

Sirius Real Estate

Date: 20 November 2025

1H FY26 results and valuation update

Key message: Sirius' 1H FY26 results reflected a continuation of stable core rent roll growth, in addition to c. EUR336mn of property acquisitions completed or notarised so far in FY26 (which will meaningfully contribute to FFO per share growth in 2H FY26 and FY27). Management has increased its mid-term group FFO ambition to EUR175mn (from EUR150mn previously), reflecting accelerating asset management, capex- and acquisition-led growth. We maintain a conservative view on the timeline it will take to achieve this target, but believe that the EUR150mn FFO run rate will be achievable in FY28/29.

- Sirius delivered +0.2% y/y growth in FFO per share in 1H FY26 with +4.0% y/y growth in the interim dividend:** the group achieved +6.6% y/y growth in total FFO in 1H FY26, reflecting lfl group rent roll growth of +5.2% y/y (Germany +5.3% y/y, UK +5.1% y/y excl. Vantage Point) and the impact of acquisitions executed in FY25 and early 1H FY26. The dividend was higher than we had previously expected, based on an increased payout ratio. Comparable FFO growth on a per share level was softened by the dilutive effect of the Jul-24 equity raise, although this is now fully in the base and won't affect growth in 2H FY26 or into FY27. Growth in 2H FY26 and FY27 should thus meaningfully pick up due to the full year impact of recent acquisitions and substantially lower drag on earnings from the high level of cash held on the balance sheet at the beginning of FY26, as this capital has by now been mostly deployed into a mix of property acquisitions that reflect a combination of accretive initial yields but with material medium- to long-term income growth and valuation upside potential from inherent asset management, capex and development opportunities.
- Debt refinancing presents the major headwind to growth over the forecast period:** we continue to highlight that Sirius faces two significant bond maturities over the forecast period, with EUR400mn due in Jun-26 (FY27) and EUR465mn (inclusive of its two tap issues) due in Nov-28 (FY29). These bonds were originally issued at historically low interest rates in FY22, and although rates have eased off recent peaks, their refinancing will significantly increase net finance costs and hinder FFO growth prospects. The EUR400mn maturity in FY27 was proactively covered by the issuance of a new EUR350mn bond in Jan-25 (at a 4% coupon), which provides ample liquidity to meet the first maturity (alongside the EUR150mn RCF in place). Nonetheless, the level of recent acquisitive growth (supplemented by core lfl NPI growth continuing to exceed +5% y/y) and management's active strategy to pivot the portfolio towards tenants and property profiles that are positively geared to increasing government defence spending suggests that FFO per share growth should remain positive and ahead of inflation over the forecast period, in our view, with dividends accordingly expected to maintain their long-term progressive growth path (aided by payout ratio flexibility). As a tailwind, improving valuations (primarily in Germany), potential disposals of mature or non-core assets and earnings retention will create balance sheet headroom into FY27 and FY28, which should facilitate additional acquisitions and accretion to FFO.
- Updated forecasts and valuation:** our FY26E and FY27E FFO per share forecasts are relatively unchanged at EUR8.80c (+4.2% y/y) and EUR9.35c respectively (+6.2% y/y), based on forecast group FFO of EUR133.1mn and EUR142.0mn respectively. However, we reduce our ZAR-based target price to ZAR24.13 (from ZAR25.11), which largely reflects ongoing strengthening of the ZAR against the EUR. Our target price implies a 1yr forecast TSR of +18.5% (6.3% dividend yield and +12.2% capital return). In our view, relatively weak share price performance in the counter in recent months (compared to ALPI/SAPY peers) reflects ZAR strength, significant re-rating in primarily SA-focused counters, and lingering uncertainty around the macroeconomic outlook for Germany and the UK; this has created a more attractive entry point and greater margin of safety based on long-term prospects for the group.

Analyst

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Rating:	OVERWEIGHT
Price (19/11/2025):	R22.13
52 week high / low:	2 542 / 1 681
Shares outstanding (mn):	1 513.2
Market cap (ZARmn):	33 487
Enterprise value (ZARmn):	47 628
Spot P/NAV:	0.92x
Forward P/NAV:	0.85x
Trailing FFO yield:	8.0%
Forward FFO yield:	8.8%
Trailing dividend yield:	5.8%
Forward dividend yield:	6.3%
Target price (ZAR):	24.13
Forecast total return:	+18.5%

SRE summary financial forecasts

	FY24A	FY25A	FY26E	FY27E	FY28E
FFO per share (EURc)	8.95	8.44	8.80	9.35	9.64
% change	2.4%	-5.7%	4.2%	6.2%	3.1%
Dividend per share (EURc)	6.05	6.15	6.40	6.65	6.88
% change	6.5%	1.7%	4.0%	4.0%	3.4%
NAV per share (EURc)	109.8	117.6	123.1	128.6	135.2
% change	1.6%	7.1%	4.7%	4.5%	5.1%

Source: Company data, Chronux Research estimates

Sponsored Research: Chronux Research is compensated by certain corporates to produce objective and impartial research. Earnings forecasts, valuation and rating are the independent view of the analyst, based on his/her view of all factors that could influence earnings and peer comparisons. Management has no editorial input.

Valuation and rating

- We derive our target price for Sirius using a weighted average of a discounted cash flow (DCF), exit FFO yield (income capitalisation) and exit P/NAV valuation. We revise our clean target price to EUR117.2c or ZAR24.13 translated at EUR/ZAR spot, which implies a one-year forecast total shareholder return (TSR) of +18.5% (comprised of 6.3% dividend yield and +12.3% capital return).

JSE Listed Property - rated coverage ranking table (priced at 19-Nov-25)

Ticker (JSE)	Company	Closing price (ZARc)	Market cap (ZARmn)	LTV	ICR	P/NAV (forward)	Fwd. FFO yield (clean)	Intrinsic value (Y0) (ZARc)	Target price (Y1) (ZARc)	Spot prem (disc.) to intrinsic value	Fwd. dividend yield (clean)	Capital return	Forecast TSR to target price	Rating
SRE	Sirius Real Estate	2 213	33 487	38.3%	4.5x	0.85x	8.8%	2 227	2 413	(3.5%)	6.3%	12.3%	18.5%	OVERWEIGHT
BTN	Burstone Group	950	7 647	39.0%	2.8x	0.76x	12.1%	911	959	(0.4%)	10.9%	5.7%	16.7%	OVERWEIGHT
NRP	NEPI Rockcastle	14 500	103 292	32.9%	4.9x	0.90x	9.2%	14 187	15 304	0.9%	8.3%	6.9%	15.2%	OVERWEIGHT
RDF	Redefine Properties	588	42 351	40.6%	2.2x	0.69x	9.9%	563	589	(0.1%)	8.7%	4.8%	13.5%	OVERWEIGHT
VKE	Vukile Property Fund	2 331	31 914	41.0%	2.9x	0.96x	8.0%	2 271	2 427	0.2%	6.6%	6.6%	13.3%	NEUTRAL
ATT	Attacq	1 622	12 103	25.3%	3.0x	0.80x	7.5%	1 596	1 704	1.0%	6.0%	5.7%	11.7%	NEUTRAL
GRT	Growthpoint Properties	1 729	58 406	40.1%	2.5x	0.81x	9.0%	1 690	1 773	1.6%	7.8%	3.3%	11.1%	NEUTRAL
EQU	Equites Property Fund	1 771	14 628	37.2%	2.9x	1.02x	8.3%	1 722	1 805	2.4%	8.3%	2.3%	10.6%	NEUTRAL
EMI	Emira Property Fund	1 426	7 142	35.6%	2.7x	0.66x	9.9%	1 314	1 365	3.6%	9.8%	0.3%	10.1%	NEUTRAL
FFB	Fortress Real Estate Investments	2 482	29 891	39.1%	2.1x	0.88x	7.1%	2 400	2 540	3.0%	7.1%	2.8%	9.9%	UNDERWEIGHT
HYP	Hyprop Investments	5 428	21 681	33.6%	2.6x	0.83x	8.0%	5 223	5 556	3.3%	6.4%	3.0%	9.4%	UNDERWEIGHT
SAC	SA Corporate Real Estate	341	8 952	43.4%	1.9x	0.74x	8.8%	329	343	2.7%	7.9%	1.4%	9.4%	UNDERWEIGHT
RES	Resilient REIT	7 550	27 573	37.8%	2.6x	0.98x	6.9%	7 098	7 550	5.2%	6.9%	1.1%	8.1%	UNDERWEIGHT

Source: Company data, Iress, Chronux Research estimates

SRE valuation and TSR forecast summary

Valuation date	19-Nov-25					
Financial year end	March					
Reporting currency	EUR					
Spot price (ZARc)	2 213					
	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
FFO per share (EURc)	8.44	8.80	9.35	9.64	10.02	10.51
% change	-5.7%	4.2%	6.2%	3.1%	3.9%	4.9%
Distribution per share (EURc)	6.15	6.40	6.65	6.88	7.11	7.40
% change	1.7%	4.0%	4.0%	3.4%	3.3%	4.0%
NAV per share (EURc)	117.6	123.1	128.6	135.2	141.7	148.6
% change	7.1%	4.7%	4.5%	5.1%	4.8%	4.9%
	Y0	Y1	Y2	Y3	Y4	Y5
Rolled FFO per share (EURc)	8.67	9.15	9.53	9.88	10.33	10.71
% change		5.5%	4.2%	3.6%	4.6%	3.7%
Rolled dividend per share (EURc)	6.31	6.56	6.80	7.03	7.30	7.54
% change		4.0%	3.6%	3.4%	3.8%	3.4%
Rolled NAV per share (EURc)	121.1	126.6	132.8	139.3	146.1	151.4
% change		4.5%	4.9%	4.9%	4.9%	3.7%
Discount factor		0.91x	0.83x	0.76x	0.69x	0.63x
Risk-free rate (German 10yr EUR sovereign yield)	2.7%					
Equity risk premium	6.0%					
Risk beta	1.15x					
Cost of equity (discount rate)	9.6%					
Exit FFO yield	8.2%					
Exit P/NAV	0.92x					
Intrinsic value per share (Y0) (EURc)	112.5					
Blended target price (Y1) (EURc)	117.2					
Intrinsic value per share (Y0) (ZARc)	2 227					
Blended target price (Y1) (ZARc)	2 413					
Projected capital return	12.3%					
Forward income yield	6.3%					
1yr projected total shareholder return (TSR)	18.5%					
Spot premium (discount) to intrinsic value	(3.5%)					
5yr projected internal rate of return (IRR)	15.0%					

Sirius Real Estate summary valuation

	Target price (EURc)	Target price (ZARc)	Weight
1. DCF valuation	118.8	2 447	0.33
2. Exit FFO yield valuation	116.3	2 394	0.33
3. Exit P/NAV valuation	116.5	2 399	0.33
Weighted average target price	117.2	2 413	
Current price (ZARc)		2 213	
Projected capital return		12.3%	
Forward income yield		6.3%	
Projected total shareholder return (TSR)		18.5%	

1. SRE DCF valuation

CAPM beta (monthly over 5yrs)	1.18x
Risk beta	1.15x
Risk-free rate (EUR 10yr spot yield)	2.7%
Equity risk premium	6.0%
Cost of equity (discount rate)	9.6%
Terminal growth from Y6	3.0%
PV of FFO per share (Y1-5) (EURc)	30.2
PV of terminal value (EURc)	84.2
Divi yield on intrinsic value	5.7%
Discount rate - intrinsic yield	3.9%
Intrinsic value per share (Y0) (EURc)	114.4
Target price (Y1) (EURc)	118.8
Intrinsic value per share (Y0) (ZARc)	2 265
Target price (Y1) (ZARc)	2 447
Projected capital return	13.8%
Income yield	6.3%
Projected total shareholder return (TSR)	20.1%

2. SRE exit FFO yield valuation

Trailing FFO yield	8.0%
Forward FFO yield	8.8%
German 10yr sovereign yield, EUR	2.7%
Forecast exit spot yield	2.5%
Current yield spread	6.0%
Exit yield spread	5.7%
Implied exit yield	8.2%
Intrinsic value per share (Y0) (EURc)	111.6
Target price (Y1) (EURc)	116.3
Intrinsic value per share (Y0) (ZARc)	2 209
Target price (Y1) (ZARc)	2 394
Projected capital return	11.4%
Income yield	6.3%
Projected total shareholder return (TSR)	17.6%

3. SRE exit P/NAV valuation

Spot NAV (EURc)	117.6					
Spot NAV (ZARc)	2 329					
Spot P/NAV	0.92x					
Forward P/NAV	0.85x					
	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Intrinsic NAV (EURc)	117.6	123.1	128.6	135.2	141.7	148.6
% growth	7.1%	4.7%	4.5%	5.1%	4.8%	4.9%
	Y0	Y1	Y2	Y3	Y4	Y5
Rolled NAV (EURc)	121.1	126.6	132.8	139.3	146.1	151.4
% growth		4.5%	4.9%	4.9%	4.9%	3.7%
Exit P/NAV	0.92x					
Intrinsic value per share (Y0) (EURc)	111.4					
Target price (Y1) (EURc)	116.5					
Intrinsic value per share (Y0) (ZARc)	2 206					
Target price (Y1) (ZARc)	2 399					
Projected capital return	11.6%					
Income yield	6.3%					
Projected total shareholder return (TSR)	17.9%					

Forecast financial statements

SRE income statement

EUR mn	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Rental income	270.1	288.8	317.5	358.6	395.3	416.6	438.7	461.5
Property expenses	(116.7)	(123.0)	(130.8)	(147.5)	(161.9)	(170.0)	(178.2)	(186.7)
Net property income (NPI)	153.4	165.8	186.7	211.1	233.4	246.6	260.5	274.8
% Δ	25.2%	8.1%	12.6%	13.1%	10.6%	5.7%	5.6%	5.5%
NPI margin	56.8%	57.4%	58.8%	58.9%	59.0%	59.2%	59.4%	59.5%
Corporate and administration expenses	(40.4)	(43.3)	(48.0)	(51.3)	(54.3)	(57.1)	(60.5)	(64.1)
Income from investments and associates	7.4	7.6	8.7	7.7	6.7	7.0	7.3	7.7
Other operating income (expenses)	-	-	-	-	-	-	-	-
Net operating income (NOI)	120.4	130.1	147.4	167.5	185.8	196.6	207.3	218.3
Net finance costs	(13.1)	(11.5)	(11.8)	(27.9)	(37.1)	(42.6)	(46.3)	(48.8)
Current normal taxation	(3.0)	(3.8)	(6.8)	(6.4)	(6.7)	(6.9)	(7.4)	(7.7)
Adjustments	(2.2)	(4.6)	(5.6)	-	-	-	-	-
Funds from operations (FFO)	102.1	110.2	123.2	133.1	142.0	147.0	153.6	161.8
<i>Total distribution declared</i>	66.3	76.0	92.4	96.8	101.1	105.0	109.1	113.9
<i>Retained funds</i>	35.8	34.2	30.8	36.3	40.9	42.0	44.5	47.9
<i>Payout ratio</i>	65%	68%	73%	73%	71%	71%	71%	70%
FFO per share (EURc)	8.74	8.95	8.44	8.80	9.35	9.64	10.02	10.51
% change	28.7%	2.4%	-5.7%	4.2%	6.2%	3.1%	3.9%	4.9%
DPS (EURc)	5.68	6.05	6.15	6.40	6.65	6.88	7.11	7.40
% change	28.8%	6.5%	1.7%	4.0%	4.0%	3.4%	3.3%	4.0%

SRE balance sheet

EUR mn	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Assets								
Investment properties	2 123.0	2 210.6	2 488.1	2 861.6	2 940.4	3 022.0	3 103.1	3 186.5
Property, plant and equipment	7.2	7.8	17.8	17.8	17.8	17.8	17.8	17.8
Equity and associate investments	26.7	25.2	26.1	27.4	28.8	30.2	31.7	33.3
Right-of-use assets	14.4	12.6	10.8	10.8	10.8	10.8	10.8	10.8
Intangible assets	4.1	3.3	1.7	1.7	1.7	1.7	1.7	1.7
Other non-current assets	48.4	49.1	49.1	49.1	49.1	49.1	49.1	49.1
Deferred tax assets	-	-	4.1	4.1	4.1	4.1	4.1	4.1
Cash and cash equivalents	124.3	244.2	604.8	412.6	43.5	75.5	110.1	148.0
Other current assets	31.8	42.4	70.2	70.2	70.2	70.2	70.2	70.2
Assets held for sale	8.8	-	-	-	-	-	-	-
Total assets	2 388.7	2 595.2	3 272.7	3 455.3	3 166.4	3 281.4	3 398.6	3 521.5
Equity and liabilities								
Equity attributable to shareholders	1 197.1	1 407.3	1 688.9	1 743.7	1 822.7	1 925.7	2 030.8	2 140.8
Non-controlling interests	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Interest-bearing debt	964.4	945.1	1 319.0	1 413.7	1 013.7	1 013.7	1 013.7	1 013.7
Deferred tax liabilities	80.2	82.7	103.4	120.9	133.0	137.8	142.7	147.9
Other liabilities	146.5	159.5	160.7	176.2	196.3	203.4	210.7	218.3
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total equity and liabilities	2 388.7	2 595.2	3 272.7	3 455.3	3 166.4	3 281.4	3 398.6	3 521.5
Net asset value per share (EURc)	102.5	105.0	112.3	115.2	120.0	126.3	132.5	139.1
% change	0.4%	2.4%	7.0%	2.6%	4.1%	5.2%	4.9%	5.0%
EPRA NAV per share (EURc) (NTA)	108.1	109.8	117.6	123.1	128.6	135.2	141.7	148.6
% change	0.8%	1.6%	7.1%	4.7%	4.5%	5.1%	4.8%	4.9%

1H FY26 results – key insights

- **Sirius delivered 1H FY26 FFO per share of EUR4.30c (+0.2% y/y)** with an interim dividend of EUR3.18c (+4.0% y/y) per share – ahead of our expectations – declared based on a payout ratio of 74.0% (1H FY25: 71.3%). FFO per share growth during the period was dampened by the dilutive effect of the Jul-24 equity raise and cash drag on earnings resulting from the historically high cash balance held by the group in order to repay the upcoming EUR400mn bond maturity due in Jun-26 (FY27). Excess cash was also held back at the beginning of the period to pursue a substantial pipeline of property acquisitions in Germany and the UK (alongside a mix of capex initiatives), although much of the pipeline came to fruition during the period with seven acquisitions in Germany for EUR145mn (8.6% blended gross yield) and four acquisitions in the UK for GBP166mn / EUR191mn (6.7% blended gross yield) completed or notarised so far in FY26. These acquisitions – which shift earnings away from the minimal yield on cash and into higher yielding property investments – had a marginal impact on 1H FY26 interim financial performance due to timing of completion/transfer being balanced towards the end of the period, but will more materially impact performance in 2H FY26 (and contribute a full-year impact in FY27).
- **Nonetheless, organic performance of the core portfolio retains its stable growth profile.** The group maintained its long-term record of achieving lfl rent roll growth in excess of +5% y/y, with +5.2% y/y growth achieved in 1H FY26 (1H FY25: +5.5% y/y). This comparison excludes Vantage Point (acquired in FY25) – one of the largest property assets in the group's portfolio – which is currently undergoing significant asset management and refurbishment initiatives following the expected and actively managed departure of the site's largest and most concentrated tenant. Lfl rent roll growth in Germany was +5.3% y/y for the period (1H FY25: +5.8% y/y), and +5.1% y/y for the UK (1H FY25: +4.9%) or +1.9% y/y if Vantage Point is included.
- **NAV per share (EPRA NTA) declined -1.4% h/h to EUR115.9c (FY25: EUR117.6c).** The German and UK portfolios both experienced modest valuation lfl uplifts (in local currency) during the period, driven by rent roll growth and the impact of capex investment programmes. Lfl yield shifts in both portfolios were relatively immaterial and carried little impact on lfl valuation movements. However, the relative weakness of the GBP against the EUR (c. 4.1% depreciation over 1H FY26) affected the translation of the UK portfolio valuation into EUR, which materially impacted NAV per share and led to its h/h decline.
- **Germany portfolio (EUR2.0bn GAV, 70% of group property assets):** management's focus in the German portfolio during the period was to drive rent roll growth through a combination of protecting occupancy while achieving improved renewal and move-in rental rates (assisted by upside from capex-led space refurbishments and reconfigurations). To this end, the German portfolio achieved +4.7% y/y growth in the average lfl rent rate per sqm (1H FY25: +4.4% y/y) and a 40bps y/y improvement in lfl occupancy to 84.2% (1H FY25: 83.8%) over the period. Together, this contributed to the portfolio's +5.3% y/y growth in lfl rent roll (1H FY25: +5.8% y/y). The German portfolio is currently classified as c. 37% mature by value (94.2% occupancy), while the majority (c. 63%) maintains a value-add profile (78.9% occupancy) with potential to significantly grow income and valuations through asset management and select capex initiatives through time. Management anticipates that the positive impact from government stimulus (particularly significantly increased defence spending) is only beginning to materialise in Germany, with the broader industrial economy currently in a 'transitional phase' as its underlying dynamics are reconfigured, and momentum should begin to transpire in the near future and result in direct longer term benefits for the German economy and Sirius' property portfolio type.

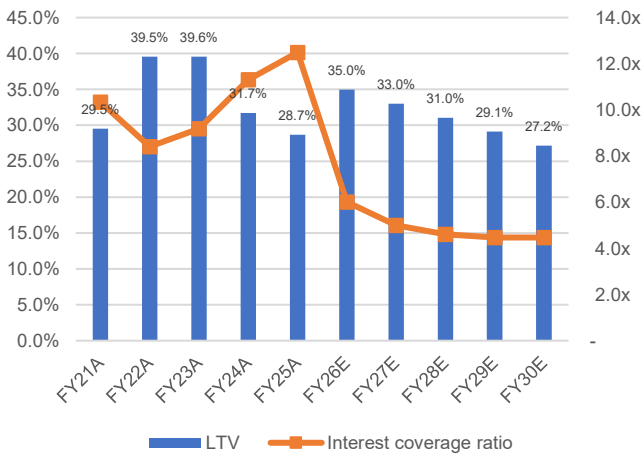
- **UK portfolio (BizSpace) (GBP648mn / EUR742mn GAV, 26% of group property assets):** in the UK, the BizSpace portfolio (excl. Vantage Point) experienced the combined effects of continued lfl occupancy gains (1H FY26: 89.0% vs. 1H FY25: 88.0%) and growth in the average lfl rent rate per sqft (1H FY26: +4.1% y/y vs. 1H FY25: +7.0% y/y), leading to +5.1% y/y lfl rent roll growth (1H FY25: +4.9% y/y). We attribute the relative decline in lfl rent rate growth over the period to move-in rates that were lower than move-out rates, whereas the opposite held in the prior comparable period. It is part of management's present focus on increasing occupancy by incentivising new tenants at affordable and sustainable rental levels, while also in our view reflecting some pressure on the UK mixed-use industrial/office property market due to prevailing economic conditions. At Vantage Point, two of three halls previously occupied by the site's largest tenant are undergoing capex to improve leasing prospects on the space (for completion towards the end of FY26 or early FY27), while the third hall has been filled by new tenants at significantly higher rental levels than the previous tenant. Overall, the site should stabilise by the end of FY27, in our view, and will materially contribute to growth thereafter.
- **Titanium JV (SRE: 35%) (EUR128mn att. share of property assets, 4% of group property assets):** the Titanium JV with AXA (65%) consists of seven stabilised and relatively mature property assets in Germany, compared to the value-add bias of the rest of the core portfolio. While occupancy in the portfolio fell by 500bps y/y in 1H FY26 to 84.3% (1H FY25: 89.3%), much of this decline occurred in 2H FY25, where occupancy ended FY25 at 85.3%. The portfolio achieved +4.2% y/y lfl rent roll growth 1H FY26 (1H FY25: +7.0% y/y), positively assisted by strong and improved growth in the lfl rent rate per sqm (+10.6% y/y) (1H FY25: +5.9% y/y), but offset by the y/y decline in occupancy. Sirius' share of income from Titanium declined to EUR4.0mn in 1H FY26 (-7% y/y), although the prior comparable period included a substantial non-recurring performance fee (EUR1.2mn). We highlight that EUR150mn of debt in the JV matures at the end of FY26 – reflecting all of the debt in the JV (35.5% net LTV) – at a historical interest rate of c. 1.5% versus an anticipated 3.75% rate on refinancing, which will detract from Titanium income from FY27.
- **Acquisitions and disposals:** Sirius has completed or notarised c. EUR336mn of property acquisitions so far in FY26, with the balance of capital allocation tilted moderately in favour of the UK portfolio. This includes seven acquisitions in Germany for EUR145mn at an 8.6% blended initial gross yield: Munich II (EUR13.3mn investment, 5.6% initial gross yield); Reinsberg (EUR22.1mn, 6.7%); Mönchengladbach (EUR17.2mn, 14.1%); Lübeck (EUR12.6mn, 8.3%); Geilenkirchen (EUR12.9mn, 9.3%); Dresden III (EUR23.4mn, 9.1%); and Feldkirchen (EUR43.7mn, 7.8%). In the UK, four acquisitions were concluded for GBP166mn at a 6.7% blended initial gross yield: Consett (GBP0.5mn, 4.9%); Bedford (GBP16.1mn, 11.9%); Hartlebury (GBP107.0mn, 7.0%); and Southampton (GBP42.8mn, 5.1%). Taken together, the acquisitions offer a blend of a relatively stable initial base income yield, but most have material value-add potential from asset management-led occupancy and pricing initiatives, in addition to selective capex-led improvement/redevelopment and expansionary development potential (such as the adjoining 4.5 acre land site at Southampton [Chalcroft Business Park], where a new retail supermarket outlet is marked for development). We further highlight that two disposals were executed in the period for c. EUR32mn combined proceeds – one from Germany (Pfungstadt: classified as mature, EUR30.0mn sales price, 7.9% gross exit yield, to transfer on 31-Mar-26) and one from the UK (Huddersfield: non-core, GBP1.6mn at 11.6% exit yield). We anticipate that there is currently capacity for c. EUR30mn of additional property acquisitions in 2H FY26 without stretching LTV to the 40% level, while expected valuation uplifts, the receipt of the Pfungstadt proceeds and the flexibility provided by the EUR150mn RCF will create some capacity for further acquisitive growth in FY27.

- **Capex and developments:** the group invested EUR18.6mn towards value-add, renewal, new build and ESG capex programmes in 1H FY26, including EUR12.5mn spent in Germany and EUR6.1mn in the UK. We highlight the successful outcomes of Sirius' value-add and renewal capex programmes in the past – which, for example, has led to significant rental income improvements for an ROI comfortably exceeding 40% on c. EUR35mn capex spend over the last three years in the German portfolio.
- **Balance sheet and capital structure:** Sirius' net LTV increased to 38.3% at 1H FY26 (FY25: 31.4%), reflecting the use of available cash towards significant acquisitive growth during the period as well as the EUR105mn bond tap issue in Sep-25. Interest coverage accordingly declined but remains healthy at 4.5x for the period (FY25: 6.3x). We continue to highlight that the group faces a major bond maturity in FY27 totalling EUR400mn, with the current unrestricted cash balance (EUR389mn) and access to the undrawn RCF (EUR150mn) providing adequate liquidity to meet this maturity. Thereafter, we highlight the EUR300mn bond maturity in FY29 (along with its respective tap issues of EUR59.9mn and EUR105mn).
- **Summary and outlook:** the group continues to perform 'in line with management expectations' for the full year; we expect group FFO of c. EUR133mn and FFO per share of EUR8.80 for FY26E with full year dividend payout around the current level (73-74%), but with a gradual decline towards the strategic 65% target to unfold over the longer-term. We highlight that management has increased its medium FFO ambition from EUR150mn (which we currently believe is achievable around FY28/29) to EUR175mn, which will require a material continuation of acquisitive growth (alongside stable core performance and upside from capex initiatives) and requisite additional funding. We estimate that counter currently trades at a rolled clean forward FFO yield of 8.8%, forward dividend yield of 6.3% and at a 15% discount to rolled forward NAV (EPRA NTA).

SRE Germany portfolio - operating model and forecasts

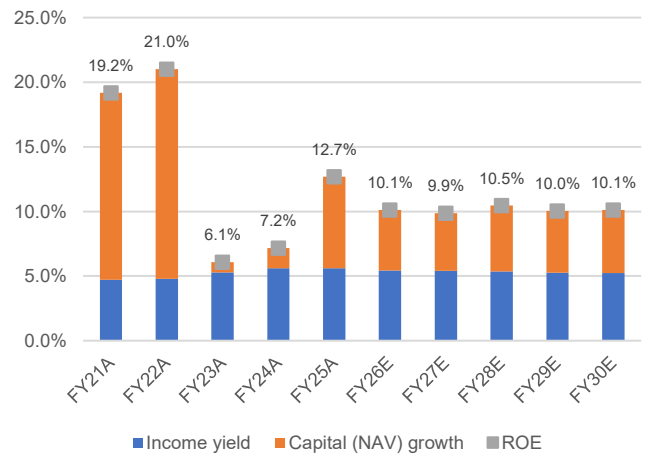
	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Core direct portfolio (Germany)								
Valuation (EURmn)	1 692	1 735	1 899	1 969	2 035	2 104	2 172	2 242
GLA (sqm)	1 792 670	1 746 905	1 824 307	1 824 307	1 824 307	1 824 307	1 824 307	1 824 307
Value / sqm (EUR)	912	948	1 016	1 079	1 115	1 153	1 190	1 229
Vacancy (% of GLA)	16.6%	14.8%	14.6%	14.0%	13.6%	13.1%	12.9%	12.7%
Occupied space (sqm)	1 495 087	1 488 363	1 557 958	1 568 904	1 576 201	1 585 323	1 588 971	1 592 620
Escalation in force	3.3%	4.6%	5.1%	4.5%	4.0%	3.5%	3.3%	3.3%
Ave. reversion				5.0%	5.0%	6.0%	6.0%	6.0%
Lease expiry (% of GLA)				35.0%	35.0%	35.0%	35.0%	35.0%
Weighted ave. rental growth				4.7%	4.4%	4.4%	4.2%	4.2%
Gross rental income (EURmn)	212.8	224.0	233.1	252.2	264.4	277.6	290.1	303.1
Property expenses	(96.7)	(99.3)	(100.9)	(108.7)	(113.4)	(118.5)	(123.2)	(128.2)
Net property income	116.1	124.7	132.2	143.6	151.0	159.1	166.8	174.9
% change	20.6%	7.4%	6.0%	8.6%	5.2%	5.3%	4.8%	4.8%
NPI margin	54.6%	55.7%	56.7%	56.9%	57.1%	57.3%	57.5%	57.7%
Net tenant relief due to COVID	-	-	-	-	-	-	-	-
Total fair value adjustments to investment property	(3.9)	40.8	86.2	69.8	66.0	68.7	68.3	70.5
As % of valuation	-0.3%	2.4%	5.0%	3.7%	3.4%	3.4%	3.2%	3.2%

Figure 1 SRE net LTV and ICR



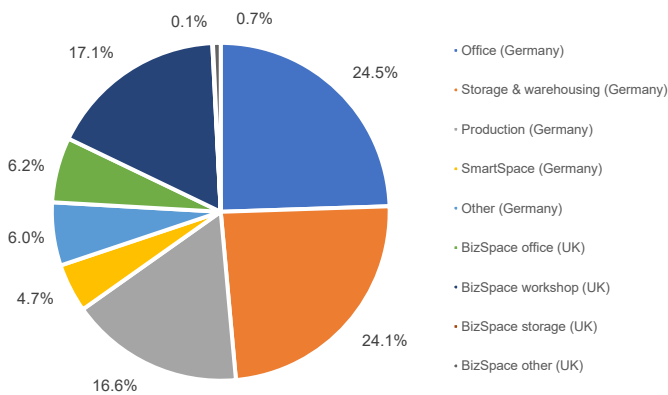
Source: Company data, Chronux Research (LTV = Net Debt / Property Assets)

Figure 2 Income yield, capital growth and ROE



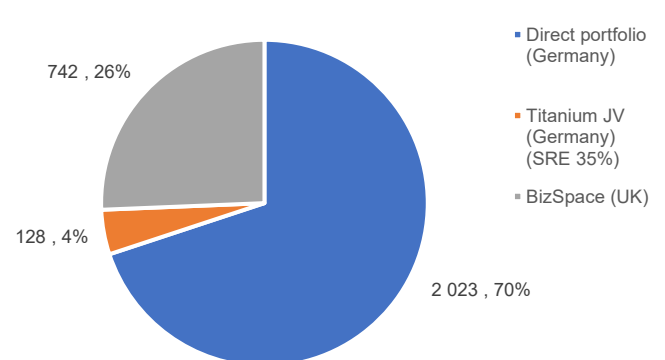
Source: Company data, Chronux Research

Figure 3 SRE portfolio composition by GLA at FY25 FYE



Source: Company data, Chronux Research ('Other' includes catering, parking, retail units, aerials, yards and technical space)

Figure 4 Investment property portfolio split by carrying value at 1H FY26 (EURmn)



Source: Company data, Chronux Research (Titanium reflected as SRE's 35% attributable share of property assets)

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