

Elite UK REIT

(SGX: MXNU)

DPU increase from higher payout ratio and interest savings

- Higher DPU in 9M 2025.** Elite UK REIT achieved steady performance in 9M2025, supported by resilient government-backed income streams and proactive capital management. Revenue grew 1% year-on-year (YoY) to £28.3 million, supported by rental reversions across key assets and contributions from three newly acquired UK government properties in June 2025. Despite minor repositioning costs, distributable income rose 6.2% to £14.8 million. This translated into a 9.4% increase in DPU to 2.33 pence, reflecting both interest savings from debt optimisation and a higher payout ratio of 95%.
- Occupancy continues to improve.** Portfolio occupancy rate improved from 95.0% as at 30 June 2025 to 98.6% this quarter, reflecting continued leasing strength within its largely government-tenanted portfolio.
- Strategic acquisitions to deepen government exposure.** Strategically, the REIT has deepened its diversification through the acquisition of three new UK government properties – Priory Court (Dover), Custom House (Felixstowe), and Tŷ Merlin (Carmarthen) – adding the Department for Environment, Food & Rural Affairs (DEFRA) as a new tenant and broadening its exposure beyond the Department for Work & Pensions (DWP). These additions lengthen the portfolio's WALE to 2.9 years and enhance visibility of future income.
- Repositioning into PBSA sector.** The REIT is expanding into the purpose-built student accommodation (PBSA) sector with projects such as Lindsay House (Dundee) and Cambria House (Cardiff), capitalising on strong structural undersupply in student housing markets where student-to-bed ratios exceed 3.5x in Dundee and 6.5x in Cardiff.
- Potential data centre development in Blackpool.** Beyond education-linked assets, the Manager is exploring a potential data centre development in Blackpool, leveraging its proximity to existing DWP facilities and secured 120 MVA power capacity to position for hyperscale and AI-enabled infrastructure growth. This move underscores Elite UK REIT's long-term strategy to unlock value from its estate through adaptive reuse and emerging-sector exposure.
- Robust balance sheet.** The REIT maintained a robust balance sheet with a gearing ratio of 42.5% and an improved interest coverage ratio of 2.7 times. Borrowing costs remained stable at 4.8% from the previous quarter. With no refinancing requirements until 2027 and a largely fixed-rate debt structure, Elite UK REIT remains well-insulated from interest rate volatility. The portfolio's full pound-sterling denomination also provides a natural hedge, effectively eliminating currency mismatch risk.
- Maintain Buy.** With 92% of gross rental income backed by the UK government and annualised distribution yield based on 9M 2025 of 8.6%, Elite UK REIT continues to offer investors a unique counter-cyclical play anchored by sovereign-rated cash flows and visible growth from strategic asset repositioning.

Ticker	MXNU
Rating	Buy
Price Target*	£0.44
Price (04 Nov)	£0.365
Upside/Downside	22.2%
52-week range	£0.265 – 0.365
Market Cap	£223M

*Target price is for 12 months

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Figure 1: Elite UK REIT 9M25 results summary

(£'000)	9M 2025	9M 2024	Change (% YoY)
Revenue	28,340	28,047	1.0%
Net property income	27,417	27,542	-0.5%
Distributable Income	14,846	13,977	6.2%
Adj. distribution per unit (pence)	2.33	2.20	5.9%
Distribution per unit (pence)	2.33	2.13	9.4%

Source: Company data, Beansprout Research

Figure 2: Elite UK REIT balance sheet summary

	As of 30 Sep 2025	As of 30 Jun 2025
Total debt	£189.9M	£178.3M
Net gearing ratio	42.5%	40.7%
Borrowing costs	4.8%	4.8%
Interest coverage ratio	2.7x	2.3x
Interest rate fixed	85%	91%
Net assets	£237.9M	£233.5M

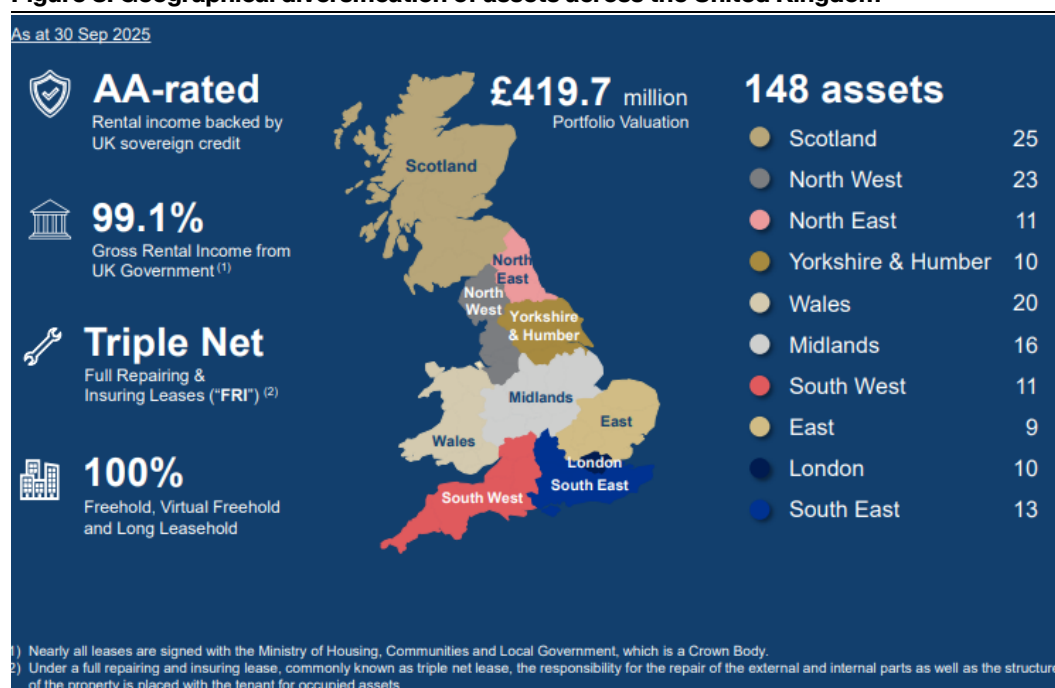
Source: Company data, Beansprout Research

Steady financial performance and higher distributions

Elite UK REIT reported a resilient performance for the nine months ended 30 September 2025, supported by stable government-backed rental income and disciplined financial management. Total revenue rose 1% year-on-year to £28.3 million, driven by rental reversions at several key properties – Dallas Court (Salford), Theatre Buildings (Billingham), and Ladywell House (Edinburgh) – as well as the acquisition of three new assets in June 2025.

Net property income dipped marginally by 0.5% due to repositioning expenses, but distributable income increased 6.2% to £14.8 million. This translated into a 9.4% year-on-year increase in DPU to 2.33 pence, aided by interest savings from debt optimisation and an increase in payout ratio to 95% in the second half of 2025.

Figure 3: Geographical diversification of assets across the United Kingdom



Source: Company data

Strategic acquisitions to deepen government exposure

In June 2025, Elite UK REIT completed the acquisition of three properties – Priory Court (Dover), Custom House (Felixstowe), and Tŷ Merlin (Carmarthen) – to expand its exposure to mission-critical national infrastructure. These properties introduce the Department for Environment, Food & Rural Affairs (DEFRA) as a new UK government tenant, strengthening diversification beyond the Department for Work & Pensions (DWP). The acquisitions also lengthened the portfolio's weighted average lease expiry (WALE) to 2.9 years, improved income visibility, and lifted the portfolio's gross rental income yield to 9.2%, higher than the existing 9.0%. Together, the new assets enhanced overall gearing efficiency and are DPU-accretive by 0.6%, reinforcing the REIT's focus on quality income generation anchored by sovereign tenants.

Repositioning into high-growth PBSA sector

Elite UK REIT is making headway in repositioning select assets into the purpose-built student accommodation (PBSA) sector to capture long-term structural demand. Redevelopment works have commenced at Lindsay House in Dundee, which has received planning approval for conversion into a 168-bed PBSA scheduled for completion in time for the academic year 2027. Dundee is a twin-university city with Abertay University and the University of Dundee serving over 16,000 full-time students. With a 3.5x student-to-bed ratio and over 95% occupancy for existing PBSA, demand far exceeds supply, offering attractive 5–7% rental yields.

Figure 4: Lindsay House, Dundee



Source: Company data

Meanwhile, Cambria House in Cardiff has completed a positive pre-planning consultation for conversion into student housing, targeting approximately 348 beds. Cardiff's PBSA market remains heavily undersupplied, with only 17,560 existing beds serving 45,690 full-time students – equating to a 6.5x student-to-bed ratio for PBSA under 10 years old. The site benefits from a prime city-centre location, one minute from Cardiff University and within 10 minutes' walk to key amenities. These PBSA projects are expected to diversify income streams while enhancing portfolio returns over time.

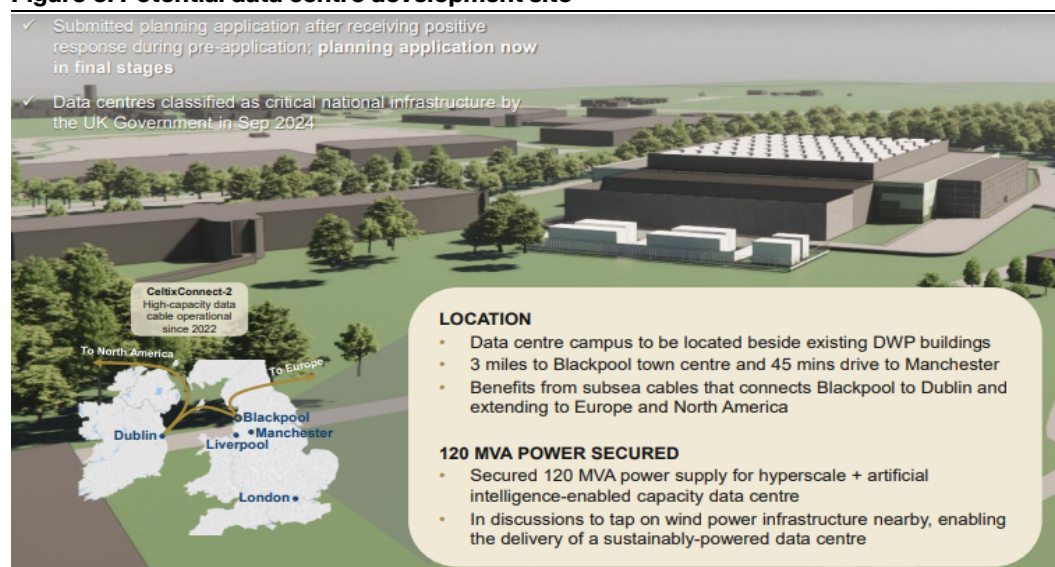
Figure 5: Cambria House, Cardiff



Source: Company data

Potential data centre development in Blackpool

Beyond student accommodation, the Manager is exploring new avenues for value creation through alternative use conversions and new economy infrastructure. A key opportunity lies in the potential development of a low-emission, low-latency data centre campus in Blackpool, strategically located beside existing DWP buildings. The site benefits from proximity to subsea cables connecting Blackpool to Dublin, Europe, and North America, making it a prime location for data connectivity. Elite UK REIT has already secured 120 MVA of power supply, enabling future operations for hyperscale or AI-enabled data centres. Discussions are ongoing to incorporate renewable energy sources, including wind power, positioning the site as a sustainably powered data centre campus aligned with the UK Government's classification of data centres as critical national infrastructure.

Figure 6: Potential data centre development site

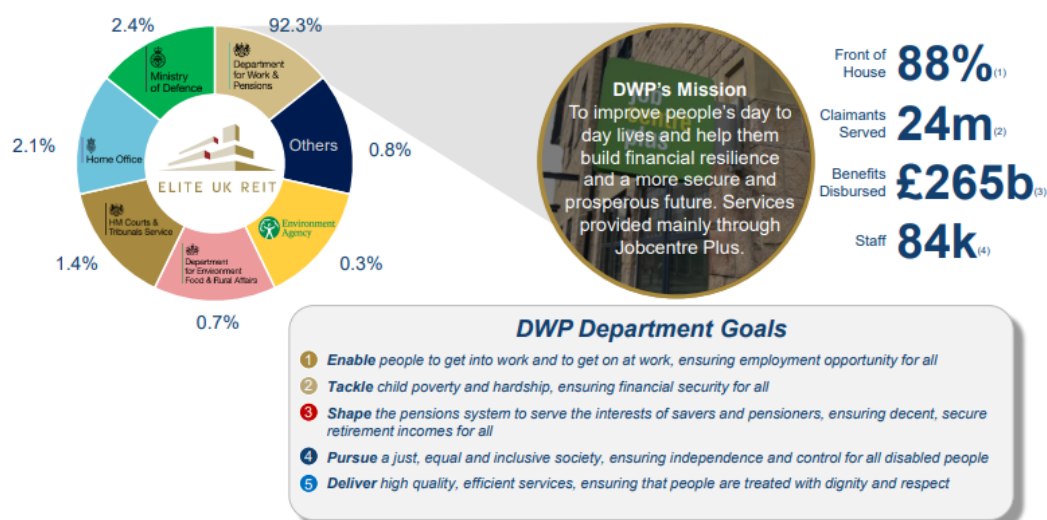
Source: Company data

High-quality tenant base anchored by the UK government

Elite UK REIT's portfolio remains underpinned by a strong, stable tenant profile with 92.3% of gross rental income derived from UK government entities, primarily the Department for Work & Pensions (DWP). The DWP operates more than 800 sites across the UK, serving 24 million claimants and disbursing £265 billion in annual benefits. Other key tenants include the Home Office, Ministry of Defence, and Department for Environment, Food & Rural Affairs. This high proportion of government leases provides AA-rated credit strength and predictable income resilience, even amid macroeconomic volatility. The REIT continues to work with the DWP on lease regears for assets expiring in 2028, expected to complete by early 2026, which will further extend portfolio WALE and visibility of rental income.

Figure 7: Elite's Tenant Mix

Tenant Mix by Gross Rental Income⁽¹⁾



(1) As at 30 Sep 2025.

(2) Source: Gov.UK. Department for Work & Pensions. DWP benefits statistics Feb 2025.

(3) Source: Gov.UK. Department for Work & Pensions. DWP annual report and accounts 2023 to 2024.

(4) Source: DWP: workforce management information Feb 2025.

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Source: Company data

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Robust balance sheet

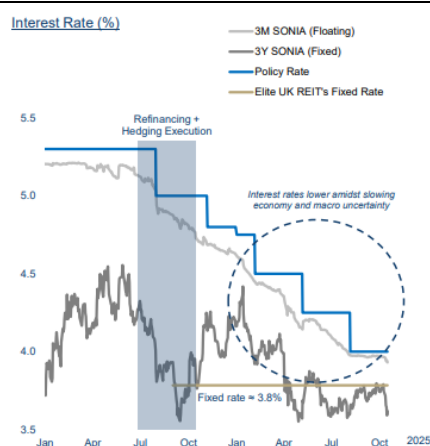
The REIT maintained a healthy balance sheet with net gearing at 42.5% and an improved interest coverage ratio of 2.7 times, up from 2.5 times a year ago. Borrowing costs held steady at 4.8% from last quarter, reflecting proactive treasury initiatives such as deploying prepaid rents to reduce borrowings and interest expenses. There are no refinancing needs until 2027, with built-in two-year extension options on loan facilities to provide greater financial flexibility. Importantly, 85% of debt is fixed, insulating the REIT from interest rate volatility, and all borrowings are denominated in GBP, providing a natural hedge and eliminating currency mismatch. All loans are sustainability-linked, creating further cost savings through margin step-downs tied to environmental performance improvements.

Figure 8: Debt maturity profile (£m)



Source: Company data

Figure 9: Interest rate heading lower

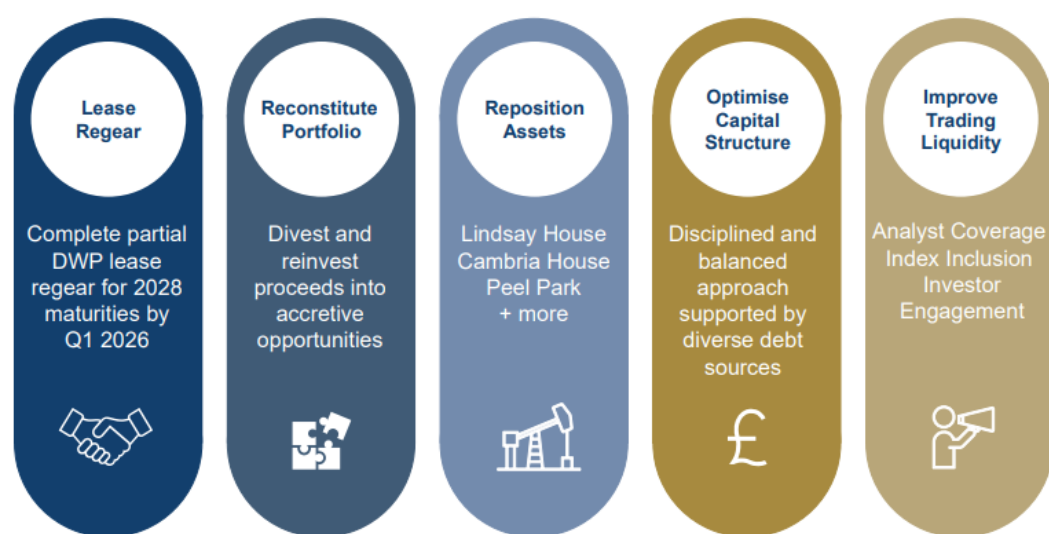


Source: Company data

Focused priorities for growth and capital efficiency

Management has outlined clear priorities for the near term:

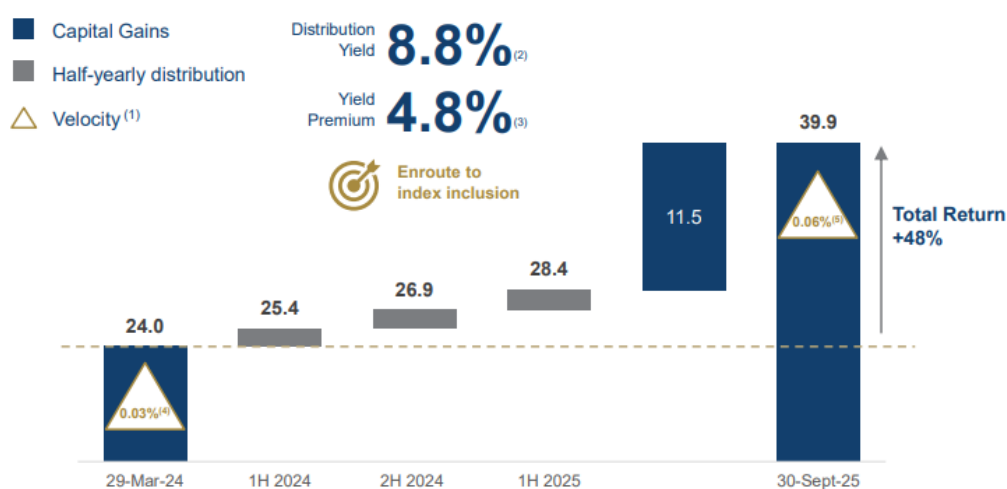
1. Lease Regear – Complete partial DWP lease renewals for 2028 maturities by 1Q2026.
2. Reconstitute Portfolio – Recycle capital through strategic divestments and reinvest in accretive opportunities.
3. Reposition Assets – Advance conversion projects including Lindsay House, Cambria House, and Peel Park.
4. Optimise Capital Structure – Maintain a balanced funding approach across diverse debt sources.
5. Enhance Trading Liquidity – Strengthen investor engagement, increase analyst coverage, and aim for index inclusion.

Figure 10: Management's focus areas in the near term

Source: Company data

Focused priorities for growth and capital efficiency

Elite UK REIT's proactive management and income stability have translated into strong investor confidence. As of 30 September 2025, its unit price had risen 48% year-to-date, driven by both capital gains and steady distributions. The REIT's distribution yield stood at 8.8%, offering a yield premium of 4.8% over the UK 3-year Gilt rate of 3.97%, at the end of Sep-quarter. Trading velocity has doubled since March 2024, reflecting improved liquidity as the REIT moves closer toward potential inclusion in major indices. The combination of stable cash flow, visible asset value growth, and investor-friendly management continues to position Elite UK REIT as a compelling counter-cyclical play within the Singapore-listed REIT universe.

Figure 11: Strong total return of 48% and 2x improvement in trading velocityUnit Price, Capital Gains and Distributions (GBP)

(1) Velocity is the division of the median daily traded value over the median free-float market capitalisation (Source: SGX)
 (2) Based on annualising 9M 2025 DPU of 2.33 pence and unit price of 35.5 pence as at 30 September 2025
 (3) Compared to UK 3-year Gilt of 3.997% p.a. as at 30 September 2025
 (4) As at 29 February 2024 (Source: SGX)
 (5) As at 30 August 2025 (Source: SGX)

Source: Company data

Financial summary

Y/E Dec (\$m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	Y/E Dec (\$m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Income Statement									Cash Flow								
Revenue	115	80	102	111	109	102	101	101	Operating cash flow								
Property expenses	(2)	(2)	(2)	(3)	(3)	(4)	(4)	(4)	Pretax profit	75	(358)	76	52	78	51	64	67
Net property income	113	77	100	109	105	98	97	98	Adjustments	29	423	(2)	27	4	29	15	12
Other income	2	1	0	0	1	0	0	0	Working capital changes	14	(0)	(3)	17	(9)	(1)	10	9
Manager's fees	(11)	(9)	(9)	(9)	(9)	(9)	(10)	(10)	Others	(31)	(29)	(15)	(20)	(21)	(30)	(38)	(36)
Other expenses	(1)	(6)	3	(5)	(6)	(8)	(3)	(3)	Cash flow from operations	88	35	56	77	52	48	51	52
Change in value of derivatives	(1)	(2)	3	(0)	(0)	0	0	0	Investing cash flow								
Change in value of investment properties	(6)	(40)	(5)	(23)	11	(10)	0	0	CAPEX	(1)	(2)	(1)	(35)	(5)	(6)	0	0
EBIT	96	(340)	93	71	101	73	85	85	Others	0	(0)	6	43	(0)	(0)	0	0
Net finance expenses	(20)	(18)	(17)	(19)	(23)	(23)	(21)	(18)	Cash flow from investments	(1)	(2)	5	8	(5)	(6)	0	0
Profit before tax	75	(358)	76	52	78	51	64	67	Financing cash flow								
Tax	(26)	6	(13)	(18)	(15)	(14)	(17)	(18)	Dividends paid	(72)	(47)	(46)	(52)	(54)	(52)	(50)	(52)
Minority interests	0	0	0	0	0	0	0	0	Proceeds from borrowings	(10)	0	(14)	(15)	2	5	0	0
Profit attributable to owners	49	(352)	63	34	63	37	47	49	Others	0	0	158	(19)	0	0	0	0
Balance sheet									Cash flow from financing	(82)	(47)	(29)	(86)	(51)	(47)	(50)	(52)
Assets									Net change in cash	5	(14)	32	(1)	(4)	(5)	0	(0)
PPE	1,341	940	962	1,145	1,139	1,118	1,118	1,118	Beginning cash	27	32	19	51	46	40	34	35
Others	2	0	0	1	0	0	0	0	Currency translation	0	0	0	(4)	(2)	(1)	0	0
Total non-current assets	1,342	940	962	1,147	1,139	1,118	1,118	1,118	Ending cash	32	19	51	46	40	34	35	34
Cash & cash equivalents	33	19	51	46	40	35	35	35	Per share data (\$ cents)								
Trade & other receivables	49	45	32	5	6	7	7	7	Book value per unit	100.2	47.3	39.4	31.9	30.3	29.0	29.0	29.0
Others	3	1	3	1	1	1	1	1	Distribution per unit	8.6	4.1	2.6	2.5	2.5	2.4	2.3	2.4
Total current assets	85	65	87	52	48	42	43	43	Earnings per unit	6.2	(414)	4.2	1.7	3.1	1.8	2.3	2.4
Total assets	1,427	1,005	1,050	1,199	1,187	1,161	1,161	1,161	Valuation								
Liabilities									P/E (x)	4.3	-	6.3	15.6	8.7	14.9	11.8	11.3
ST borrowings	0	195	99	1	1	1	1	1	P/B (x)	0.3	0.6	0.7	0.8	0.9	0.9	0.9	0.9
Trade & other payables	19	17	19	15	12	13	13	13	EV/NPI (x)	5.9	9.0	6.9	8.6	9.1	9.8	9.9	9.9
Others	25	11	9	5	4	5	5	5	Dividend yield (%)	32.5	15.6	9.8	9.6	9.3	8.9	8.7	9.0
Total current liabilities	44	223	127	21	18	18	19	18	Ratios								
LT borrowings	486	294	250	450	449	453	453	453	ROE (%)	6.2	(87.4)	10.7	5.3	10.1	6.1	7.8	8.1
Others	41	24	21	62	61	57	57	57	ROA (%)	3.4	(35.1)	6.0	2.8	5.3	3.2	4.0	4.2
Total non-current liabilities	527	317	271	512	509	510	510	510	Net gearing (%)	0.53	101	0.46	0.61	0.62	0.66	0.66	0.66
Total liabilities	571	541	398	533	527	528	529	528	Margins (%)								
EQUITY									EBIT margin	83.1	(427.5)	90.7	64.2	93.0	71.8	83.5	83.6
Share Capital	795	403	591	632	627	599	599	599	Net margin	42.4	(442.6)	61.7	30.2	58.3	36.0	46.0	48.0
Total equity	795	403	591	632	627	599	599	599									
Perpetual securities	61	61	61	33	33	33	33	33									
Total equity and liabilities	1,427	1,005	1,050	1,199	1,187	1,161	1,161	1,161									

Disclosure Appendix

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