

SIRIUS REAL ESTATE LIMITED  
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6 October 2021

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

**TRADING UPDATE: STRONG H1 ORGANIC GROWTH, TRANSFORMATIONAL BOND ISSUANCE AND  
PROGRESS ON ACQUISITIONS**

Sirius Real Estate, the leading owner and operator of branded business and industrial parks providing conventional space and flexible workspace in Germany, provides an update on trading for the six months to 30 September 2021.

**Highlights**

- 2.5% increase in like-for-like annualised rent roll to €98.9 million (March 2021 €96.5<sup>1</sup> million) driven by a 2.6% increase in like-for-like rate per sqm to €6.33 (March 2021: €6.17).
- Increase in total annualised rent roll to €99.7 million (September 2020: €89.2 million/+11.8%, March 2021: €96.5\* million/+3.3%).
- Completion of €400.0 million oversubscribed corporate bond issuance in June 2021 attracting a coupon of 1.125% until maturity in June 2026.
- Repayment of €170.7 million of secured debt leading to an increase in the number of unencumbered properties, with a book value of approximately €1.0 billion.
- Weighted average cost of debt reduced to 1.2% (March 2021: 1.5%) and weighted average term of debt extended to 3.7 years (March 2021: 2.7 years).
- Acquisitive growth continued with eight on balance sheet business park assets and one land parcel completed or notarised in the period amounting to €153.9 million in aggregate.
- Total cash balance of approximately €187.5 million, of which €174.5 million is unrestricted, providing capacity for further acquisitions and investment.
- Net loan-to-value ratio (net LTV) of approximately 38.3% prior to impact of H1 valuation.
- Trading in line with consensus and management expectations for the full year.

**Strong H1 lettings and rental growth**

The Company is pleased to report a six-month trading period that has seen an increase in like for like annualised rent roll of 2.5% to €98.9 million, from €96.5<sup>1</sup> million at March 2021. This was driven by a 2.6% increase in like-for-like average rental rate highlighting strong occupier demand and the reversionary potential within the portfolio.

Total annualised rent roll increased by 3.3% to €99.7 million and, with a modest contribution in the first half of the financial year due to the timing of completions, the impact from acquisitions is expected to be greater in the second half. Like-for-like occupancy remained broadly flat at 86%, whilst total occupancy reduced to 85% (March 2021: 87%) primarily as a result of the acquisition of 23,000 sqm of vacant space within the Essen and Ohringen assets that completed within the period.

In line with its strategy, the Company intends to utilise its asset management platform to increase occupancy and net operating income at these assets.

The effectiveness of the Company's internal operating platform was demonstrated again during the period with an average of 1,339 enquiries generated per month relating to its on-balance sheet assets, of which 77% were converted into viewings. A total of 84,000 sqm of space was let in the period across 1,051 deals resulting in a sales conversion rate of 13.1%. Renewal rates increased to 71% (September 2020: 68%).

The cash collection rate for the six-month period to 30 September 2021 was approximately 97.4%, with €2.0 million outstanding rent and service charges from total billing of €76.7 million, the majority of which the Company expects to collect within 12 months. The 12-month trailing cash collection rate was 98.2%. A total of seven write-offs with a combined value of less than €50,000 relating to the period under review were recorded.

<sup>1</sup>Excludes €0.7m of annualised rent roll relating to the expected Daimler moveout in the Fellbach 2 asset that was acquired in March 2021.

### **Transformational inaugural bond issuance**

As previously communicated to shareholders the Company had been assessing opportunities to optimise its funding structure to support its future growth ambitions. The Company's inaugural bond issuance was significantly oversubscribed and successfully completed in June 2021 following the award of a BBB stable investment grade credit rating from Fitch in May 2021. Bonds totalling €400.0 million were issued attracting a coupon of 1.125% with a maturity date of June 2026.

The bond issuance coupled with the repayment of €170.7 million of existing secured debt provides the Group with a number of benefits including:

- strong financial capacity to fund acquisitions and other investment opportunities;
- reduction in the Group's weighted average cost of debt to 1.2% (31 March 2021: 1.5%) and increase in weighted average term of debt to 3.7 years (31 March 2021: 2.7 years);
- increase in the number of unencumbered assets to 48, with a book value of approximately €1.0 billion.

Following the bond issuance and related secured debt repayments, the Company has a total debt of €698.2 million of which €450.0 million or 65% is unsecured (March 2021: 11%). The transformation of the Company's financing arrangements is expected to positively support Sirius' operations and make asset recycling notably easier and less expensive. Net LTV, which excludes restricted cash balances, was approximately 38.3%.

### **Progress with acquisitions**

Building on the momentum achieved when the investment markets in Germany reopened at the end of last year, the Company made good progress in terms of capital deployment. A total of €153.4 million was committed to eight on balance sheet business park acquisitions, with two assets completing in the period and the remaining six notarised for completion post period end. In addition, the Company completed the purchase of a land parcel adjacent to an existing business park asset for €0.5 million.

The acquisition assets are located in areas underpinned by strong micro market demand that in some cases are complementary to the Company's existing business parks. With total annualised net

operating income of €7.5 million the acquisition assets provide attractive and well-diversified cashflows. Additionally, the assets provide potential to add value through the selective investment into, and subsequent let up of, vacant space which amounts to approximately 82,000 sqm.

The Company also completed the previously announced acquisition of a business park in Augsburg for €79.9 million through its Titanium venture with AXA IM Alts, which now comprises seven assets with a combined value of approximately €325.0 million.

## **Half Year Results**

Sirius will announce results for the six months to 30 September 2021 on Monday, 8 November 2021, at which time there will be a conference call for analysts and investors.

The financial information on which this trading update is based has not been reviewed or reported on by the Company's external auditors or a reporting accountant.

**Commenting on trading over the period, Andrew Coombs, Chief Executive Officer of Sirius Real Estate, said:** *"As the vaccination programme continues to be successfully rolled out across Germany, trading conditions have begun to normalise and confidence is returning. As with many countries, corporates in Germany are now focused primarily on the re-organisation of their supply chains to within European borders and adapting to more flexible ways of working. Both of these challenges play to the strengths of Sirius' portfolio and will help drive demand to our out of town business parks which offer a range of storage, warehouse, manufacturing spaces and out of town offices. We remain confident that the experience and service levels of our operating platform, the quality and affordability of our assets, as well as the diversity and resilience of our tenant base will continue to underpin the Company's growth.*

*"While the attractive yields available from our asset class have continued to drive competition in the investment markets, we are also pleased with the strong progress we have made in deploying capital into new opportunities throughout the first half. However, we have kept our focus fixed firmly on acquiring assets which are either under managed and/or underutilised where we are confident our specialist asset management teams can extract value and drive net operating income. The success of our inaugural bond issuance underlines the belief capital markets investors have in our strategy and puts us in a good position to fund further acquisitive growth."*

## **Conference Call**

There will be a conference call for analysts/investors hosted by Andrew Coombs, Chief Executive Officer of Sirius Real Estate, Alistair Marks, Chief Financial Officer of Sirius Real Estate and Diarmuid Kelly, Group Finance Director of Sirius Facilities GmbH, at 08:30 BST (09:30 CET/SA time) today, 6 October 2021.

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**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 purpose is to create and manage optimal workspaces that empower small and medium-sized businesses to grow, evolve and thrive. Sirius seeks to unlock the potential of its people, its properties, and the communities in which it operates, so that together we can create sustainable impact, and long-term financial and social value.

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.

Sirius also has a venture with clients represented by AXA IM Alts. Titanium was formed through the acquisition by AXA IM Alts, on behalf of its clients, from Sirius, of a 65% stake in five business parks across Germany. Sirius retained the remaining 35%. The venture seeks to grow primarily through the acquisition of larger stabilised business park assets and portfolios of assets with strong tenant profiles and occupancy. As well as its equity interest, Sirius acts as operator of the assets in the venture, on a fee basis. 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 venture does not conflict with Sirius's existing business.

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

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