

Sirius has dividend target in its sights

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German-focused Sirius Real Estate said on Monday, 9 October, that it had grown annualised rental income 2% to €65.2m for the six months to end-September, issuing a trading statement that analysts said indicated the operator of business parks was on track to meet its dividend target.



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The company announced it had made four acquisitions in September. The like-for-like average rate per square metre rose from €5.11 to €5.17, which the company said represented its ability to secure rate hikes through active management.

Sirius, which is dual listed on the JSE and in London, focuses on filling vacancies through its in-house brokerage, mainly targeting tenants that are small and medium-sized enterprises.

Economically, Germany was doing better than comparable economies, Sirius said, with output expanding at its fastest pace since April 2011 in the third quarter.

Acquisitions included a business park in Krefeld, near Dusseldorf, for €9.2m, and a business park in Schenefeld, near Hamburg, for €15.1m, Sirius said. The company also acquired an office building asset in Hamburg-Hummelsbttel for €8.4m and an office building in Frankfurt for €6.1m.

"Following the completion of the notarised acquisitions announced today, we will own and manage a portfolio of 51 properties - 48 as at September 30 2017 - compared to 43 at the end of the first half of 2016, with more expected to follow in the second half of this financial year," Sirius CEO Andrew Coombs said.

Brendon Hubbard, a portfolio manager at Clucas Gray, said the 2% growth in rental revenue came in a low-inflation environment in Germany, with the statement seemingly putting the company on track for their 2018 dividend target. Analysts were expecting such a dividend to come in at about €0.031 to €0.033.

"They have made some big disposals during the period and clearly made some of that up, so that is quite positive," he said.

Source: Business Day

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