

SIRIUS REAL ESTATE LIMITED  
(Incorporated in Guernsey)  
Company Number: 46442  
JSE Share Code: SRE  
LSE (GBP) Share Code: SRE  
LSE (EUR) Share Code: ESRE  
LEI: 213800NURUF5W8QSK566  
ISIN Code: GG00B1W3VF54

14 May 2020

**Sirius Real Estate Limited**

**("Sirius Real Estate", "Sirius" or the "Company")**

**Covid-19 update and dividend policy confirmation**

Sirius Real Estate, the leading operator of branded business parks providing conventional space and flexible workspace in Germany, today provides a further update on the impact of the Covid-19 virus on the business during April and the first two weeks of May and confirmation of the continuation of the Company's dividend policy.

**Highlights**

- April 2020 rent and service charge collection at 98.8% of normal levels
- No significant reduction in rent and service charge prepayments in May to date
- Enquiries returned to normal levels – 1,200 per month on average for March and April
- 115 new lettings in April covering 8,025 sqm (March 2020: 123 lettings/10,364 sqm)
- New lettings in March and April generated €1.6m of annualised rental income
- 85% of on-site business park staff returned to work on Monday 11 May
- Employees working at head office gradually increasing to 50% from week commencing 18 May, up from 25%, as lockdown measures eased across Germany
- Dividend policy of at least 65% of Funds from Operations (FFO) confirmed

**Cash Collection**

In April, the Company achieved rent and service charge collection at 98.8% of the normal level and rent and service charge prepayments received so far in May are ahead of those recorded in April at the same time.

A small number of tenants facing Covid-19 related financial difficulties have requested deferral of rental and service charge payments. These are being addressed on a case-by-case basis and will have a very limited impact on cashflow.

We would like to thank our tenants for their cooperation during this difficult period.

## **Enquiries/Lettings**

In our first update following the lockdown in Germany on 25 March, the Company announced that there had been a 50% reduction in the run rate of core enquiries from new tenants, translating into a 10% reduction in new lettings in March and a 35% - 40% reduction in monthly new lettings throughout April and into May. However, following adjustments to the marketing strategy, this situation has since improved significantly with enquiries in March and April averaging 1,200 per month which in fact represents a slight increase on the same period last year. A similar level of enquiries has been maintained in the first two weeks of May.

This improvement in enquiry levels led to 115 new lettings in April covering 8,025 sqm, which is better than anticipated with our announcement in March. New lettings in March and April have generated future annualised rental value of €1.6m, as and when the tenancies begin over the next few months. Based on early indications, it is expected that May will provide a similar level of lettings to April. There has been no noticeable increase in lease terminations in the corresponding period.

The Company is seeing an increase in demand for storage space from both new and existing commercial tenants as well as new self-storage customers. Storage (including the Smartspace storage products) makes up 35% of space in Sirius's portfolio.

The Company also announced in March that all meeting room and conference facility hire had been put on hold, resulting in a marginal impact on revenues and cash flows. This part of the business reopened on Monday 11 May, although naturally we don't expect this to return to pre-Covid levels for some time.

## **Staffing**

In early March, the Company activated its business continuity plan, having recognised at an early stage the potential for the Covid-19 situation to escalate and the ramifications that government-enforced restrictions could have on the Company's ability to operate, resulting in the majority of employees working from home.

Following the recent relaxation of government-imposed restrictions, 85% of Sirius's on-site business park employees have returned to work from the beginning of this week (Monday 11 May) and those working at the head office in Berlin will be increased gradually to 50% (from 25%) from the beginning of next week (Monday 18 May), with the balance continuing to work from home.

We would like to thank our staff for their dedication to the Company during this difficult period and we look forward to a continuation of the journey towards a return to normal as soon as it is safe and advisable to do so.

## **Dividend**

Having taken into consideration the strength of the Company's trading in the second half of its financial year to 31 March 2020, the strength of the balance sheet and the strong cash collection in April together with the good progress so far in May, the Board confirms that it intends to maintain its dividend policy of paying at least 65% of FFO. It expects to authorise a dividend in respect of the second half of the year ended 31 March 2020, payable as usual in August, with the announcement of the full year results. A scrip dividend alternative will also be offered.

**Andrew Coombs, Chief Executive Officer of Sirius Real Estate, commented:** “Our business model is built on the breadth of our offer to occupiers and the adaptability of our mix of accommodation, ranging across many different workspace segments, including conventional office, flexible office, manufacturing, commercial storage and self-storage. In addition, the portfolio is well diversified in terms of both geography and tenant base.”

“We faced this crisis with the benefit of a strong balance sheet, significant covenant headroom and a capital structure well placed to absorb a prolonged period of uncertainty. While it is impossible to predict the course this crisis will eventually take, it is encouraging to see how the business has handled it to date, as well as the country as a whole. We are very pleased to see our dedicated employees and those of our tenants and suppliers starting to return to their workplaces.”

### **Full year results**

The Company will be announcing its full year results for the twelve months to 31 March 2020 on Monday 1 June 2020.

A conference call for analysts will be held on the day of the results (Monday 1 June 2020) at 09.00 (BST)/10:00 (SA/CET). If you wish to dial in, the details are:

Participant access code (for all participants): 29535232#

UK Dial-In: Toll-Free: 08003589473 / Toll: +44 3333000804

SA Dial-In: Toll-Free: 0800111446 / Toll: +27 216724118

Link to presentation:

<https://www.anywhereconference.com?Conference=301323391&PIN=29535232&UserAudioMode=DATA>

**ENDS**

### **For further information:**

#### **Sirius Real Estate**

Andrew Coombs, CEO/Alistair Marks, CFO

**Tel:** +49 (0)30 285010110

#### **Tavistock (Financial PR)**

Jeremy Carey/James Verstringhe

**Tel:** +44 (0)20 7920 3150/+ 44 (0)7836 734 625

**Email:** [siriusrealestate@tavistock.co.uk](mailto:siriusrealestate@tavistock.co.uk)

### **NOTES TO EDITORS**

#### **About Sirius Real Estate**

Sirius is a property company listed on the main market and premium segment of the London Stock Exchange and the main board of the Johannesburg Stock Exchange. It is a leading operator of branded business parks providing conventional space and flexible workspace in Germany. The Company's core strategy is the acquisition of business parks at attractive yields, the integration of

these business parks into its network of sites under the Company's own name as well as offering a range of branded products within those sites, and the reconfiguration and upgrade of existing and vacant space to appeal to the local market, through intensive asset management and investment. The Company's strategy aims to deliver attractive returns for shareholders by increasing rental income and improving cost recoveries and capital values, as well as by enhancing those returns through financing its assets on favourable terms. Once sites are mature and net income and values have been optimised, the Company may take the opportunity to refinance the sites to release capital for investment in new sites or consider the disposal of sites in order to recycle equity into assets which present greater opportunity for the asset management skills of the Company's team.

In July 2019, the Company completed the formation of its Titanium real estate investment joint venture with clients represented by AXA Investment Managers - Real Assets. Titanium was formed through the acquisition by AXA IM - Real Assets, on behalf of its clients, from Sirius, of a 65% stake in five business parks across Germany. Sirius will retain the remaining 35% and will act as operator of the assets, on a fee basis. Subject to suitable investment opportunities, AXA IM - Real Assets and Sirius may consider opportunities to grow the JV's portfolio primarily through the acquisition of larger stabilised business park assets and portfolios of assets with strong tenant profiles and occupancy. Sirius will continue to grow its wholly owned portfolio through acquisitions of more opportunistic assets, where it can capitalise on its asset management expertise to maximise utilisation of the space, grow occupancy and improve quality of the tenants. The strategies have been clearly defined so that the JV does not conflict with Sirius's existing business.

For more information, please visit: [www.sirius-real-estate.com](http://www.sirius-real-estate.com)

Follow us on LinkedIn at <https://www.linkedin.com/company/siriusrealestate/>

Follow us on Twitter at @SiriusRE

LEI: 213800NURUF5W8QSK566

JSE Sponsor: PSG Capital