41,491
3–4 years	**57,676**	33,044
4–5 years	**35,616**	18,792
More than 5 years	**68,566**	35,211
Total	**451,788**	274,504

The Group leases out its investment properties under operating leases. Most operating leases are for terms of one to ten years.

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33. List of subsidiary undertakings

The Group consists of 122 subsidiary companies (2021: 94 subsidiary companies). All subsidiaries are consolidated in full in accordance with IFRS. The principal activity of the subsidiaries is the investment in, and development of, commercial property to provide conventional and flexible workspace in Germany and UK. The acquired subsidiaries in the UK have aligned their reporting period to the Group's reporting period.

Company name	Country of incorporation	Ownership at 31 March 2022 %	Ownership at 31 March 2021 %
BizSpace Acquisitions Ltd	Jersey	**100.00**	n/a
BizSpace Developments Ltd	UK	**100.00**	n/a
BizSpace Green Holdings Ltd	UK	**100.00**	n/a
BizSpace Green Operations Ltd	UK	**100.00**	n/a
BizSpace Holdings Ltd	UK	**100.00**	n/a
BizSpace II Ltd	UK	**100.00**	n/a
BizSpace Ltd	UK	**100.00**	n/a
BizSpace Property 100 Ltd	Jersey	**100.00**	n/a
BizSpace Property I Ltd	UK	**100.00**	n/a
BizSpace Property SSP Ltd	UK	**100.00**	n/a
Curris Facilities & Utilities Management GmbH	Germany	**100.00**	100.00
DDS Aspen B.V.	Netherlands	**100.00**	100.00
DDS Bagnut B.V.	Netherlands	**100.00**	100.00
DDS Business Centres B.V.	Netherlands	**100.00**	100.00
DDS Coconut B.V.	Netherlands	**100.00**	100.00
DDS Conferencing & Catering GmbH	Germany	**100.00**	100.00
DDS Elm B.V.	Netherlands	**100.00**	100.00
DDS Fir B.V.	Netherlands	**100.00**	100.00
DDS Hawthorn B.V.	Netherlands	**100.00**	100.00
DDS Hazel B.V.	Netherlands	**100.00**	100.00
DDS Hyacinth B.V.	Netherlands	**100.00**	100.00
DDS Lark B.V.	Netherlands	**100.00**	100.00
DDS Mulberry B.V.	Netherlands	**100.00**	100.00
DDS Rose B.V.	Netherlands	**100.00**	100.00
DDS Walnut B.V.	Netherlands	**100.00**	100.00
DDS Yew B.V.	Netherlands	**100.00**	100.00
Helix FinCo Ltd	Jersey	**100.00**	n/a
Helix Investments Ltd*	Jersey	**100.00**	n/a
Helix Property Ltd	Jersey	**100.00**	n/a
LB² Catering and Services GmbH	Germany	**100.00**	100.00
M25 Business Centres Ltd	UK	**100.00**	n/a
Marba Apple B.V.	Netherlands	**100.00**	100.00
Marba Bamboo B.V.	Netherlands	**100.00**	100.00
Marba Cherry B.V.	Netherlands	**100.00**	100.00
Marba Daffodil B.V.	Netherlands	**100.00**	100.00
Marba Holland B.V.*	Netherlands	**100.00**	100.00
Marba Lavender B.V.	Netherlands	**100.00**	100.00
Marba Mango B.V.	Netherlands	**100.00**	100.00
Marba Olive B.V.	Netherlands	**100.00**	100.00
Marba Sunflower B.V.	Netherlands	**100.00**	100.00
Marba Violin B.V.	Netherlands	**100.00**	100.00
Marba Willstätt B.V.	Netherlands	**100.00**	100.00
SFG NOVA Construction and Services GmbH	Germany	**100.00**	100.00
Sirius Alder B.V.	Netherlands	**100.00**	100.00
Sirius Aloe GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Ash B.V.	Netherlands	**100.00**	100.00
Sirius Aster GmbH & Co. KG	Germany	**100.00**	100.00

33. List of subsidiary undertakings continued

Company name	Country of incorporation	Ownership at 31 March 2022 %	Ownership at 31 March 2021 %
Sirius Beech B.V.	Netherlands	**100.00**	100.00
Sirius Birch GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Coöperatief B.A.*	Netherlands	**100.00**	100.00
Sirius Dahlia GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Facilities (UK) Ltd*	UK	**100.00**	100.00
Sirius Facilities GmbH	Germany	**100.00**	100.00
Sirius Finance (Cyprus) Ltd.*	Cyprus	**100.00**	100.00
Sirius Four B.V.	Netherlands	**100.00**	100.00
Sirius Frankfurt Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Frankfurt Zweite GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Gum B.V.	Netherlands	**100.00**	100.00
Sirius Ivy B.V.	Netherlands	**100.00**	100.00
Sirius Jasmine GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Juniper B.V.	Netherlands	**100.00**	100.00
Sirius Kale GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Krefeld Erste GmbH & Co. KG	Germany	**100.00**	100.00
Sirius Lily B.V.	Netherlands	**100.00**	100.00
Sirius Lotus GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Management One GmbH	Germany	**100.00**	100.00
Sirius Management Two GmbH	Germany	**100.00**	100.00
Sirius Management Three GmbH	Germany	**100.00**	100.00
Sirius Management Four GmbH	Germany	**100.00**	100.00
Sirius Management Five GmbH	Germany	**100.00**	100.00
Sirius Management Six GmbH	Germany	**100.00**	100.00
Sirius Management Seven GmbH	Germany	**100.00**	100.00
Sirius Management Eight GmbH	Germany	**100.00**	100.00
Sirius Management Nine GmbH	Germany	**100.00**	100.00
Sirius Management Ten GmbH	Germany	**100.00**	100.00
Sirius Mannheim B.V.	Netherlands	**100.00**	100.00
Sirius Narcissus GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Oak B.V.	Netherlands	**100.00**	100.00
Sirius One B.V.	Netherlands	**100.00**	100.00
Sirius Orange B.V.	Netherlands	**100.00**	100.00
Sirius Palm B.V.	Netherlands	**100.00**	n/a
Sirius Pear B.V.	Netherlands	**100.00**	100.00
Sirius Pepper GmbH & Co. KG	Germany	**100.00**	n/a
Sirius Pine B.V.	Netherlands	**100.00**	100.00
Sirius Tamarack B.V.	Netherlands	**100.00**	100.00
Sirius Three B.V.	Netherlands	**100.00**	100.00
Sirius Thyme B.V.	Netherlands	**100.00**	n/a
Sirius Tulip B.V.	Netherlands	**100.00**	100.00
Sirius Two B.V.	Netherlands	**100.00**	100.00
Sirius UK1 Ltd*	UK	**100.00**	n/a
Sirius UK2 Ltd*	UK	**100.00**	n/a
Sirius Willow B.V.	Netherlands	**100.00**	100.00
Marba Bonn B.V.	Netherlands	**99.73**	99.73
Marba Bremen B.V.	Netherlands	**99.73**	99.73
Marba Brinkmann B.V.	Netherlands	**99.73**	99.73
Marba Catalpa B.V.	Netherlands	**99.73**	99.73
Marba Cedarwood B.V.	Netherlands	**99.73**	99.73
Marba Chestnut B.V.	Netherlands	**99.73**	99.73

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 March 2022

33. List of subsidiary undertakings continued

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
Marba Dutch Holdings B.V.	Netherlands	**99.73**	99.73
Marba Foxglove B.V.	Netherlands	**99.73**	99.73
Marba HAG B.V.	Netherlands	**99.73**	99.73
Marba Hornbeam B.V.	Netherlands	**99.73**	99.73
Marba Königswinter B.V.	Netherlands	**99.73**	99.73
Marba Maintal B.V.	Netherlands	**99.73**	99.73
Marba Marigold B.V.	Netherlands	**99.73**	99.73
Marba Merseburg B.V.	Netherlands	**99.73**	99.73
Marba Mimosa B.V.	Netherlands	**99.73**	99.73
Marba Regensburg B.V.	Netherlands	**99.73**	99.73
Marba Saffron B.V.	Netherlands	**99.73**	99.73
Marba Troisdorf B.V.	Netherlands	**99.73**	99.73
Sirius Acerola GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Almond GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Bluebell GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Cypress GmbH & Co. KG	Germany	**99.73**	99.73
Sirius Grape GmbH & Co. KG	Germany	**99.73**	100.00
Sirius Hibiscus GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Indigo GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Mayflower GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Oyster GmbH & Co. KG	Germany	**99.73**	n/a
Sirius Administration One GmbH & Co KG	Germany	**94.80**	94.80
Sirius Administration Two GmbH & Co KG	Germany	**94.80**	94.80
Verwaltungsgesellschaft Gewerbepark Bilderstöckchen GmbH	Germany	**94.15**	94.15

* Subsidiary company directly held by the parent entity, Sirius Real Estate Limited.

Investment in associates which are accounted for with the equity method:

Company name	Country of incorporation	**Ownership at 31 March 2022 %**	Ownership at 31 March 2021 %
DDS Daisy B.V.	Netherlands	**35.00**	35.00
DDS Edelweiss B.V.	Netherlands	**35.00**	35.00
DDS Lime B.V.	Netherlands	**35.00**	35.00
DDS Maple B.V.	Netherlands	**35.00**	35.00
Sirius Boxwood B.V.	Netherlands	**35.00**	35.00
Sirius Laburnum B.V.	Netherlands	**35.00**	35.00
Sirius Orchid B.V.	Netherlands	**35.00**	35.00

34. Post balance sheet events

The Group converted the UK business into a REIT with effect from 1 April 2022, resulting in the BizSpace Group no longer being subject to UK corporation tax on income from its property rental business, as well as on profits on disposals of assets.

On 29 October 2021, the Company notarised for the disposal of an asset in Magdeburg for a sale price of €13.8 million. The transaction completed on 1 April 2022.

On 1 May 2022, the Group completed the acquisition of an office building adjacent to and integrated into its existing business park in Potsdam. Total acquisition costs are expected to be €0.8 million. The property is 100% vacant and has a gross lettable area of 239 sqm.

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

BUSINESS ANALYSIS (UNAUDITED INFORMATION)

Non-IFRS measures

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Total profit for the year attributable to the owners of the Company	**147,873**	147,451
Gain on revaluation of investment properties	**(140,884)**	(99,585)
Loss on disposal of properties (net of related tax)	**623**	33
Recoveries from prior disposals of subsidiaries (net of related tax)	**(94)**	(65)
Add finance restructuring costs	**7,821**	–
Goodwill impairment	**40,906**	–
Acquisition costs in relation to business combinations	**5,299**	–
Change in fair value of derivative financial instruments	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments	**14,827**	14,180
NCI in respect of the above	**85**	82
Deduct revaluation surplus relating to investment in associates	**(6,021)**	(4,199)
Tax in relation to the above	**1,256**	872
EPRA earnings	**70,695**	58,633
(Deduct)/add change in deferred tax relating to derivative financial instruments	**(203)**	79
Add change in fair value of derivative financial instruments	**996**	136
Deduct finance restructuring costs	**(7,821)**	–
Deduct acquisition costs in relation to business combinations	**(5,299)**	–
NCI in respect of the above	**–**	–
Headline earnings after tax	**58,368**	58,848
Deduct change in fair value of derivative financial instruments (net of related tax)	**(793)**	(215)
Deduct revaluation expense relating to leased investment properties	**(5,572)**	(4,325)
Add adjusting items[1] (net of related tax)	**19,122**	4,092
Adjusted earnings after tax	**71,125**	58,400

(1) See note 12 to the financial statements.

For more information on EPRA earnings refer to Annex 1.

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
EPRA earnings	**70,695**	58,633
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
EPRA earnings per share (cents)	**6.44**	5.63
Headline earnings after tax	**58,368**	58,848
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
Headline earnings per share (cents)	**5.32**	5.65
Adjusted earnings after tax	**71,125**	58,400
Weighted average number of ordinary shares	**1,097,082,162**	1,040,956,722
Adjusted earnings per share (cents)	**6.48**	5.61

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Geographical property analysis – owned investment properties

Germany

March 2022	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €	Annualised rent roll €m	% of portfolio by annualised rent roll	Value €m[2]	Gross yield	Net yield	WALE rent	WALE sqm
Frankfurt	16	371	88.5%	6.72	26.5	23%	361.5	7.3%	6.7%	2.6	2.6
Berlin	4	103	97.6%	7.82	9.5	8%	162.4	5.8%	5.7%	2.4	2.4
Stuttgart	9	331	87.3%	4.91	17.0	15%	241.2	7.1%	6.3%	3.5	3.8
Cologne	7	129	87.5%	8.01	10.8	10%	155.4	7.0%	6.5%	3.0	2.9
Munich	3	124	83.6%	8.17	10.2	9%	197.8	5.1%	5.0%	2.2	2.5
Düsseldorf	15	352	78.1%	5.59	18.4	16%	248.9	7.4%	6.2%	3.0	3.3
Hamburg	4	91	82.1%	5.13	4.6	4%	61.8	7.5%	6.4%	2.3	2.2
Other	11	284	76.9%	6.37	16.7	15%	207.9	8.0%	7.0%	3.3	3.2
Total Germany	**69**	**1,785**	**84.2%**	**6.31**	**113.7**	**100%**	**1,636.9**	**6.9%**	**6.2%**	**2.9**	**3.0**

UK

March 2022	No. of owned properties	Total sqm 000	Occupancy	Rate psqm €[1]	Annualised rent roll €m[1]	% of portfolio by annualised rent roll	Value €m[2]	Net yield	WALE rent	WALE sqm
Midlands	11	63	88.7%	11.81	7.8	15%	63.6	9.1%	0.6	1.3
North	12	77	93.7%	8.14	7.1	13%	67.1	8.0%	1.1	1.4
North East	9	59	90.4%	6.11	3.9	7%	35.5	6.4%	0.9	1.1
North West	12	85	92.2%	10.16	9.5	18%	77.5	9.2%	0.9	1.6
South	11	39	90.2%	27.24	11.5	22%	101.5	8.3%	0.9	1.8
South East	8	32	66.4%	19.37	5.0	9%	46.4	6.5%	0.8	1.6
South West	9	48	87.6%	16.39	8.5	16%	60.2	6.7%	1.1	1.7
Total UK	**72**	**403**	**88.9%**	**12.39**	**53.3**	**100%**	**451.8**	**8.0%**	**0.8**	**1.3**

(1) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.
(2) Book value of owned investment properties including assets held for sale.

Usage analysis

Germany

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m	% of annualised rent roll	Vacant sqm	Rate psqm €
Office	601,332	33.7%	478,571	31.8%	44.5	39.2%	122,761	7.76
Storage	578,521	32.4%	482,271	32.1%	26.4	23.2%	96,250	4.57
Production	372,855	20.9%	353,131	23.5%	20.0	17.6%	19,724	4.72
Smartspace	101,915	5.7%	75,461	5.0%	7.9	6.9%	26,454	8.71
Other[1]	130,653	7.3%	113,663	7.6%	14.9	13.1%	16,990	10.90
Total Germany	**1,785,276**	**100.0%**	**1,503,097**	**100.0%**	**113.7**	**100.0%**	**282,179**	**6.31**

UK

Usage	Total sqm	% of total sqm	Occupied sqm	% of occupied sqm	Annualised rent roll €m[3]	% of annualised rent roll	Vacant sqm	Rate psqm €[3]
Office	125,390	31.6%	104,470	29.1%	31.5	59.1%	20,920	25.17
Workshop	261,090	65.9%	246,216	68.7%	20.3	38.0%	14,874	6.85
Storage	2,082	0.5%	1,481	0.4%	0.3	0.6%	601	16.82
Other[2]	7,753	2.0%	6,418	1.8%	1.2	2.3%	1,335	15.86
Total UK	**396,315**	**100.0%**	**358,585**	**100.0%**	**53.3**	**100.0%**	**37,730**	**12.39**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.
(2) Other includes: aerials, car parking, retail units, yards, catering and residential.
(3) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.

Lease expiry profile of future minimum lease payments receivable under non-cancellable leases

Germany by income

	Office €000	Production €000	Storage €000	Smartspace €000	Other(1) €000	Adjustments in relation to lease incentives €000	Total €000
Less than 1 year	39,894	19,207	23,930	3,654	12,631	(1,057)	98,259
Between 1 and 5 years	97,553	55,687	60,588	2,364	32,465	(484)	248,173
More than 5 years	21,593	15,922	13,764	71	10,696	(5)	62,041
Total	**159,040**	**90,816**	**98,282**	**6,089**	**55,792**	**(1,546)**	**408,473**

Germany by sqm

	Office €000	Production €000	Storage €000	Smartspace €000	Other(1) €000	Total sqm
Less than 1 year	133,037	74,472	136,439	63,694	19,436	427,078
Between 1 and 5 years	280,668	213,157	281,559	11,518	70,914	857,816
More than 5 years	64,866	65,502	64,273	249	23,313	218,203
Total	**478,571**	**353,131**	**482,271**	**75,461**	**113,663**	**1,503,097**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

UK by income

	Office €000	Workshop €000	Storage €000	Other(2) €000	Adjustments in relation to lease incentives €000	Total €000
Less than 1 year	7,500	4,442	69	379	–	12,390
Between 1 and 5 years	10,490	8,709	–	9	–	19,208
More than 5 years	6,469	5,010	–	1,378	–	12,857
Total	**24,459**	**18,161**	**69**	**1,766**	**–**	**44,455**

UK by sqm

	Office €000	Workshop €000	Storage €000	Other(2) €000	Total sqm
Less than 1 year	81,962	172,694	1,481	6,416	262,553
Between 1 and 5 years	16,184	58,852	–	–	75,036
More than 5 years	6,324	14,670	–	2	20,996
Total	**104,470**	**246,216**	**1,481**	**6,418**	**358,585**

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

The Group's UK business provides flexible leases that represent approximately 75% of annualised rent roll and conventional leases that represent 25% of annualised rent roll.

Escalation profile per usage

Germany

The Group's German business' primary source of revenue relates to leasing contracts with tenants. The Group's German business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Approximately 33.4% of contracts in place at 31 March 2022 are subject to contractual uplifts. The average contractual uplift over the coming twelve months split by usage is detailed as follows:

Usage	Increase in %
Office	3.30%
Storage	2.99%
Production	3.20%
Smartspace	2.18%
Other(1)	10.42%
Total	**3.27%**

(1) Other includes: catering, other usage, residential and technical space, land and car parking.

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Escalation profile per usage continued

UK

The Group's UK business' primary source of revenue relates to leasing contracts and licence fee agreements with tenants. The Group's UK business realises escalations as a result of renewals, inflation linked indexations and contractually agreed uplifts. Of the lease contracts in place at 31 March 2022, approximately 12.8% are subject to contractual uplifts. The average contractual lease contract uplifts over the coming twelve months split by usage is detailed twelve follows:

Usage	Increase in %
Office	9.80%
Workshop	10.86%
Total	**10.04%**

Property profile March 2022*

Germany

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Rostock	18,632	8,228	1,569	6,606	2,229	6.13
Hanover	22,850	8,850	3,923	6,431	3,646	6.28
Mahlsdorf	29,333	11,592	10,796	1,963	4,982	7.79
Mahlsdorf II	12,736	5,765	1,262	1,906	3,803	7.55
Magdeburg	29,993	10,704	9,779	4,210	5,300	5.19
Gartenfeld	25,396	5,107	11,029	3,297	5,963	8.52
Neuruppin	22,959	1,403	7,629	13,133	794	5.10
Potsdam	35,864	12,372	12,555	4,956	5,981	7.47
Schenefeld	40,252	10,265	26,522	1,961	1,504	4.60
Erfurt	23,238	7,586	11,980	–	3,672	3.45
Dresden	57,643	26,191	17,388	10,931	3,133	7.72
Hamburg Lademannbogen	10,277	7,829	1,048	–	1,400	9.84
Buxtehude	28,216	1,120	10,819	13,420	2,857	4.11
Norderstedt	12,627	3,052	7,507	173	1,895	5.32
Neuss	17,589	13,397	1,283	153	2,756	11.99
Bonn	10,586	4,531	2,412	477	3,166	7.88
Bonn – Dransdorf	19,062	5,367	6,882	1,665	5,148	7.19
Aachen I	24,443	12,622	2,324	5,510	3,987	8.75
Aachen II	9,750	1,452	6,600	1,505	193	5.78
Cologne	30,263	2,672	12,578	2,709	12,304	4.93
Wuppertal	14,600	855	5,589	3,613	4,543	4.76
Solingen	13,333	2,475	4,409	4,924	1,525	2.67
Düsseldorf – Sud	21,416	2,814	12,910	1,970	3,722	6.08
Cölln Parc	13,480	6,509	3,371	2,867	733	10.68
Krefeld III	9,668	4,916	3,344	924	484	8.05
Düsseldorf II	9,839	4,433	4,949	–	457	7.66
Oberhausen	82,837	48,064	27,903	1,739	5,131	5.23
Heiligenhaus	44,485	21,999	7,453	12,467	2,566	3.81
Essen II	11,899	8,616	1,829	627	827	7.77
Krefeld II	6,101	2,893	325	2,171	712	7.45
Krefeld	11,322	7,453	2,545	592	732	8.49
Cologne Porz	21,087	15,083	2,416	279	3,309	11.39
Bochum	55,793	12,762	35,970	3,965	3,096	4.54
Bochum II	4,318	3,502	479	12	325	8.70
Neuss II	33,357	8,498	17,210	6,058	1,591	4.50

Property profile March 2022* continued

Germany continued

Property and location	Total sqm	Office sqm	Storage sqm	Production sqm	Other[1] sqm	Rate psqm €
Essen	15,259	6,040	6,241	2,367	611	6.03
Mannheim II	14,551	6,555	4,122	586	3,288	6.01
Mannheim III	3,035	2,278	740	–	17	6.65
Neu-Isenburg	8,250	5,752	1,244	–	1,254	9.78
Mannheim	68,695	13,102	22,215	27,139	6,239	5.16
Maintal	36,999	7,231	14,718	8,289	6,761	6.44
Maintal Mitte	11,023	462	4,523	5,685	353	4.11
Offenbach I	15,044	3,641	2,414	2,351	6,638	6.31
Pfungstadt	32,662	6,707	12,300	9,786	3,869	5.37
Kassel	8,142	3,312	683	3,875	272	5.55
Offenbach Carl Legien-Strasse	45,175	9,761	9,307	17,649	8,458	5.60
Frankfurt Röntgenstraße	5,496	3,957	444	36	1,059	11.62
Saarbrücken	46,827	30,116	10,012	820	5,879	8.42
Alzenau	66,511	27,681	7,450	24,087	7,293	6.55
Frankfurt III	10,320	7,849	1,391	–	1,080	13.06
Friedrichsdorf	17,536	6,793	5,250	2,763	2,730	6.98
Dreieich	12,886	7,404	2,929	–	2,553	7.84
Frankfurt	4,260	2,260	484	68	1,448	10.72
Wiesbaden	18,364	14,334	1,369	–	2,661	14.04
Ludwigsburg	28,233	7,522	9,788	3,837	7,086	6.25
Nuremberg	14,101	2,323	3,241	7,532	1,005	6.90
Heidenheim	46,877	8,240	15,458	13,981	9,198	4.24
Stuttgart – Kirchheim	57,863	20,109	12,957	18,737	6,060	5.91
Munich – Neuaubing	91,234	15,990	31,880	29,645	13,719	7.49
Nabern II	5,578	1,620	491	2,376	1,091	8.54
Markgröningen	57,673	4,532	30,794	20,341	2,006	3.44
Fellbach	27,055	2,493	16,207	340	8,015	5.33
Fellbach II	9,717	4,724	205	–	4,788	5.78
Öhringen	18,650	1,859	7,425	8,784	582	4.76
Frickenhausen	27,876	6,515	6,534	12,680	2,147	5.50
Freiburg Teningen	20,797	7,151	6,046	5,578	2,022	5.06
Rastatt	19,143	6,565	6,099	6,222	257	n/a
Neckartenzlingen	51,577	15,755	18,842	14,087	2,893	4.39
Grasbrunn	14,274	7,269	4,743	–	2,262	11.42
Hallbergmoos	18,349	12,453	3,388	–	2,508	9.86
Total	**1,785,276**	**601,332**	**578,521**	**372,855**	**232,568**	**6.31**

BUSINESS ANALYSIS (UNAUDITED INFORMATION) CONTINUED

Property profile March 2022* continued

UK

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Rate psqm €[3]
Albion Mills Business Centre	15,136	5,537	5,936	840	2,823	8.59
Altrincham	4,498	1,353	3,058	–	87	18.86
Ashford	1,823	1,823	–	–	–	39.04
Barnsley	6,637	545	5,930	–	162	7.72
Basingstoke	11,086	10,957	26	–	103	24.22
Birmingham – Tyseley	12,643	924	10,124	1,242	353	8.50
Bradford – Dudley Hill	10,998	810	10,170	–	18	7.34
Bristol – Equinox	1,304	1,303	–	–	1	41.68
Bury	3,911	3,911	–	–	–	14.31
Camberwell – Lilford	3,224	1,361	1,788	–	75	15.37
Camberwell – Lomond	2,004	1,224	757	–	23	32.71
Cardiff	4,110	4,110	–	–	–	29.67
Cheadle	1,666	1,637	–	–	29	36.73
Christchurch	2,663	2,058	605	–	–	28.37
Consett	3,094	–	3,094	–	–	4.69
Coventry	1,622	1,622	–	–	–	17.51
Design Works	4,921	3,521	1,325	–	75	15.03
Didcot	1,021	510	510	–	1	29.96
Dinnington	3,647	999	2,648	–	–	9.81
Doncaster	3,106	3,052	12	–	42	22.20
Dorking	2,148	1,406	715	–	27	40.79
Egham	996	926	69	–	1	31.11
Fareham	1,758	1,758	–	–	–	45.08
Gateshead	13,160	–	11,965	–	1,195	3.32
Gloucester	21,411	3,143	18,149	–	119	5.49
Gloucester – Barnwood	3,402	3,378	24	–	–	35.08
Hartlepool – Oakesway	2,585	–	2,585	–	–	2.57
Hebburn	5,463	–	5,462	–	1	7.00
Hemel Hempstead	4,381	4,380	–	–	1	28.69
Hooton	1,383	1,230	152	–	1	23.63
Hove	2,963	2,194	732	–	37	29.51
Huddersfield – Linthwaite	2,365	–	2,364	–	1	7.00
Ipswich	7,155	7,155	–	–	–	–
Leeds – Brooklands	2,133	2,042	32	–	59	20.61
Leeds – Wortley	3,734	–	3,733	–	1	6.65
Letchworth	3,090	2,427	661	–	2	14.55
Littlehampton	1,998	1,998	–	–	–	37.13
London – Colney	1,804	1,767	36	–	1	28.13
M25 Business Centre	3,285	2,154	1,084	–	47	35.87
Maidstone	1,644	1,643	–	–	1	37.45
Manchester – Trafford Park	8,695	–	8,694	–	1	8.33
Manchester – Newton Heath	5,884	2,348	3,393	–	143	14.49
Manchester – Old Trafford	4,577	1,344	3,091	–	142	22.79
Milton Keynes	3,654	3,592	14	–	48	27.39

Property profile March 2022* continued

UK continued

Property and location	Total sqm	Office sqm	Workshop sqm	Storage sqm	Other[2] sqm	Rate psqm €[3]
New Addington – Croydon	6,540	381	6,158	–	1	13.28
Newcastle – Amber Court	4,297	4,297	–	–	–	20.19
Northampton – K2	4,706	74	4,631	–	1	11.71
Northampton – KG	12,911	910	11,952	–	49	8.86
Nottingham – Arnold	5,444	1,373	4,057	–	14	8.68
Nottingham – Park Row	4,459	4,409	–	–	50	23.60
Nottingham – Roden	5,291	9	5,252	–	30	7.01
Oldham – Hollinwood	5,525	5,447	49	–	29	20.72
Perivale	2,132	526	1,605	–	1	27.91
Peterlee	18,603	–	18,602	–	1	3.93
Poole	6,735	6,586	–	–	149	25.22
Preston	5,340	1,855	3,484	–	1	14.82
Rochdale – Fieldhouse	22,903	483	22,418	–	2	3.69
Rochdale – Moss Mill	16,321	14	16,244	–	63	3.96
Rotherham	4,504	1,361	3,112	–	31	12.84
Sandy Business Park	9,261	108	9,152	–	1	8.08
Sheffield – Cricket	1,928	–	1,928	–	–	8.53
Shipley	2,238	2,238	–	–	–	12.95
Solihull	1,715	1,715	–	–	–	49.25
Stanley	3,776	–	3,776	–	–	5.12
Stoke	5,119	–	5,118	–	1	6.49
Sunderland – North Sands	2,819	2,818	–	–	1	16.75
Swindon	6,834	339	6,420	–	75	14.04
Theale	2,857	2,800	–	–	57	53.99
Wakefield	20,634	620	18,443	–	1,571	4.46
Warrington – Craven Court	3,830	–	3,830	–	–	9.71
Wimbledon	3,031	1,459	1,569	–	3	37.60
Wolverhampton – Willenhall	4,935	581	4,352	–	2	8.92
Total	**403,470**	**132,545**	**261,090**	**2,082**	**7,753**	**12.39**

* Excluding commercial leased investment properties.

(1) Other includes: Smartspace, catering, other usage, residential and technical space, land and car parking.

(2) Other includes: aerials, car parking, retail units, yards, catering and residential.

(3) The Group's UK business charge licence customers an all inclusive rate, which includes an implicit element of service charge.

ANNEX 1– NON-IFRS MEASURES

Basis of preparation

The Directors of Sirius Real Estate Limited ("Sirius") have chosen to disclose additional non-IFRS measures; these include EPRA earnings, adjusted net asset value, EPRA net reinstatement value, EPRA net tangible assets, EPRA net disposal value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

The Directors have chosen to disclose:

- EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (including tax), recoveries from prior disposals of subsidiaries refinancing costs, goodwill impairment, acquisition costs in relation to business combinations, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties (including tax), revaluation gain on investment property relating to associates and the related tax thereon. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in table A below.
- Adjusted net asset value in order to assist in comparisons with similar businesses. Adjusted net asset value represents net asset value after adjusting for derivative financial instruments at fair value and deferred tax relating to valuation movements, derivative financial instruments and LTIP valuation. The reconciliation for adjusted net asset value is detailed in table B below.
- EPRA net reinstatement value ("EPRA NRV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NRV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NRV represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NRV is detailed in table C below.
- EPRA net tangible assets ("EPRA NTA") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NTA is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NTA represents net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (excluding that relating to assets held for sale) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NTA is detailed in table C below.
- EPRA net disposal value ("EPRA NDV") in order to assist in comparisons with similar businesses in the real estate sector. EPRA NDV is a definition of net asset value as set out by the European Public Real Estate Association. EPRA NDV represents net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt (for the entire consolidated Group including wholly owned entities and investment in associates). The reconciliation for EPRA NDV is detailed in table C below.
- Adjusted profit before tax in order to provide an alternative indication of Sirius Real Estate Limited and its subsidiaries' (the "Group") underlying business performance. Accordingly, it excludes the effect of the gain on revaluation of investment properties, goodwill impairment, other adjusting items, gains/losses on sale of properties, change in fair value of financial derivatives, recoveries from prior disposals of subsidiaries revaluation gain on investment property relating to associates and related tax and includes the deficit on revaluation relating to leased investment properties. The reconciliation for adjusted profit before tax is detailed in table D below.
- Funds from operations in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from funds from operations. Accordingly, funds from operations excludes depreciation and amortisation (excluding depreciation relating to IFRS 16), net foreign exchange differences, amortisation of financing fees, adjustment in respect of IFRS 16 and current tax excluding tax on disposals. The reconciliation for funds from operations is detailed in table D below.

The Non-IFRS Financial Information is presented in accordance with the JSE Listing Requirements and the guide on pro forma financial information issued by SAICA. The Non-IFRS Financial Information is the responsibility of the Directors. The Non-IFRS Financial Information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result of operations.

Ernst & Young Inc have issued a reporting accountant report on the Non-IFRS Financial Information for the year ended 31 March 2022 which is available for inspection at the Group's registered office. The starting point for all the Non-IFRS Financial Information has been extracted from the Group's consolidated financial statements for the year ended 31 March 2022 (the "consolidated financial statements").

Basis of preparation continued

Table A – EPRA earnings

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Basic and diluted earnings attributable to owners of the Company(1)	**147,873**	147,451
Gain on revaluation of investment properties(2)	**(140,884)**	(99,585)
Add loss on disposal of properties (including tax)(3)	**623**	33
Deduct recoveries from prior disposals of subsidiaries(4)	**(94)**	(65)
Refinancing costs, exit fees and prepayment penalties(5)	**7,821**	–
Goodwill impairment(6)	**40,906**	–
Acquisition costs in relation to business combinations(7)	**5,299**	–
Change in fair value of derivative financial instruments(8)	**(996)**	(136)
Deferred tax in respect of EPRA earnings adjustments(9)	**14,827**	14,180
NCI in respect of the above(10)	**85**	82
Deduct revaluation gain on investment property relating to associates(11)	**(6,021)**	(4,199)
Tax in relation to the revaluation gain on investment property relating to associates(12)	**1,256**	872
EPRA earnings(13)	**70,695**	58,633

Notes:

(1) Presents the profit attributable to owners of the Company which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the gain or loss on disposal of properties (including tax) which has been extracted from note 11 within the consolidated financial statements.

(4) Presents the recoveries from prior disposals of subsidiaries which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents the refinancing costs, exit fees and prepayment penalties which have been extracted from note 10 within the consolidated financial statements.

(6) Presents the goodwill impairment which has been extracted from the consolidated income statement within the consolidated financial statements (2021: €nil).

(7) Presents the acquisition costs in relation to business combinations which have been extracted from note 4 within the consolidated financial statements (2021: €nil).

(8) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(9) Presents deferred tax relating to origination and reversal of temporary differences of the EPRA earnings adjustments which has been extracted from note 11 within the consolidated financial statements.

(10) Presents the non-controlling interest relating to gain on revaluation and gain or loss on disposal of properties (including tax) which has been extracted from note 12 within the consolidated financial statements.

(11) Presents the revaluation gain on investment property relating to associates which has been extracted from note 12 within the consolidated financial statements.

(12) Presents tax in relation to the revaluation gain on investment property relating to associates which has been extracted from note 12 within the consolidated financial statements.

(13) Presents the EPRA earnings for the year.

Table B – Adjusted net asset value

	31 March 2022 €000	31 March 2021 €000
Net asset value		
Net asset value for the purpose of assets per share (assets attributable to the owners of the Company)(1)	**1,190,652**	926,533
Deferred tax liabilities/(assets) (see note 11)(2)	**75,893**	56,331
Derivative financial instruments at fair value(3)	**(329)**	1,141
Adjusted net asset value attributable to owners of the Company(4)	**1,266,216**	984,005

Notes:

(1) Presents the net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents deferred tax liabilities which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

ANNEX 1– NON-IFRS MEASURES CONTINUED

Basis of preparation continued

Table B – Adjusted net asset value continued

Notes continued

(3) Presents current derivative financial instrument assets of €329,000 (2021: €70,000) less current derivative financial instrument liabilities of €nil (2021: €414,000) less non-current derivative financial instrument liabilities of €nil (2021: €797,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(4) Presents the adjusted net asset value attributable to the owners of the Company as at year end.

Table C – EPRA net asset measures

31 March 2022	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)(1)	**1,190,652**	**1,190,652**	**1,190,652**
Diluted EPRA net asset value at fair value	**1,190,652**	**1,190,652**	**1,190,652**
Group			
Derivative financial instruments at fair value(2)	**(329)**	**(329)**	**n/a**
Deferred tax in respect of EPRA earnings adjustments(3)	**75,893**	**75,566***	**n/a**
Goodwill as per note 17(4)	**n/a**	**—**	**—**
Intangibles as per note 17(5)	**n/a**	**(4,283)**	**n/a**
Fair value of fixed interest rate debt(6)	**n/a**	**n/a**	**(22,229)**
Real estate transfer tax(7)	**160,692**	**n/a**	**n/a**
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments(3)	**6,563**	**6,563***	**n/a**
Fair value of fixed interest rate debt(6)	**n/a**	**n/a**	**2,196**
Real estate transfer tax(7)	**9,147**	**n/a**	**n/a**
Total EPRA NRV, NTA and NDV(8)	**1,442,618**	**1,268,169**	**1,170,619**

31 March 2021	EPRA NRV €000	EPRA NTA €000	EPRA NDV €000
Net asset value as at year end (basic)(1)	926,533	926,533	926,533
Diluted EPRA net asset value at fair value	926,533	926,533	926,533
Group			
Derivative financial instruments at fair value(2)	1,141	1,141	n/a
Deferred tax in respect of EPRA earnings adjustments(3)	56,331	56,331*	n/a
Goodwill as per note 17(4)	n/a	(3,738)	(3,738)
Intangibles as per note 17(5)	n/a	(2,830)	n/a
Fair value of fixed interest rate debt(6)	n/a	n/a	(3,556)
Real estate transfer tax(7)	106,274	n/a	n/a
Investment in associate			
Deferred tax in respect of EPRA earnings adjustments(3)	5,212	5,212*	n/a
Fair value of fixed interest rate debt(6)	n/a	n/a	(1,772)
Real estate transfer tax(7)	6,772	n/a	n/a
Total EPRA NRV, NTA and NDV(8)	1,102,263	982,649	917,467

* The Company intends to hold and does not intend in the long term to sell any of the investment properties and has excluded such deferred taxes for the whole portfolio as at year end except for deferred tax in relation to assets held for sale.

Notes:

(1) Presents the net asset value for the purpose of assets per share (assets attributable to the owners of the Company) which has been extracted from the consolidated statement of financial position within the consolidated financial statements.

(2) Presents current derivative financial instrument assets of €329,000 (2021: €70,000) less current derivative financial instrument liabilities of €nil (2021: €414,000) less non-current derivative financial instrument liabilities of €nil (2021: €797,000) which have been extracted from the consolidated statement of financial position within the consolidated financial statements.

(3) Presents for the Group the deferred tax liabilities which have been extracted from note 11 within the consolidated financial statements and for EPRA NTA only the additional credit adjustment for the deferred tax expense relating to assets held for sale of €327,000 (2021: €nil). For investment in associates the deferred tax expense arising on revaluation gains amounted to €6,563,000 (2021: €5,212,000).

(4) Presents the net book value of goodwill which has been extracted from note 17 within the consolidated financial statements.

(5) Presents the net book value of software and licences with definite useful life which has been extracted from note 17 within the consolidated financial statements.

Basis of preparation continued

Table C – EPRA net asset measures continued

Notes continued

(6) Presents the fair value of financial liabilities and assets on the statement of financial position, net of any related deferred tax.

(7) Presents the add-back of purchasers' costs in order to reflect the value prior to any deduction of purchasers' costs, as shown in the Valuation Certificate of Cushman & Wakefield LLP.

(8) Presents the EPRA NRV, EPRA NTA and EPRA NDV, respectively, as at year end.

Table D – Adjusted profit before tax and funds from operations

	Year ended 31 March 2022 €000	Year ended 31 March 2021 €000
Reported profit before tax[(1)]	**168.9**	163.7
Adjustments for:		
Gain on revaluation of investment properties[(2)]	**(140.9)**	(99.6)
Deficit on revaluation relating to leased investment properties[(3)]	**(5.6)**	(4.3)
Loss/(gain) on disposals of properties[(4)]	**0.6**	(0.1)
Recoveries from prior disposals of subsidiaries[(5)]	**(0.1)**	(0.1)
Deduct revaluation gain on investment property from associates and related tax[(6)]	**(4.8)**	(3.3)
Other adjusting items[(7)]	**19.1**	4.1
Goodwill impairment[(8)]	**40.9**	–
Change in fair value of financial derivatives[(9)]	**(1.0)**	(0.1)
Adjusted profit before tax[(10)]	**77.1**	60.3
Adjustments for:		
Foreign exchange effects[(11)]	**(1.9)**	–
Depreciation and amortisation (excluding depreciation relating to IFRS 16)[(12)]	**2.3**	1.6
Amortisation of financing fees[(13)]	**2.6**	1.7
Adjustment in respect of IFRS 16[(14)]	**0.6**	(0.9)
Current taxes incurred (see note 11)[(15)]	**(6.1)**	(1.9)
Add back current tax relating to disposals[(16)]	**–**	0.1
Funds from operations[(17)]	**74.6**	60.9

Notes:

(1) Presents profit before tax which has been extracted from the consolidated income statement within the consolidated financial statements.

(2) Presents the gain on revaluation of investment properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(3) Presents the deficit on revaluation relating to capitalised head leases which has been extracted from note 14 within the consolidated financial statements.

(4) Presents the gain or loss on disposal of properties which has been extracted from the consolidated income statement within the consolidated financial statements.

(5) Presents the recoveries from prior disposals of subsidiaries which has been extracted from the consolidated income statement within the consolidated financial statements.

(6) Presents the revaluation gain on investment property relating to associates and related tax which has been extracted from note 12 within the consolidated financial statements.

(7) Presents the total adjusting items which has been extracted from note 12 within the consolidated financial statements.

(8) Presents the goodwill impairment which has been extracted from the consolidated income statement within the consolidated financial statements.

(9) Presents the change in fair value of derivative financial instruments which has been extracted from the consolidated income statement within the consolidated financial statements.

(10) Presents the adjusted profit before tax for the year.

(11) Presents the net foreign exchange gains as included in other administration costs in note 7 within the consolidated financial statements (2021: €nil).

(12) Presents depreciation of plant and equipment and amortisation of intangible assets which have been extracted from note 7 within the consolidated financial statements.

(13) Presents amortisation of capitalised finance costs which has been extracted from note 10 within the consolidated financial statements.

(14) Presents the differential between the expense recorded in the consolidated income statement for the year relating to head leases in accordance with IFRS 16 amounting to €6.9 million (2021: €5.1 million) and the actual cash expense recorded in the consolidated statement of cash flows for the year amounting to €6.3 million (2021: €6.0 million).

(15) Presents the total current income tax which has been extracted from note 11 within the consolidated financial statements.

(16) Presents the current income tax charge relating to disposals of investment properties which has been extracted from note 11 within the consolidated financial statements.

(17) Presents the funds from operations for the year.

GLOSSARY OF TERMS

Adjusted earnings	is the earnings attributable to the owners of the Company, excluding the effect of adjusting items net of related tax, gains/losses on sale of properties net of related tax, the revaluation deficits/surpluses on the investment properties (also to associates) net of related tax, profits and losses on disposals of properties net of related tax, changes in fair value of derivative financial instruments net of related tax, recoveries from prior disposals of subsidiaries net of related tax, finance restructuring costs net of related tax and adjustment on revaluation expense relating to leased investment properties
Adjusted net asset value	is the assets attributable to the equity owners of the Company adjusted for derivative financial instruments at fair value and deferred tax arising on revaluation gain, derivative financial instruments and LTIP valuation
Adjusted profit before tax	is the reported profit before tax adjusted for gain on revaluation of investment properties, gains/losses on sale of properties, changes in fair value of derivative financial instruments, other adjusting items, goodwill impairment, recoveries from prior disposals of subsidiaries revaluation gain on investment property relating to associates and related tax
Annualised acquisition net operating income	is the income generated by a property less directly attributable costs at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised acquisition rent roll	is the contracted rental income of a property at the date of acquisition expressed in annual terms. Please see "annualised rent roll" definition below for further explanatory information
Annualised rent roll	is the contracted rental income of a property at a specific reporting date expressed in annual terms. Unless stated otherwise the reporting date is 31 March 2022. Annualised rent roll should not be interpreted nor used as a forecast or estimate. Annualised rent roll differs from rental income described in note 5 of the Annual Report and reported within revenue in the consolidated income statement for reasons including: » annualised rent roll represents contracted rental income at a specific point in time expressed in annual terms; » rental income as reported within revenue represents rental income recognised in the period under review; and » rental income as reported within revenue includes accounting adjustments including those relating to lease incentives
Capital value	is the market value of a property divided by the total sqm of a property
Cumulative total return	is the return calculated by combining the movement in investment property value net of capex with the total net operating income less bank interest over a specified period of time
EPRA earnings	is earnings after adjusting the revaluation of investment properties, changes in fair value of derivative financial instruments, gains and losses on disposals of properties (net of related tax), recoveries from prior disposals of subsidiaries (net of related tax), refinancing costs, goodwill impairment, acquisition costs in relation to business combinations, exit fees and prepayment penalties (collectively the "EPRA earnings adjustments"), deferred tax in respect of the EPRA earnings adjustments, NCI relating to gain on revaluation and gain on sale of properties net of related tax, revaluation gain on investment property relating to associates and the related tax thereon
EPRA net reinstatement value	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements and derivatives and real estate transfer tax presented in the Valuation Certificate, including the amounts of the above related to the investment in associates
EPRA net tangible assets	is the net asset value after adjusting for derivative financial instruments at fair value, deferred tax relating to valuation movements (just for the part of the portfolio that the Company intends to hold should be excluded) and derivatives, goodwill and intangible assets as per the note reference in the consolidated statement of financial position, including the amounts of the above related to the investment in associates
EPRA net disposal value	is the net asset value after adjusting for goodwill as per the note reference in the consolidated statement of financial position and the fair value of fixed interest rate debt, including the amounts of the above related to the investment in associates
EPRA net initial yield	is the annualised rent roll based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs
EPRA net yield	is the net operating income generated by a property expressed as a percentage of its value plus purchase costs

ERV	is the estimated rental value which is the annualised rental income at 100% occupancy
Funds from operations	is adjusted profit before tax adjusted for depreciation and amortisation (excluding depreciation relating to IFRS 16), amortisation of financing fees, net foreign exchange gains, adjustment in respect of IFRS 16 and current tax excluding tax on disposals
Geared IRR	is an estimate of the rate of return taking into consideration debt
Gross loan to value ratio	is the ratio of principal value of total debt to the aggregated value of investment property
Like for like	refers to the manner in which metrics are subject to adjustment in order to make them directly comparable. Like-for-like adjustments are made in relation to annualised rent roll, rate and occupancy and eliminate the effect of asset acquisitions and disposals that occur in the reporting period
Net loan to value ratio	is the ratio of principal value of total debt less cash, excluding that which is restricted, to the aggregate value of investment property
Net operating income	is the rental and other income from investment properties generated by a property less directly attributable costs
Net yield	is the net operating income generated by a property expressed as a percentage of its value
Occupancy	is the percentage of total lettable space occupied as at reporting date
Operating cash flow on investment (geared)	is an estimate of the rate of return based on operating cash flows and taking into consideration debt
Operating cash flow on investment (ungeared)	is an estimate of the rate of return based on operating cash flows
Operating profit	is the net operating income adjusted for gain on revaluation of investment properties, loss on disposal of properties, recoveries from prior disposals of subsidiaries, administrative expenses, goodwill impairment and share of profit of associates
Rate	for the German portfolio is rental income per sqm expressed on a monthly basis as at a specific reporting date for the UK portfolio is rental income (includes estimated service charge element) per sqm expressed on a monthly basis as at a specific reporting date in Euro for the UK portfolio is rental income (includes estimated service charge element) per sq ft expressed on an annual basis as at a specific reporting date in GBP
Senior Management Team	as set out on page 70 of the Group's Annual Report and Accounts 2022
Total debt	is the aggregate amount of the Company's interest-bearing loans and borrowings
Total shareholder accounting return	is the return obtained by a shareholder calculated by combining both movements in adjusted NAV per share and dividends paid
Total return	is the return for a set period of time combining valuation movement and income generated
Ungeared IRR	is an estimate of the rate of return
Weighted average cost of debt	is the weighted effective rate of interest of loan facilities expressed as a percentage
Weighted average debt expiry	is the weighted average time to repayment of loan facilities expressed in years

CORPORATE DIRECTORY

SIRIUS REAL ESTATE LIMITED

(Incorporated in Guernsey)
Company number: 46442
JSE Share Code: SRE
LSE (GBP) Share Code: SRE
LEI: 213800NURUF5W8QSK566
ISIN Code: GG00B1W3VF54

Registered office

Trafalgar Court
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Admiral Park
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Guernsey GY1 3EL
Channel Islands

Registered number

Incorporated in Guernsey under the Companies (Guernsey) Law, 2008, as amended, under number 46442

Company Secretary

A Gallagher

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facilities