

SRE Sirius Real Estate Limited

Sirius lifts rent roll 11.3% and buys €150m of defence-anchored German parks

Following the Trading Update · 5 October 2026

RENT ROLL GROWTH 11.3% ▲ year on year to 30 September 2026, acquisitions plus organic	LIKE-FOR-LIKE RENT ROLL 5.1% ▲ against 5.2% at the 2025 half year and 6.4% for FY2026	ACQUISITIONS IN THE HALF €150 million approximately, at gross yields of more than 8%	AVERAGE COST OF DEBT 3.5% ▲ against 2.5% reported at 31 March 2026
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Share price, past 12 months

Daily close; latest price as at 16:29 on 5 October 2026 · Ticker Data API



Sirius Real Estate's trading update today reported 11.3% year-on-year growth in rent roll for the half to 30 September 2026, of which 5.1% was like-for-like (rent growth on the same properties, excluding acquisitions). The company deployed approximately €150 million into acquisitions at gross yields of more than 8%, including business parks in Kiel and Fulda let to defence-related occupiers, repaid its €400 million bond in June and reports more than €250 million of liquidity. It also quotes a weighted average cost of debt of 3.5%, up from 2.5% at 31 March. The figures are unaudited.

The operating record holds: like-for-like growth matches the 5.2% of a year earlier, though it is below FY2026's 6.4%, so this is steady delivery rather than acceleration. The harder question is conversion. FY2026 rent roll grew 18.4% while funds from operations (FFO, the recurring cash earnings measure property companies use) per share rose from 8.44 to 8.82 euro cents. At 88.45p on 5 October the shares sit roughly 17% below March adjusted NAV, but that support depends on property values holding while gilt yields climb. The business is performing operationally, and leverage is elevated but not distressed. The half-year results on 16 November should show whether rent growth is outrunning the rising cost of capital.

“Sirius has delivered a strong period of double digit rent roll growth, nearly half of which has been organic, adding to the Group’s exceptional long-term track record of delivering growing returns for shareholders at rates consistently and materially ahead of GDP and inflation.”

Andrew Coombs, Chief Executive Officer · Trading Update, 5 October 2026

Steady rent growth, and a turn to defence parks

Sirius owns and runs branded business and industrial parks in Germany and the UK, letting conventional and flexible space mostly to small and medium-sized businesses. At 31 March 2026 the portfolio comprised 145 assets let to 10,477 tenants, with a book value of approximately €3.0 billion and annualised rent roll of €258.6 million. It also holds 35% of Titanium, a German joint venture with BNP Paribas Asset Management Alts.

In the six months to 30 September 2026, rent roll rose 11.3% year on year, with like-for-like growth of 5.1%. Organic growth was broadly similar in Germany and the UK, while acquisitions were concentrated in Germany. The German business grew occupancy and rates in what the company calls its seasonally weaker first half. In the UK, the company points to resilient enquiries and sales, and to work on the BizSpace-branded assets bought last year.

The headline acquisition story is defence. Of the approximately €150 million deployed, Sirius names parks in Kiel, home to Rheinmetall's land vehicle electrical systems testing business, and Fulda, home to a ballistic protection manufacturer. The company ties this to Germany's plan to raise military spending from €54 billion in 2022 to €180 billion in 2030, plus a €500 billion ten-year infrastructure fund. Smaller moves include land next to the Potsdam site for possible self-storage, a first standalone self-storage store at Berlin Gartenfeld, a low-cost industrial storage concept on vacant land at Hanover, and the sale of two small sites near Sheffield.

In practice the defence purchases are modest against a €3.0 billion portfolio. More than 8% gross yield on €150 million implies over €12 million of annualised gross rent, before financing, operating costs and capital expenditure. It also points to a 126.4% month-on-month jump in German manufacturing order volumes in July 2026; a single month does not establish a trend in leasing demand.

FIGURE	VALUE	CHANGE
Rent roll growth H1 to 30 Sep 2026, year on year	11.3%	 +11%
Like-for-like rent roll growth H1 to 30 Sep 2026, year on year	5.1%	 +5.1%
Acquisitions deployed H1 to 30 Sep 2026	c. €150m	at gross yields of more than 8%
Portfolio assets 31 Mar 2026	145	
Annualised rent roll 31 Mar 2026	€258.6m	
German military spending plan 2030	€180bn	 +233% from €54 billion in 2022

Sources: Trading Update RNS, 5 Oct 2026; Trading Update RNS, notes to editors, 5 Oct 2026

Rent keeps growing faster than earnings per share

BEFORE

8.44

→

NOW · FFO PER SHARE

8.82 euro cents

With no earnings figures until November, the useful comparison is with the run-rate. Like-for-like growth of 5.1% compares with 5.2% at the 2025 half year and 6.4% for the full year to March 2026, which the company described in April as the twelfth consecutive year above 5%. The organic engine is intact; it has not sped up.

The gap between rent growth and per-share earnings is the point to watch. In FY2026 rent roll grew 18.4%, yet FFO per share rose only from 8.44 to 8.82 euro cents, about 4.5%. Total FFO rose to €134 million from €123 million and underlying revenue to €224 million from €211 million. Part of the difference is how acquisitions were paid for: February's £75.5 million placing at 102p carried 5.0% dilution. Statutory profit of €230 million is a poorer guide to cash earnings because it includes property revaluations.

The dividend for FY2026 was 6.4 cents (interim 3.18, final 3.22), against 6.15 cents the year before, and the company says dividend decisions are made with reference to FFO and balance sheet capacity rather than valuation movements. On 8.82 cents of FFO per share, that is cover of roughly 1.38 times, before allowing for recurring capital expenditure on the properties. The chief executive's promise of double-digit total accounting returns has not yet shown up at the per-share level, and the 16 November results are where it can.

FY to 31 Mar 2026 against the prior period

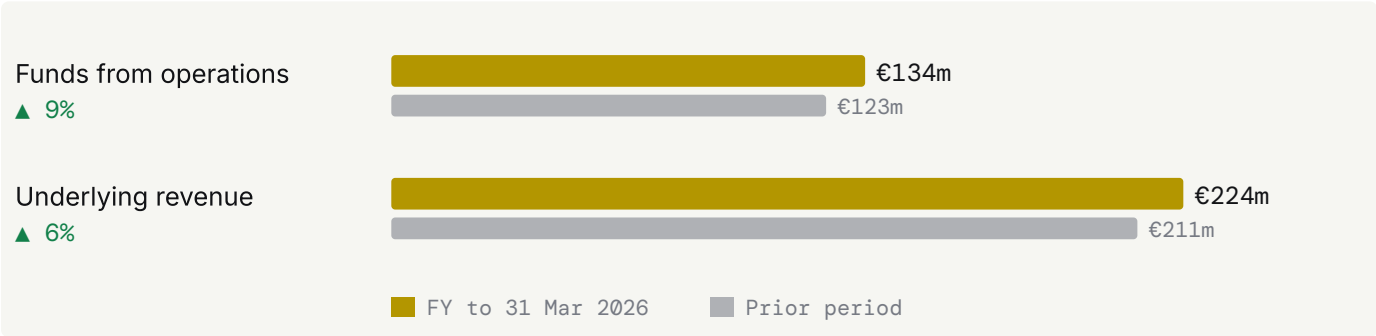
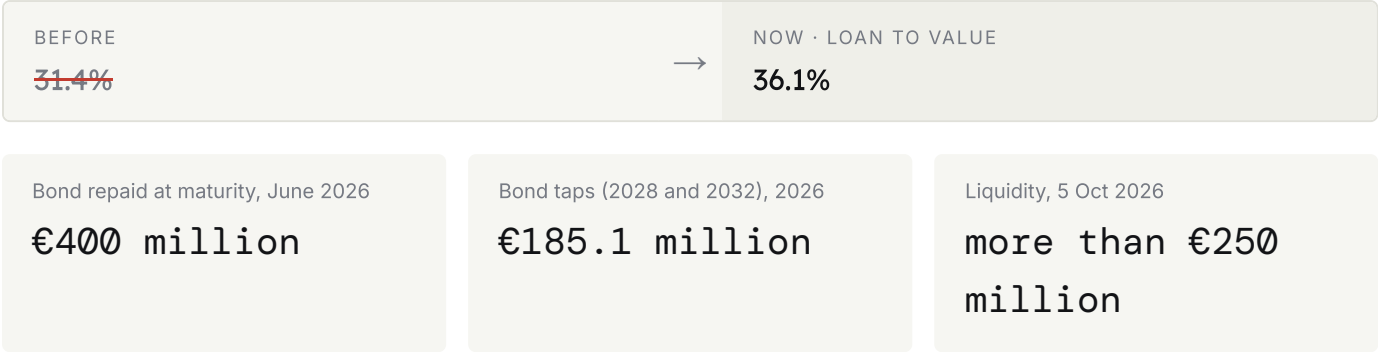


FIGURE	VALUE	CHANGE
Funds from operations FY to 31 Mar 2026	€134m	+8.9% from €123m
Underlying revenue FY to 31 Mar 2026	€224m	+6.2% from €211m
Rent roll growth FY to 31 Mar 2026	18.4%	+18%
Like-for-like rent roll growth FY to 31 Mar 2026	6.4%	+6.4%
Dividend per share FY to 31 Mar 2026	6.4 euro cents	+4.1% from 6.15
Placing 16 Feb 2026	£75.5m at 102p	5.0% dilution

Sources: FY26 results, 1 Jun 2026; Trading update, 13 Apr 2026; Fundraisings record, Feb 2026

The bond is repaid, but debt costs more



The near-term maturity has gone. Sirius repaid its €400 million bond in June 2026, having first tapped its 2028 and 2032 bonds for an aggregate €185.1 million, taking each to €500 million. It reports more than €250 million of liquidity, which is not the same as free cash for acquisitions. At March, €441 million of borrowings fell due within a year; that figure largely reflected the bond now repaid.

Leverage rose through FY2026. Loan-to-value (debt as a share of property value) went from 31.4% to 36.1%, net debt from €774 million to €1.07 billion, and net debt to EBITDA from 5.2 to 6.6 times. Weighted average debt expiry shortened from 4.2 to 3.2 years. That profile is manageable rather than conservative. Sirius has not given September net debt, covenant thresholds or headroom, so a breach cannot be inferred either way.

The cost of debt is moving the wrong way. The average is now 3.5%, against 2.5% at March. Two simple stress tests show the sensitivity. With debt held constant, a 20% fall in the €2.97 billion March property value would lift LTV to roughly 45%. A one-percentage-point rise across all €1.44 billion of March gross borrowings would add about €14 million of annual interest, roughly 0.9 cents per share against FFO of 8.82 cents. Debt will not all reprice at once, so these are illustrations, not forecasts.

31 Mar 2026 against the prior period

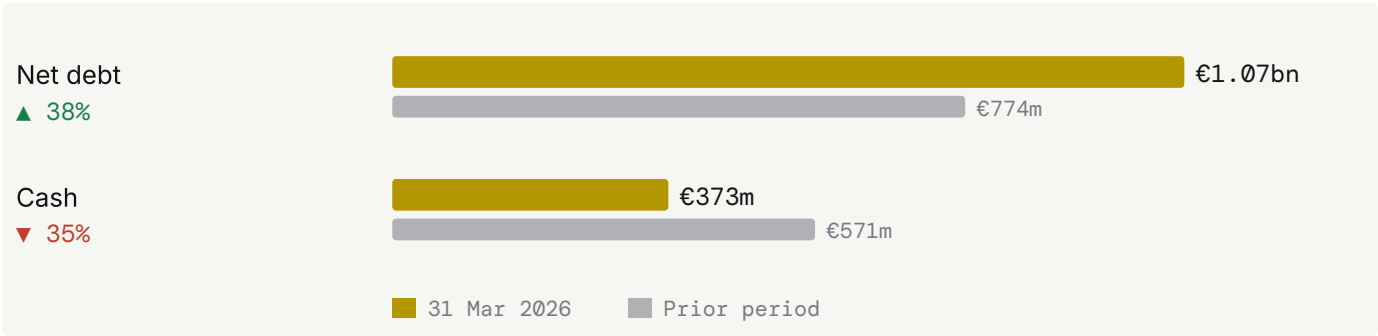


FIGURE	VALUE	CHANGE
Net debt 31 Mar 2026	€1.07bn	+38% from €774m
Net debt to EBITDA 31 Mar 2026	6.6 times	from 5.2
Weighted average debt expiry 31 Mar 2026	3.2 years	from 4.2
Weighted average cost of debt 5 Oct 2026	3.5%	from 2.5% at 31 Mar 2026

FIGURE	VALUE	CHANGE
Gross borrowings 31 Mar 2026	€1.44bn	
Cash 31 Mar 2026	€373m	 -35% from €571m

Sources: Debt, maturities and covenants, annual report 2026; FY26 results, 1 Jun 2026; Trading Update RNS, 5 Oct 2026; FY26 results, 1 Jun 2026; Trading Update RNS, 5 Oct 2026

“Sirius has a net portfolio yield of over 7%, with a weighted average cost of debt at 3.5%. While costs of debt may rise, we remain fully confident in our operating platform’s ability to continue to deliver double digit total accounting returns and exhibit the type of fundamental and asset valuation resilience we have achieved through the meaningful interest rate rises and market volatility of recent years.”

Andrew Coombs, Chief Executive Officer · Trading Update, 5 October 2026

Confident in Germany, cautious in the UK

There is no numerical guidance. In Germany, the company says it is well positioned to keep growing in the second half. In the UK it expects the base effects of high energy prices to pass through in early 2027 and, barring further geopolitical shocks, a more benign environment going into FY2028. That is a concession that the UK business faces pressure for at least another two quarters. The company is also waiting on the Autumn Budget later this month.

The acquisition pipeline is described as strong, with capital allocated only where it can meet double-digit return targets, and further UK disposals of smaller mature assets are planned to recycle capital. The chief executive acknowledges that bond and equity markets are challenging and that debt costs may rise.

The backdrop explains the caution. As at 1 October, the 10-year gilt yield stood at 5.75%, up 0.46 points over three months, and the 2-year at 4.91%, up 0.64 points. Brent crude was \$102.25 on 2 October, up 41.8% over three months, and UK CPIH inflation was 3.10% in August. Higher bond yields raise the return investors demand from property, which pressures valuations even while rents grow. Half-year results are due on Monday 16 November 2026.

FIGURE	VALUE	CHANGE
10-year gilt yield 1 Oct 2026	5.75%	+0.46 points over three months
2-year gilt yield 1 Oct 2026	4.91%	+0.64 points over three months
Bank Rate 2 Oct 2026	3.75%	+0.00 points over three months
CPIH inflation Aug 2026	3.10%	+0.30 points over three months
Brent crude (\$/bbl) 2 Oct 2026	102.25	+42% +over three months

Sources: UK economy and markets data

Shares trade about 17% below asset value

BEFORE	→	NOW · ADJUSTED NAV PER SHARE
110.89		124.78 euro cents

At 88.45p on 5 October the shares were valued at £1.41bn. March 2026 adjusted NAV was 124.78 euro cents per share; converted at the 1.1701 euros to the pound that Sirius uses, that is about 106.6p, putting the shares roughly 17% below NAV. The FY2026 dividend of 6.4 cents converts to about 5.5p, a yield of roughly 6.2% at 88.45p if maintained. The net portfolio yield of over 7% quoted by the chief executive is a property yield, not the dividend yield.

The discount is real but rests on March valuations, and a 20% fall in property values would more than erase it. Brokers reiterated their views today: Berenberg at buy with a 134p target and Jefferies at buy with 110p. Both targets sit well above the price.

Two signals in the share register deserve a careful reading. The chief executive sold 500,000 shares at £1.02 on 5 August, then bought 250,000 at £0.9595 on 17 August and 100,000 at £0.90 on 24 September, after 33,000 at £1.0033 on 3 August. That is closer to rebalancing at lower prices than heavy accumulation, though a mild vote of confidence. The disclosed short positions total 15.02% across seven entries, but that figure appears to add disclosures made on different dates; the most recent single position was 2.08% as at 1 October.

FIGURE	VALUE	CHANGE
Share price 5 Oct 2026	88.45p	+2.0% +on the day
Market capitalisation 5 Oct 2026	£1.41bn	
GBP:EUR rate used for rent roll 30 Sep 2026	1.1701	
Berenberg target 5 Oct 2026	134p	buy, reiterated
Jefferies target 5 Oct 2026	110p	buy, reiterated
CEO purchase 24 Sep 2026	100,000 shares at £0.90	
CEO sale 5 Aug 2026	500,000 shares at £1.02	
Latest disclosed short position 1 Oct 2026	2.08%	

Sources: Price & Valuation data; Trading Update RNS, 5 Oct 2026; Broker ratings; PDMR notification RNS, 28 Sep 2026; Director/PDMR Shareholding RNS, 6 Aug 2026; Disclosed short positions

A slow decline to a 52-week low

The shares were already in a steady downtrend. At the 86.7p close on 2 October they sat below the 20-day (90.97p), 50-day (94.95p) and 200-day (97.99p) moving averages, and the 50-day had crossed below the 200-day on 2 July. The same day printed a fresh 52-week low of 85.9p, against a high of 113p

on 27 February. The trend strength reading (ADX of 10.5) points to a weak, grinding decline rather than a rout.

Momentum gauges were oversold, with RSI at 29.2, but showed no bullish divergence against the last two swing lows. On-balance volume did not confirm the lower low of 14 September, which suggests the fall has been a drift rather than heavy selling. Average daily turnover of about £2.0m means these readings are based on reasonable liquidity.

The levels are asymmetric. Resistance at 93.05p has been touched 13 times, last on 14 September, while defined support below is thin, with the nearest pivot at 85.38p. A move through 93.05p on volume above the 20-day average would be the first sign that sentiment has turned; a decisive close below the 85.9p and 85.38p area would say the downtrend is intact.

FIGURE	VALUE	CHANGE
52-week range to 5 Oct 2026	85.90p	- 113.00p
Day range 5 Oct 2026	86.45p	- 89.80p
Year-to-date performance to 5 Oct 2026		-0.1%

Sources: Price & Valuation data

The case for and against

FOR

The bull case rests on a business that keeps doing what it says. Like-for-like rent growth has exceeded 5% for twelve years, the June bond is repaid, liquidity exceeds €250 million, and acquisitions at gross yields above 8% compare with a 3.5% average cost of debt. Defence-related occupiers may support demand at specific German parks for years, and storage schemes on land the company already owns add income at low incremental cost. With the shares about 17% below March NAV and yielding roughly 6.2%, investors are paid while they wait.

AGAINST

Against that, the gross acquisition yield and the average cost of existing debt are not like-for-like; new borrowing costs more, and the quoted average has already risen a full point since March. Strong rent growth has historically produced mid-single-digit growth in FFO per share. Leverage at 6.6 times net debt to EBITDA and 36.1% LTV leaves less room if property yields keep rising with gilt yields, and UK SME tenants face energy costs and an uncertain Budget.

WHAT TO WATCH

The bear case can be pushed further, to a refinancing trap and a forced dividend cut. Against that, the near-term maturity is gone, 5.1% organic growth is above UK CPIH of 3.10%, and covenant thresholds are not disclosed either way. The test is whether rent growth outruns the rising cost of debt. The Autumn Budget later this month sets the backdrop for UK SME tenants, and the half-year results on 16 November should give September net debt, LTV, covenant headroom, property valuations and FFO per share after higher interest costs.

Risks

- ! Further rises in gilt and Bund yields could push up the property yields investors demand, cutting valuations; a 20% fall in March values with debt unchanged would take LTV to roughly 45% and erase the discount to NAV.
- ! The quoted average cost of debt has risen from 2.5% at March to 3.5%; as debt reprices, interest costs could absorb much of the rent growth, as FY2026's 4.5% FFO-per-share growth against 18.4% rent roll growth already suggests.
- ! Net debt to EBITDA of 6.6 times and an average debt expiry of 3.2 years leave limited cushion, and covenant thresholds and headroom are not disclosed.
- ! UK SME tenants face high energy costs and an uncertain Autumn Budget; the company itself does not expect a more benign UK environment until FY2028.
- ! The defence tilt is small relative to a €3.0 billion portfolio, and the self-storage and storage schemes still need capital and execution before producing income.
- ! The 5 October figures are unaudited, and acquisitions funded by equity, as in February's 5.0%-dilutive placing, can limit per-share gains.

THE OTHER VIEW

The strongest alternative view holds that the shares are mispriced now and that waiting for confirmation forfeits the gain. On this reading, a business compounding rent at double digits, sitting roughly 17% below NAV, yielding around 6.2% and buying into German rearmament demand will re-rate well before the half-year results or a turn in bond yields make the case obvious. The chief executive's purchases at 90p and 95.95p, and a decline that has drifted on weak volume rather than capitulated, are read as signs of exhaustion among sellers. The argument has merit on the operating record and the discount. It does not change the view because the discount is anchored to March valuations that rising gilt yields could erode, because rent growth has converted only modestly into per-share earnings, and because the cost of waiting is limited: clearing 93.05p resistance from 88.45p means paying about 5% more, with no sign of momentum building that would make the shares run away before 16 November.

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