

# Elite UK REIT

(SGX: AW9U)

## Higher DPU with increased payout ratio

- **Higher DPU in 1H 2025.** Elite UK REIT reported a 1H 2025 of 1.54 pence, representing a 10.0% year-on-year increase. Elite UK REIT increased the payout ratio to 95% for 1H 2025, compared with 90% for 1H 2024. Revenue rose 0.5% year-on-year, to £18.7 million, led by positive rental revision and contribution from three properties acquired in June 2025. Distributable income increased by 5.8% year-on-year to £9.7 million due to lower interest expense.
- **Positive rent reversion supports income.** Revenue growth was underpinned by strong rent reversions, including a 24% increase from a medical centre tenant at Ladywell House. Portfolio occupancy rate was at 95.0% as at 30 June 2025, improving from 93.5% as at 31 March 2025. The DPU growth was further supported by lower interest costs during the quarter.
- **Portfolio reconstitution to enhance value.** Elite UK REIT continues to reposition its portfolio for long-term growth. Elite UK REIT has received the planning application approval for the conversion of Lindsay House into a 168-bed purpose-built student accommodation (PBSA) facility. Separately, a planning application has been submitted to develop a data centre in Blackpool, UK. In addition, Elite UK REIT has divested two vacant properties for £4.0 million.
- **Potential upside from PBSA facility.** The planned conversion of Lindsay House into a Purpose-Built Student Accommodation (PBSA) facility may potentially boost revenue, as rental rates on a per square foot basis for PBSA are significantly higher than those for office space. Given the favourable demand-supply dynamics and resilient rental trends in the PBSA sector, Elite UK REIT is actively exploring further conversion opportunities, such as the potential development of a 300-bed PBSA at Newport Road, Cardiff.
- **Improved balance sheet profile.** As of 30 June 2025, 91% of the REIT's borrowings are fixed or hedged, with a weighted average interest rate of 4.8%, unchanged from prior quarter. Aggregate leverage improved slightly to 41.1% as at 30 June 2025 from 43.0% as at 31 March 2025, as Elite UK REIT used the prepaid rents and divestment proceeds to reduce borrowings. The company does not have further refinancing requirements until 2027.
- **Maintain Buy.** Elite UK REIT is trading at an annualised distribution yield of 9.1%, based on 1H 2025 distributions. At its adjusted net asset value of £0.38, the REIT is trading at a price-to-book ratio of 0.89x.

<b>Ticker</b>	MXNU
<b>Rating</b>	Buy
<b>Price Target*</b>	£ 0.44
<b>Price (30 July)</b>	£ 0.340
<b>Upside/Downside</b>	29.4%
<b>52-week range</b>	£ 0.240 – 0.355
<b>Market Cap</b>	£207.4M

\*Target price is for 12 months

### Research Analyst

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**Figure 1: Elite UK REIT 1H25 results summary**

(£'000)	1H 2025	1H 2024	Change (% YoY)
Revenue	18,701	18,612	0.5%
Net property income	18,622	18,732	-0.4%
Distributable Income	9,712	9,183	5.8%
Adj. distribution per unit (pence)	1.54	1.46	5.5%
Distribution per unit (pence)	1.54	1.40	10.0%

Source: Company data, Beansprout Research

**Figure 2: Elite UK REIT balance sheet summary**

	As of 30 Jun 2025	As of 31 Mar 2025
Total debt	£178.3M	£184.8M
Net gearing ratio	40.7%	42.2%
Borrowing costs	4.8%	4.8%
Interest coverage ratio	2.3x	2.6x
Interest rate fixed	91%	88%
Net assets	£233.5M	£235.7M

Source: Company data, Beansprout Research

## Company Background

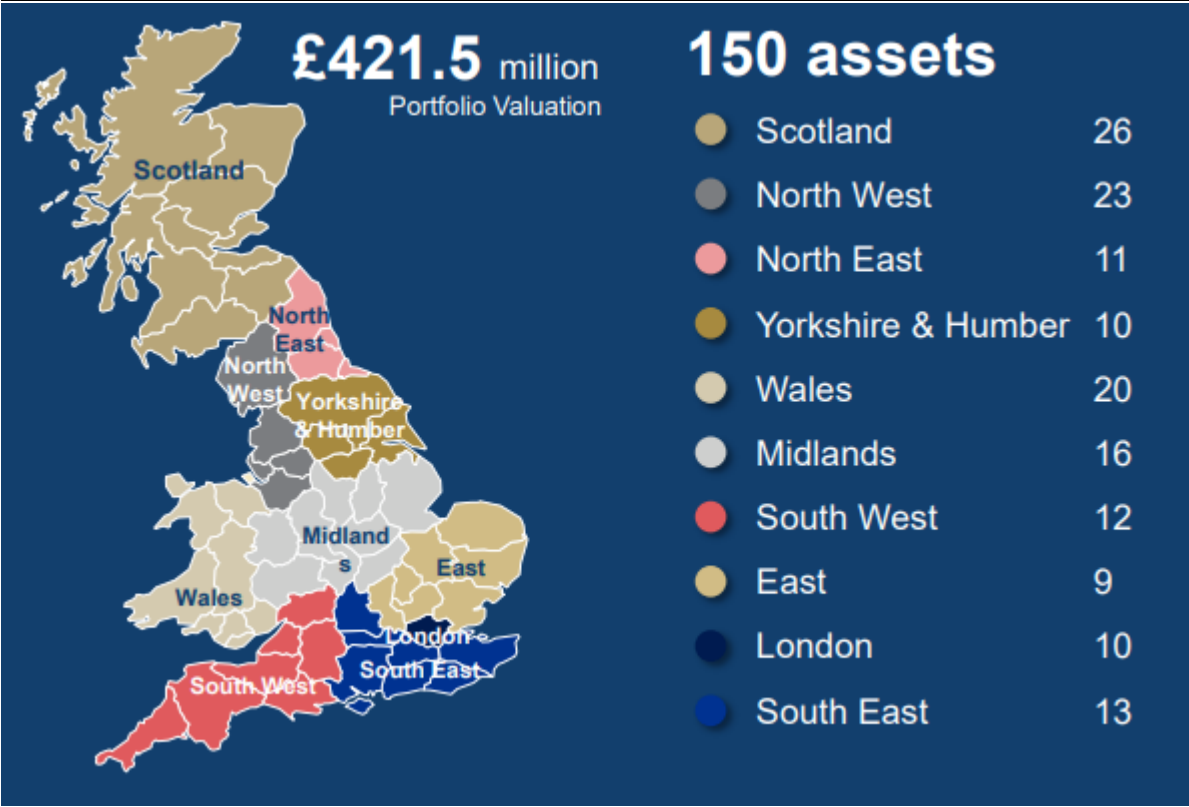
Elite owns 150 office assets located across the United Kingdom, with total internal area 3.8m sq ft. These assets are worth £421.5m as at Jun-25.

More than 99% of the space is leased to the UK Government on triple net basis, where the tenant pays for all expenses and taxes. The leases to the UK Government have rent reviews every five years based on the UK Consumer Price Index (CPI), subject to an annual minimum increase of 1.0% and maximum of 5.0%. The lease on every asset is signed separately.

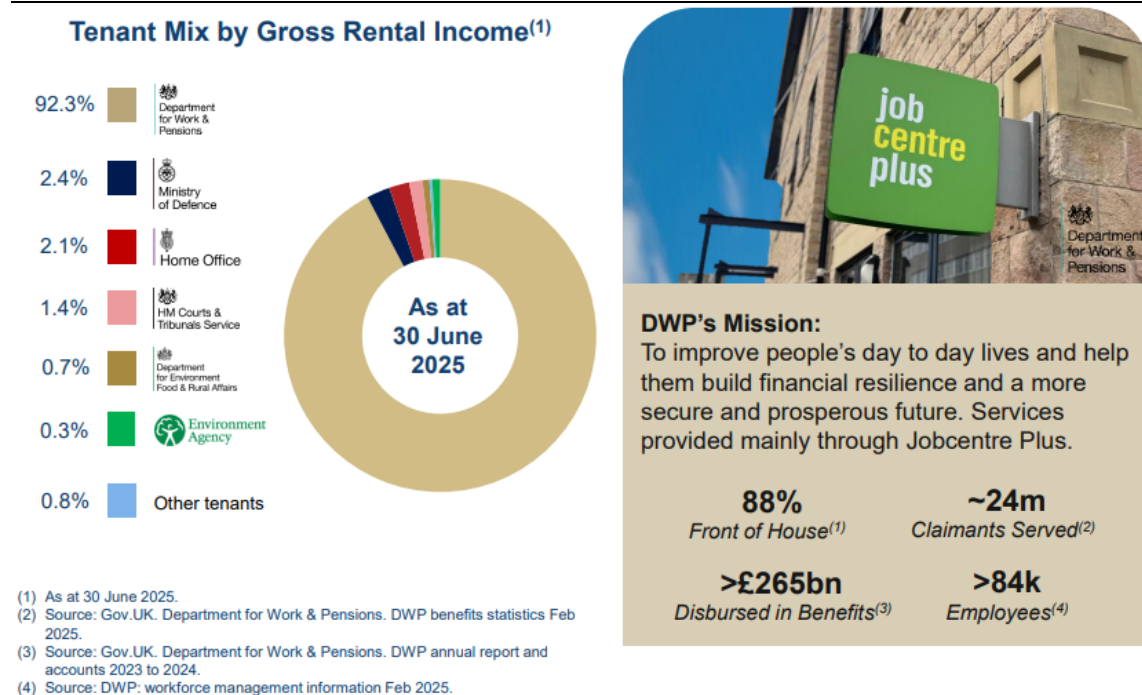
About 92.3% of gross rental income is derived from the Department for Work and Pensions (DWP). The DWP is the UK’s largest public service department that is responsible for welfare, pensions and child maintenance policy. DWP runs Jobcentre Plus unemployment services, back office and call centres at these premises. Elite is amongst the largest providers of critical social infrastructure to the DWP and other UK Government departments. 100% of rent is collected in advance.

The manager is Elite UK REIT Management Pte Ltd, which is owned by Elite Partners Holdings Pte Ltd (68%), Sunway RE Capital Pte Ltd (15%) and Jin Leng Investments Pte Ltd (17%). Elite has the right of first refusal to the UK assets held in Elite UK Commercial Fund III, a private trust managed by Elite Partners. The sponsors are Elite Partners, Sunway RE Capital and Ho Lee Group Pte Ltd.

Figure 3: Geographical diversification of assets across the United Kingdom



Source: Company data

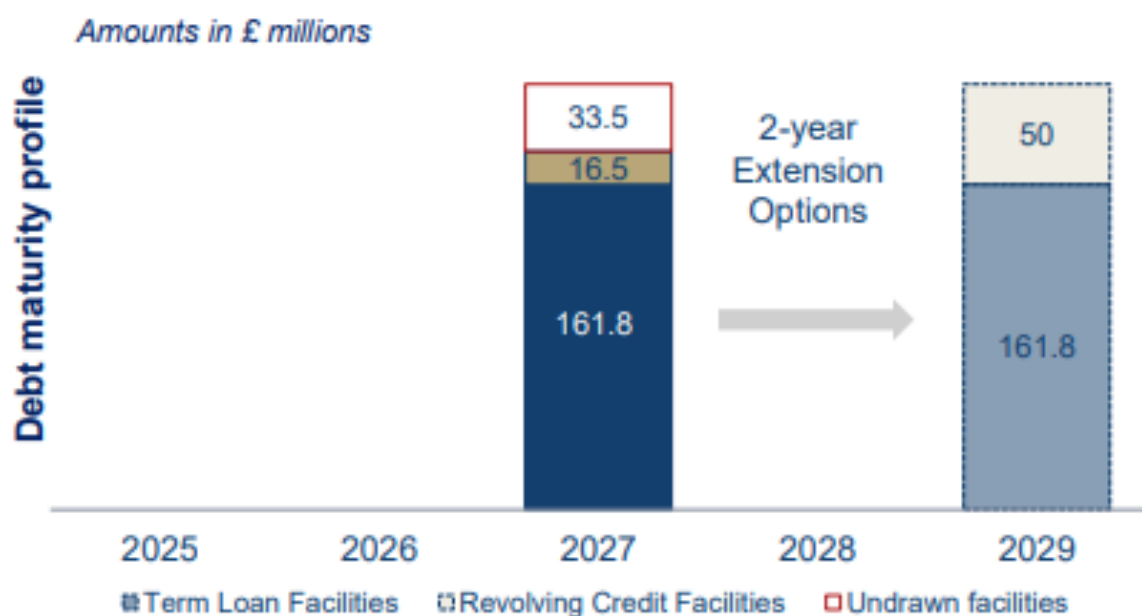
**Figure 4: Elite's Tenant Mix**

Source: Company data

## Balance sheet profile

Elite UK REIT has 91% of its interest rate exposure effectively hedged, and all outstanding debt denominated in GBP, providing a natural hedge and eliminating any currency mismatch on the balance sheet.

There are no refinancing requirements until 2027, and the credit facilities include built-in options for a two-year extension. The net gearing ratio has also improved to 40.7% in 1H25, down from 42.2% in the previous quarter.

**Figure 5: Debt maturity profile of Elite UK REIT**

Source: Company data

## Disclosure Appendix

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